

NHS Education for Scotland

Board Paper Summary

1. Title of Paper

Finance Report to 30th June 2013

2. Author(s) of Paper

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3. Purpose of Paper

The purpose of this paper is to present the financial results against budget for the first three months of the year to 30th June 2013 and to indicate the anticipated year end outturn based on performance to date.

4. Key Issues

This report contains details of expenditure against budget to date and projected out-turn for the year, together with an analysis of the reasons for variances between the actual and budget financial performance to date and the assumptions made in assessing the likely year end out-turn.

As at 30th June we had spent £1.87m less than budget and our forecast underspend for the year is sitting at £2.4million.

Within this forecast we have taken account of the fact that the Glasgow Properties project has slipped and work there will not now be completed in this financial year. We have currently estimated the impact of this as £1m. We have had confirmation from SGHSCD that they are content for us to increase our carry forward into 2014/15 by £1million to enable us to cover this next year. Our current predicted out-turn is therefore £0.9m in excess of agreed plan.

It should be noted that it is very early in the year to be making projections with regards to the year end, particularly as our expenditure pattern is very heavily influenced by variances in the number of trainees, with a new intake due to take up positions in August. Once we have more certainty on the number of trainees in post we will be able to start to forecast with greater reliability.

The forecast position at this stage does however give us an opportunity to consider some relatively small areas of non recurrent investment which we were unable to approve earlier in the year.

5. Recommendations

The Board is recommended to note the information in this report.

1 Statement of Comprehensive Net Expenditure to 30th June 2013

The total allocation expected from the Scottish Government Health Department (SGHD) in 2013-14 is £427 million.

Our June allocation letter confirmed funding of £389.5 million and we will be working with colleagues to have our additional allocations confirmed as quickly as possible.

Our originally agreed out-turn target was £0.5 million and we are currently forecasting an outturn of £2.4 million. The main causes for the additional under spend are slippage on the refit of 2 Central Quay and vacancies within Dental training schemes. We have agreed an increase of £1million to our target outturn and subsequent carry forward to 2014-15 with SGHD in respect of the 2CQ slippage. Notwithstanding the outcome of those discussions, consideration should be given to initiatives that require non-recurrent funding this year.

The net revenue spend is £100 million producing a variance of £1.9 million against budget. Explanations for the current variance and outturn forecast are given below.

1.1 West Medical

The year to date under spend of £178k includes a Training Grade under spend of £89k. This is comprised of £43k due to 4 slots being based in and paid by the North (reflected in the figures from the North) and £46k from savings for flexible posts and posts currently not being used in programme. There are further under spends of £43k within Educational Governance and £21k in Business Support & Postgraduate Support due to vacancies. Other factors in the variance are under spends on Study Leave and Lay Members of £23k and £19k respectively offset by a £19k overspend against GP support.

The year-end forecast under spend is £554k; a decrease of £9k from the previous month. There is a £335k forecast under spend on Training Grades which is comprised of £171k for the 4 ST posts paid by the North, £164k based on current levels of savings in flexible posts and posts not currently being used in the programme. Forecast staff vacancy savings amount to £63k in Educational Governance, £26k in Postgraduate Support and £46k in Business Support. Study Leave is forecast to under spend by £50k based on previous trends while reduced costs for lay members and Postgraduate Centre grants in Quality Management are forecast at £29k.

1.2 South East Medical

The year to date under spend is £29k. There are under spends of £21k due to trainee vacancies; £17k in staff vacancy savings; £40k due to a delayed contract sign-off and £25k against Study Leave. These are offset by additional expenditure on Pinnacle V3 and Scottish Online Appraisal admin support of £63k and a £12k budget phasing difference in Quality Management.

The year-end forecast under spend is £164k; an increase of £44k from the previous month. Training Grades are forecast to under spend by £117k due to savings in flexible posts and posts not currently being used in the programme. Study leave is forecast to under spend by £90k based on previous trends and £77k of staff vacancy savings are expected. These under spends will be reduced by Pinnacle V3 costs of £90k; £30k for the Scottish Forensic course and £11k for Scottish Online Appraisal admin support.

1.3 North Medical

The year to date overspend is £46k. There are overspends in Training Grades of £39k; Quality Management of £67k and Practice Based Small Group Learning (PBGSL) of £13k. The North pay for all training slots based in the region regardless of whether they hold the budget and this is the reason for the Training Grade overspend. The Quality Management overspend is a

timing difference due errors in goods receipting while the PBSGL variance is the result of a shortfall in income. These are offset by under spends of £33k due to staff vacancies; £28k due to contract delays in GP support and £21k against Study Leave.

The year-end forecast under spend is £23k a reduction of £91k from last month. Training Grades are forecast to overspend by £24k a swing of £68k and approved maternity backfill is estimated to cost £18k. Vacancy savings of £70k are expected in Business Support and Educational Governance.

1.4 East Medical

The year to date under spend of £66k includes £45k in Training Grades and £20k in Study Leave. The Training Grade variance is the result of flexible vacancies while Study Leave is attributed to the timing of claims.

The year-end forecast is unchanged at £136k. Training Grades are forecast to be under spent by £150k based on current vacancy levels. There is a £14k net overspend forecast on pay, due mainly to maternity cover.

1.5 Medical ACT

This activity is currently on budget and is forecast to be on budget at year end.

1.6 GP Medical

The year to date under spend of £508k includes £424k in Training Grades. This is the result of a surplus vacancy factor of approximately 29 posts and takes account of price variances on grades. There are further under spends of £56k in GPST Training Grants which is linked to the aforementioned vacancies; £11k in Faculty Development and £14K in GP Interview Costs.

The year-end forecast has been revised from last month and is based on regional GPR data. This data suggests that the number of ST3 vacancies will fall sharply in August from 35 to 6 effectively removing the current surplus vacancy factor. It is expected that there will be an over spend at year-end of £497k which factors in expected vacancy rates, price differences and remedial training costs.

1.7 Hospital Medical

The £66k year to date under spend is mainly the result of vacancy savings. There are currently 3 Clinical Scientist Fellow vacancies and 1 Forensic Pathology vacancy resulting in savings of £32k and £18K respectively. Staff vacancy savings amount to £54k with the balance of the variance attributed to timing differences.

The forecast outturn under spend is £202k, a decrease of £9k from last month. This is comprised of training vacancy savings of £68k; staff vacancy savings of £45k and a projected under spend on SAS doctor training of 87k due to fewer sessions being utilised than budgeted.

1.8 RHEAL

This activity is currently on budget and is forecast to be on budget at year-end.

1.9 Dental

The year to date under spend of £895k includes a Training Grade under spend of £403k. This is comprised of vacancy savings of £132k in Vocational Dental Practitioners (VDP); £74k in Therapist Trainees; £65k in the Hospital Dental Service and £21k in the Salaried Dental Service and a minor overspend of £6k against Rural Fellows. Trainee vacancies also impact

on Training Grants payable and there is currently an £117k under spend in this area (Therapists £57k and VDP's £60k). Income received is £34k higher than budgeted at this stage which is likely to be a timing difference. Non pay under spend amounts to £287k, of which £90k relates to Technicians, £18k IQUAD (Improving the Quality of Dentistry) and the remainder being timing differences at this stage. Pay is currently under spent by £140k, the main drivers being vacancies of £77k for TRIADS and £33k for IQUAD. There are also under spends of £26k on Dental Act and £4k on Study Leave.

The year-end forecast under spend is £1,021k, a reduction of £144k on last month. This includes an under spend on Training Grades of £875k comprised of £354k for trainers grants; £171k for Therapist VT's; £39k for the Salaried Dentist Scheme; £284k for Vocational Dental Practitioners and £27k for Rural Fellows. This will be reviewed once details of August appointments have been received. In addition, we expect staff vacancies savings of £90k which are spread throughout the Directorate. We anticipate non pay to be under spent by £66k, the bulk of this is being driven by the Technicians funding which will not be utilised and offset by other overspends within the Directorate.

1.10 NMAHP

There is a small under spend at present. The year-end forecast is to overspend by £23k. This has been caused by agreements made around cost pressures to enable key pieces of work to progress within the Directorate (pending confirmation of funding from Scottish Government). Cost pressures have been offset slightly by a forecast under spend within salaries. All forecasts are very much indicative at this stage given a lack of confirmation of funding from Scottish Government and significant staffing changes to be worked through (including the impact of maternity cover, pay awards and high level of recruitment (primarily internal candidates and knock-on effect of same)).

1.11 Pharmacy

The year to date under spend of £30k is the result of a £18k accrual termination from 2009/10 and £10k VAT reclaim from 2012/13.

These will be utilised to offset a £10k cost pressure in Regional SLA and £18k for potential remedial costs in the Pre-Registration Pharmacist Scheme. Therefore, Pharmacy's year-end forecast is to breakeven.

1.12 Psychology

The year to date overspend of £84k includes overspends of £56k due to timing differences in academic fees; £79k of trainee salaries and £32k in Parent Training (awaiting allocation from SGHD). These are offset by under spends of £22k in Health Improvement due to late course start; £14k in Trainee T&S; £23k due to slippage in Autism project implementation and £13k for a vacancy in Educational Infrastructure.

The year-end position is currently forecast to be under spent by £53k. There are projected under spends of £70k in trainee salaries due to the roll-out of the new Child Psychotherapy course; £96k from Health Psychology as a result of changes in recruitment to this training programme and £52k from slippage in Autism due to the delayed appointment to the Programme Director post and associated training resource. These are offset by overspends of £20k in CAMHS Infrastructure and £40k in T&S costs due to increases to the rates payable. The directorate has also identified some small projects in the areas of supervisor training and Psychological Therapies to utilise £116k of slippage.

1.13 Healthcare Scientists

The year to date variance of £10k is the result of timing difference that will resolve in period 4. The forecast year-end position is to breakeven.

1.14 Optometrists

The year to date under spend is £32k and is the result of timing differences of £17k within the E-Learning programme and delays with the University of Dundee regarding supporting peer review scheme of £15k.

The year-end forecast has been revised from a £11k over spend to a £13k under spend. This is due to less than budgeted costs expected for Dundee of £23k and delays in developments for the Scottish Eye Institute amounting to £15k, although this under spend may increase. These are offset by higher than budgeted costs for the Pre-Registration Courses and out of hours payments set to continue throughout the year.

1.15 Education Development

There is a minor variance at present. The year-end forecast is to over spend by £50k on Knowledge Service subscriptions. This assumes we do not draw down £150k from Scottish Government for the BMJ Drugs and Therapeutic subscription. Decisions regarding the content of subscriptions we purchase and procurement control in the price escalations of these contracts will determine the actual costs incurred. Negotiations to renew annual contracts will need to commence in July and Knowledge Services are looking to a full re-tender in 2015.

1.16 Clinical Skills

The year to date under spend is £66k. £21k is due to income from Health Foundation being carried forward from 2012-13 and £40k is due to slippage in the Patient Safety Fellowship programme. The SLA with Health Improvement Scotland for this remains unsigned and while the budget is in line with 2013 recruitment numbers; the issue is whether these programs will be ran by NES or HIS this financial year.

The forecast year-end position is to breakeven.

1.17 Finance & Corporate Resources

The year to date over spend of £38k is the result of an over spends in IM&T costs of £87k; Finance of £44k and Performance Improvement of £29k offset by an under spend in Properties and Facilities Management of £129k. The IM&T over spend is due to equipment ordered in March not being received until April. The Finance over spend relates to additional pay costs associated with the Procurement Transformation while the variances on Performance Improvement and PFM relate to timing issues.

The year-end forecast overspend is £184k and is mainly due to the IM&T equipment expenditure incurred this year and the initial costs of the Procurement Transformation.

1.18 Human Resources

The year to date over spend of £17k is mainly due to the timing of expenditure on software maintenance and professional fees compared with budget. It is expected that this budget will breakeven at year-end.

1.19 Capital Charges & Provisions

The year to date under spend of £239k is due to the transfer of resources from other directorates into general provisions.

The outturn position is expected to be an under spend of £1 million due to slippage on the refit of 2 Central Quay offset by the cost of funding additional FY1 Medical trainees from August.

2 Training Grade Variances

As the Board is aware, funding for training grades forms a very substantial element of our budget and is an area that we need to carefully monitor. At this stage in the year the total forecast year end position on all Training Grade budgets totals £1.1 million broken down as shown in the table below:

Discipline	Forecast year end under/(over) spend £'000s
Medicine	149
Dental	875
Psychology	166
TOTAL	1,190

As referenced elsewhere in this report we are at an early stage in the year and we will be able to make more reliable projections once we know the exact take up of positions as at the August intake date. It should also be noted that our total training grade budget is in the region of £256 million and therefore the total forecast out-turn in this area currently amounts to 0.46%.

3 Summary

As at the end of the first quarter of the financial year we are forecasting a total underspend for the year of £2.4 million on a total budget of £427 million. This amounts to £1.9million in excess of our original planned underspend and carry forward.

The slippage on our Glasgow property project has impacted on these figures to the tune of £1million and we have sought and received permission from SGHSCD to increase our underspend and carry forward by this amount to enable us to manage the Glasgow project over two financial years.

The balance of our projected underspend is largely accounted for by Training grade variances which we will be in a position to better projected after August 2013. This is an area which we will continue to monitor carefully.

C S Lamb
18/7/13

Statement of Comprehensive Net Expenditure from 1st April 2013 to 30th June 2013

Budget Area	Annual Budget £'000	YTD Budget £'000	YTD Actuals £'000	YTD Variance £'000	Previous Forecast Outturn £'000	Current Forecast Outturn £'000
West Medical	102,718	25,592	25,414	178	564	554
South East Medical	51,583	12,803	12,774	29	120	164
North Medical	28,194	6,992	7,037	(46)	114	23
East Medical	22,424	5,597	5,532	66	136	136
Medical ACT	77,268	18,935	18,935	0	0	0
GP Medicine	33,730	8,281	7,773	508	24	(497)
Hospital Medicine	3,245	988	922	66	211	202
RHEAL	170	43	43	(0)	0	0
Dental	45,483	11,481	10,587	895	1,165	1,021
NMAHP	14,829	2,522	2,513	9	(54)	(23)
Pharmacy	5,998	254	224	29	0	0
Psychology	12,551	3,079	3,164	(85)	145	53
Healthcare Scientists	2,276	494	485	10	0	0
Optometrists	974	230	198	32	(12)	13
Education Development	7,367	1,691	1,692	(1)	(50)	(50)
Clinical Skills	963	269	203	66	0	0
Finance & Corporate Resources	9,186	2,258	2,296	(38)	(8)	(184)
Human Resources	1,435	342	359	(17)	0	0
Capital Charges & Provisions	4,811	494	338	156	0	1,000
Net Revenue Expenditure	425,205	102,346	100,489	1,857	2,355	2,412
Capital Expenditure	1,800	0	0	0	0	0

TG Forecast

335

117

-24

150

-497

68

875

166

1,190