

Borders NHS Board



FINANCIAL MONITORING REPORT FOR THE 1 MONTH PERIOD TO 30 APRIL 2010

Aim

The aim of this paper is to report on the financial position to 30th April 2010.

Background

The attached report shows that the Board is currently reporting an expenditure out-turn £0.2m in excess of its budget for the first month of the year.

At this stage the Board considers that a year end break-even position remains achievable provided the Board's significant efficiency programme can be met while applying robust management of operational budgets to deliver a localised break-even or better position.

However, the challenges of the financial situation and the commitment to change that is required to ensure the savings targets are achieved must not be underestimated. Delivering the Board's Efficiency Programme is an imperative.

The report also includes details of expenditure to date against the Board's 2010/11 capital allocation.

This report should be viewed with a degree of caution as the Board's external audit was still ongoing as the Month 1 financial position closed; the information is nonetheless indicative of key issues facing the Board.

Recommendation

The Board is asked to **note** the Board's financial performance for the first month of the financial year.

Policy/Strategy Implications	Impact on statutory financial targets
Consultation	This report has been presented to BET and supporting reports have been presented to the Clinical Executive Operational Group, Clinical Boards and Budget Managers
Consultation with Professional Committees	N/A
Risk Assessment	Risks are covered in the text
Compliance with Board Policy	Compliant

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requirements on Equality and Diversity	
Resource/Staffing Implications	As described in the paper

Approved by

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Author(s)

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Introduction

The financial monitoring report contains the following:

1. General Overview
2. Overall Income and Expenditure Summary
3. Overview of Capital Expenditure
4. Efficiency Programme : Savings Targets

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1. General Overview

	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
Income	207.2	14.7	14.7	0.1
Expenditure	207.2	17.1	17.3	(0.2)
Surplus/(Deficit) for period	-	(2.4)	(2.6)	(0.2)
Capital Expenditure	6.5	0.1	0.1	-

- The Board has approved a balanced Financial Plan for 2010/11 which sets a breakeven outturn for the year. It assumes that £7.9m of efficiency savings will be achieved, the timing of which will be important in achieving the statutory breakeven target in 2010/11.
- At 30 April 2010 the Board is reporting expenditure of £0.2m greater than budget for the first month of the financial year. While this early financial information requires a measure of caution, it clearly indicates a need to maintain robust controls that assure the outturn.
- At this stage two areas - Clinical Executive and External Healthcare Providers are showing excess expenditure due to nursing and medical overspends and UNPACS /Renal activity with NHS Lothian respectively. It is important that local budget management is focussed on containing expenditure to budget and minimising where appropriate.
- A detailed report and achievement of savings targets is included under section 4 of this report. At 30 April 2010 the Board has achieved savings of £1.9m and is at this stage forecasting full achievement of its 2010/11 savings targets. This will be closely monitored during the remainder of the year as delivery of the savings target is critical.
- The level of capital expenditure is in line with the plan.

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2. Overall Income and Expenditure Summary

Income Resources	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
Scottish Government	186.4	12.7	12.7	-
Family Health Services (incl non cash ltd)	7.6	0.9	0.9	-
External Healthcare Purchasers	5.0	0.4	0.4	-
Other	5.1	0.4	0.4	-
Clinical Executive	3.0	0.3	0.3	-
Prescribing	0.5	0.0	0.0	-
Total Income	207.6	14.7	14.7	-
Clinical Executive	126.7	10.6	10.7	(0.1)
External Healthcare Providers	26.2	2.2	2.3	(0.1)
Family Health Services	27.8	2.6	2.6	-
Corporate Directorates	12.0	1.1	1.1	-
Cost of Capital	7.8	0.6	0.6	-
Approved Funding not yet underway	9.3	-	-	-
Unapplied Efficiencies :				
Recurring	(2.3)	-	-	-
Non-recurring	(0.1)	-	-	-
Total Expenditure	207.6	17.1	17.3	(0.2)
Surplus/(Deficit) for period	-	2.4	2.6	(0.2)

- The annual budget for income from External Healthcare Purchasers is based on the budgeted income from 2009/10 with final values to be confirmed. The main purchaser is Northumberland Health Authority at approximately £3m. It is anticipated that there will be no significant difficulties in securing the values outlined.
- Income classed as 'Other' income consists largely of receipts from National Education Scotland and income for the use of NHS Borders properties by General Practitioners. It is currently anticipated that there will be little difficulty in realising the income levels set.
- Clinical Executive income consists of direct and offset income retained by the Clinical Boards. This income is often in relation to posts funded from external sources such as joint posts with Scottish Border Council or income in relation to services provide for external organisations such as laundry.

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- The Clinical Executive (Clinical Boards and Estates & Facilities) is reporting expenditure levels £0.1m higher than year to date budgets. The prime areas of attention are the costs of nursing (£138k) and medical staffing (£38k). These overspends are compensated for by underspends on drugs, travel and training. Each Clinical Board has been asked to complete an action plan outlining how they will bring these overspending areas in line with budget.
- External Healthcare Providers shows £0.1m spend beyond budget, a continuation of the trend seen in 2009/10. In the main, it relates to cost per case activity within the rehabilitation, young persons and renal units in NHS Lothian. This activity is being reviewed in order to establish protocols to ensure appropriate referral patterns.
- Discussions are on going with NHS Lothian to agree at an early stage the Acute Service Level Agreement for 2010/11. Currently we are reporting a break even on the Acute Contract but this is an area of significant risk for NHS Borders due to increasing referral patterns over the past few years.
- Prescribing was a major pressure for NHS Borders in 2009/10, therefore during the 2010/11 cost pressure process additional funding was allocated to this area. To date no prescribing data is available for 2010/11 therefore this area is reported as break-even, until information is received. Prescribing will be closely monitored in order that the Board can be made aware of any potential issues as early as possible.
- At the end of April the Board has £9m in reserves and unallocated allocations. As the year progresses this will be reduced as schemes commence. This area will be closely monitored for any available slippage to offset the overall financial position.

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3. Overview of Capital Expenditure

	£m
Sources of Funds	
Gross Capital Resource Limit (CRL) at April 2010	6.2
Income from Property Sales	0.3
Total Capital Resources	6.5
Use of Capital Funds	
Allocated to Approved Schemes	6.5
Total utilisation of funds for 2010/11	6.5
Expenditure to Date	
Expenditure to 30 April 2010	0.1
Expenditure to be spent by 31 March 2011	6.4
Total Forecast Expenditure for 2010/11	6.5

- The Board's Capital Plan was approved as part of the Local Delivery Plan which was submitted to the Scottish Government in March 2010.
- At this stage in the financial year expenditure on capital is minimal however it must be noted that currently there is expected to be no slippage therefore there is no available capital funds other than already approved schemes
- The main focus of the capital work will be on the Renal Project at BGH and the Community Health Centre developments.
- The main element of NHS Borders Capital Plan are the Community Health Centre schemes (£1.8m) and Borders General Hospital schemes, including Renal and Integrated Health Strategy (£2.2m).

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4. Efficiency Programme : Savings Targets

				April		
	Annual Target	April Indicative Total	Over/ (Under) Achieved	Actual	Potential	Indicative Total
	£000s	£000s	£000s	£000s	£000s	£000s
<u>2009/10 Carry Forward</u>						
Borders General Hospital Primary & Community Services	105	90	(15)	48	42	90
Mental Health	118	118	-	118	-	118
Estates & Facilities	262	262	-	38	224	262
Director of Workforce	101	-	(101)	-	-	-
Public Health	22	-	(22)	-	-	-
Director of Nursing	28	28	-	-	28	28
	12	12	-	-	12	12
Sub Total	648	510	(138)	204	306	510
<u>15% Challenge</u>						
Estates & Facilities	2177	65	(2,112)	65	-	65
Director of Workforce	411	186	(225)	76	110	186
Public Health	185	84	(101)	84	-	84
Planning & Performance	104	79	(25)	79	-	79
IM&T	419	357	(62)	149	208	357
Public Involvement & Comms	43	41	(2)	28	13	41
Finance	268	272	4	240	32	272
Medical Director	68	42	(26)	42	-	42
Integrated Care	18	28	10	-	28	28
Director of Nursing	119	119	-	100	19	119
Partnership	17	8	(9)	8	-	8
Executive Team & Non Execs	197	110	(87)	-	110	110
Sub Total	4,026	1,391	(2,635)	871	520	1,391
<u>Other Projects</u>						
2% on Drugs Costs	485	485	-	485	-	485
Revenue Consequences of Capital	300	300	-	300	-	300
2009/10 Outturn on Drugs Budgets	480	480	-	-	480	480
LEAN	439	439	-	-	439	439
Invest to Save Schemes	130	130	-	-	130	130
Procurement	19	19	-	-	19	19
Supplies	389	389	-	-	389	389
Lothian Consultants	150	150	-	-	150	150
				-		
Sub Total	2,392	2,392	-	785	1,607	2,392
<u>Unidentified Schemes</u>	783	-	(783)	-	-	-
GRAND TOTAL	7,849	4,293	(3,556)	1,860	2,433	4,293

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- In developing its financial plan for 2010/11 the Board set an Efficiency Projects Programme level that will:-
 - Enable the Board to achieve a balanced outturn.
 - Meet the requirement to achieve a 2% recurring reduction in costs against its revenue allocation as part of the Scottish Government Efficiency Savings Initiative.
 - Have plans in place to create the momentum necessary to ease the passage of future year's financial challenges
- Achieving the Board's cost savings target will be a key element in determining whether a balanced out-turn for 2010/11 will be achieved. In order to break even in 2010/11 the total estimated savings challenge is £7.9m.
- The table above shows progress to date against this target. The table splits the target between 2010/11 and recurring targets carried forward from 2009/10. It reports against specific targets, where they have been identified, actual savings schemes actioned to date and any potential savings. Any current variance from the target has been identified.
- In addition to the schemes identified in the table above the Efficiency Board is taking forward a number of projects for which targets have been identified. Workforce redesign (£2.1m), discretionary spend (£0.7m) and vacancy control (£1.1m) are some of the larger projects although new schemes are on an ongoing basis being developed. The aim is to ensure that the Board has plans in place to deal with future year's financial challenges.
- To date the Efficiency Board has approved 3 Invest to Save proposals. The agreed investment in 2010/11 for the three schemes is £142k which will generate savings of £154k this year. A further £133k investment is required in 2011/12, which will result in recurring savings of £489k being achieved from the three schemes. Five further proposals are currently being considered for investment.
- As at 30th April 2010 progress has been made. To date £1.860m savings have been actioned and potential schemes of a further £2.433m have been identified. In total this equates to £4.293m against a target of £7.849m. This is positive however, the Board must continue to secure efficiencies, and review and monitor the situation closely.