

Our Board Performance Summary – As at 31st December 2022

Financial Performance

Commentary from

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Director of Finance



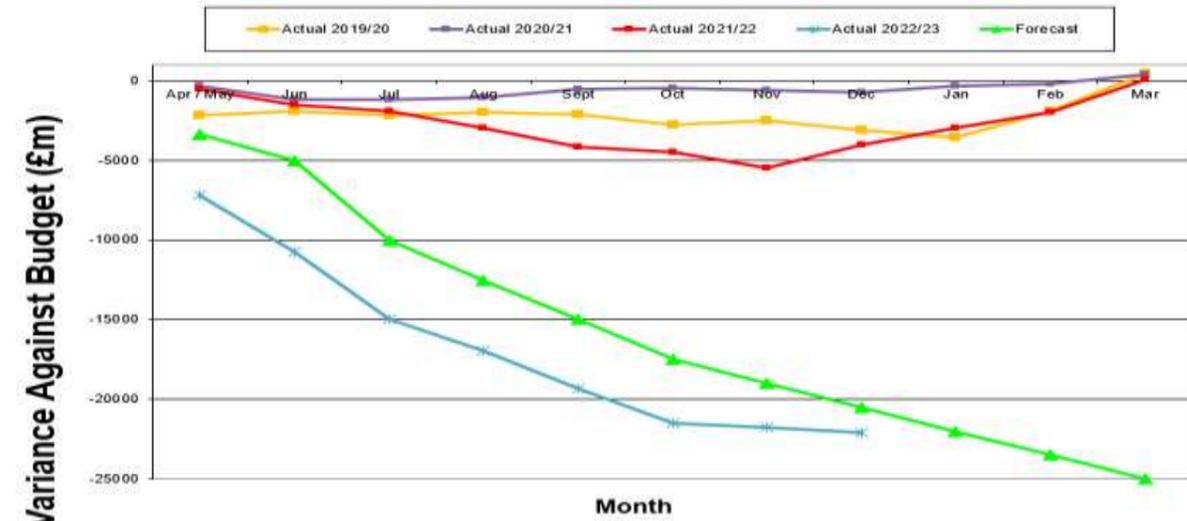
For the first time NHS Grampian was not able to set a balanced revenue budget for this financial year.

- An actual deficit of £22.1 million has been recorded at the end of December, exceeding the level of deficit in our expected plan.
- The operational overspend in December was £2.65 million, including two months of bank costs resulting from the switch to weekly bank pay.
- Supplementary staffing costs remain high, overspends continue on junior medical banding payments, hospital drugs and the TAVI service due to increased levels of activity.
- Difficulties achieving savings without impacting on service delivery.
- Our forecast for the year remains at a £25 million deficit, revised from £20 million in financial plan. This improvement in forecast position reflects our assurance that some of actions agreed within the Local Value and Sustainability Plan are having the desired financial impact however the forecast will be under constant review and we will aim to reduce if we see evidence of the financial position improving.

Given the continuing pressure on services which drives the monthly overspends being recorded against our budget, efforts need to continue to deliver the schemes from the Value & Sustainability Plan over the last quarter of the financial year where this is feasible to do so and does not impinge on the delivery of key services.



Movement in Actual Positions & Projections



Capital Programme:

Programme for 2022/23: £123.98 million.
Spend to date: £62.4 million (Baird and Anchor).

Pay budgets:

- Overspent by £15.08 million (3%).
- Medical staffing £6.94 million overspent (6%).
- Locum expenditure £9.4million (excluding HSCPs) – 23% increase.
- Nursing £6.0 million overspent (4%) with nursing staff in post exceeding funded establishments.
- Agency nurse expenditure (excluding HSCPs) increased by £4.8 million from spend to December 2021/22. Spend in December decreased from November (7% below April-November average).

Non Pay budgets:

- Significant pressure on energy budgets.
- £3.96 million overspend on hospital drugs budgets: increasing activity and vaccination catch up.
- High level of inflation proving challenging.

Risks and Opportunities:

- Agenda for Change pay award to be paid in January with award still under negotiation at a national level. SG to provide funding although detail on allocation across health boards yet to be confirmed.
- Continuing service pressures over winter with impact of COVID and cost of living crisis resulting in additional spend.
- High levels of inflation and recruitment challenges impacting on spend.
- Integration: No provision for funding contributions to meet HSCP overspends.
- Additional financial pressure likely in 2023/24 due to ongoing inflationary pressures. Annual budget process underway.