

Borders NHS Board



FINANCIAL MONITORING REPORT FOR THE 8 MONTH PERIOD TO 30th NOVEMBER 2011

Aim

The aim of this paper is to report on the financial position to 30th November 2011.

Background

The attached report shows that the Board is currently reporting an expenditure out-turn £1.6m in excess of its budget at month eight. At this stage the Board is forecasting a year end break-even out-turn. This position is based on continued progress in the delivery of the Board's significant efficiency programme and by ensuring robust management and increased control are applied to operational budgets. The Board has consistently noted that persistent and proactive action is required to achieve its statutory targets based upon its existing financial plan. This requires all parts of the organisation to be fully engaged and assurance that strong controls are in place to manage resources well and within budget.

The report also includes details of expenditure to date against the Board's 2011/12 capital allocation.

Recommendation

The Board is asked to **note** the financial performance for the first eight months of the financial year.

Policy/Strategy Implications	Impact on statutory financial targets
Consultation	Supporting reports have been presented to Clinical Boards and Budget Managers
Consultation with Professional Committees	N/A
Risk Assessment	Risks are covered in the risk section of the report
Compliance with Board Policy requirements on Equality and Diversity	Compliant
Resource/Staffing Implications	As described in the paper

**Borders NHS Board – Board Report
for the 8 month period to 30th November 2011**

Approved by

Name	Designation	Name	Designation
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Author(s)

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**Borders NHS Board – Board Report
for the 8 month period to 30th November 2011**

Contents

The financial monitoring report contains the following:

Sections 1 to 5: Salient Figures

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

Borders NHS Board – Board Report
for the 8 month period to 30th November 2011

1. General Overview

	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
Income	216.7	150.1	150.5	0.4
Expenditure	216.7	138.1	140.1	(2.0)
Surplus/(Deficit) for period	-	12.0	10.4	(1.6)
Capital Expenditure	3.9	1.8	1.8	-

- At 30th November, the Board is reporting expenditure of £1.6m greater than budget, an increase of £0.2m in the month. This adverse movement in month and the cumulative overspend is linked to the continuing trend in external health care providers and prescribing. These adverse movements are factored into the year end forecast position. Managers are being supported to ensure this level of overspend is minimised.
- The key points to note from the month eight position are external healthcare providers, and prescribing.
 - External healthcare providers overspend (£1.2m) derives mainly from Unplanned Activity (UNPACS) and Primary Care contract both with NHS Lothian. The month eight position is based on actual activity for NHS Lothian for the first six months of 2011/12. Referrals for out of area placements to specialist learning disability services are still causing a significant impact on the financial position, as is the current referral to the private eating disorder unit. This heading has experienced further pressure during November in relation to specialist unplanned ENT treatment provided by NHS Greater Glasgow and Clyde (£87k).
 - The prescribing position at month eight is £0.7m overspent. This continues to be a volatile area for the NHS Borders and due to the introduction of free prescriptions and the transfer of GP practices to the new EMIS system, which is almost complete, is proving so in 2011/12. As anticipated the volume of scripts and items dispensed continues to increase by 3%-4%, however the latest price data available has shown an unexpected increase in the average price, which is subject to investigation. A number of efficiency measures which were planned have not happened in the timescales anticipated however it is expected these schemes will deliver savings in full in 2012/13. The situation continues to be closely monitored by the Medicine Resource Group.
- The Clinical Boards have confirmed the level of savings that will be delivered in 2011/12 and that a break even position will be achieved on their operational budgets. Based on the monthly trajectory Clinical Boards have achieved the level of variance agreed for November.
- The Board has approved a balanced financial plan for 2011/12 which sets a breakeven outturn for the year, and assumes that £8.6m of efficiency savings will be achieved. As at the end of November £5.284m of savings have been delivered of which £1.953m is non recurring. When taking into account the full year impact of savings to date £4.218m recurring schemes has been delivered against a target of £5.4m. There remains a shortfall on the overall programme. More detail on the progress of the efficiency programme is included under section 4 of this report.

**Borders NHS Board – Board Report
for the 8 month period to 30th November 2011**

- As part of the agreed financial plan the Board approved a contingency for financial year 2011/12. This will be utilised to support the overall financial position of the Board and ensure financial targets are achieved. In addition a number of control measures have been agreed with clinical services to support the reduced level of savings achieved and ensure there is capacity in the system to deal with any unforeseen pressures over the winter months.
- At this stage the Board is forecasting a year end break-even position provided the Board's revised efficiency programme is delivered as agreed, by ensuring robust management and increased control of operational budgets is applied, and by utilising the Board's contingency funds.
- The capital expenditure plan has been revised in line with NHS Borders capital allocation and realised sales proceeds. It is hoped that further sales proceeds will be generated prior to the end of the financial year and these will be included in the capital report when realised. The current forecast is that NHS Borders will achieve its capital resource limit.

**Borders NHS Board – Board Report
for the 8 month period to 30th November 2011**

2. Overall Income and Expenditure Summary

	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
Income Resources				
Scottish Government	189.5	132.8	132.8	-
Family Health Services (incl non cash ltd)	11.4	7.1	7.1	-
External Healthcare Purchasers	5.3	3.4	3.5	0.1
Other	8.1	5.2	5.4	0.2
Clinical Boards	2.4	1.6	1.7	0.1
Total Income	216.7	150.1	150.5	0.4
Expenditure Resources				
Clinical Boards	119.8	77.4	77.6	(0.2)
External Healthcare Providers	28.3	18.9	20.1	(1.2)
Family Health Services	30.7	19.5	20.2	(0.7)
Corporate Directorates	31.4	19.3	19.2	0.1
Cost of Capital	4.4	3.0	3.0	-
Approved Funding not yet underway	5.1	-	-	-
Unapplied Efficiencies :				
Recurring	(1.6)			
Non-recurring	(1.4)			
	216.7	138.1	140.1	(2.1)
Surplus/(Deficit) for period	-	(12.0)	(10.4)	(1.6)

- Income is over-recovered at month eight. As reported previously the over-recovery relates to dental services, road traffic accidents and income received from SBC for a joint placement.
- The Clinical Boards are currently £0.2m overspent on expenditure budgets. All Clinical Boards are moving toward their agreed year end position of break even. The main area of overspend within this heading is the Stoma Service. The Chief Pharmacist continues to review the situation to ensure all patients are receiving the most clinically appropriate and cost effective supplies.
- External Healthcare Providers shows £1.2m spend in excess of budget at month eight. The overspend position is based on actual six months activity for the primary care contract and UNPACS with NHS Lothian. The increased referrals to specialist learning disability and private eating disorder unit continue to affect the position. The Joint Learning Disability team are working to ensure all referrals have agreed discharge plans and during November one patient has been discharged from a specialist placement. However, the heading experienced further pressure during November in relation to a specialist ENT (£87k) activity provided with NHS Greater Glasgow and Clyde.
- Prescribing expenditure is based on activity information for April to October and price data for April to September. The prescribing position at month eight is overspent by £0.7m. Activity information indicates an increase of between 3% and 4% in the number of forms and items dispensed compared with the same period last financial year. The majority of practices have now transferred to the EMIS system and this should allow for

**Borders NHS Board – Board Report
for the 8 month period to 30th November 2011**

a more stable trend to emerge. However actual price information in September has seen an increase of 2%. The reasons for this are being investigated but this may be linked to flu vaccines. A number of efficiency measures which were planned have not happened in the timescales anticipated however it is expected these schemes will deliver savings in full in 2012/13. The situation continues to be closely monitored by the Medicine Resource Group.

- The Corporate Directorates are underspent by £0.1m as at the end of November. It should be noted that within this heading Estates and Facilities is overspent by £104k. This overspend mainly relates to the patient transport budget which has continued during November, adversely affecting the financial position.
- At the end of November, the Board has £5.1m in approved funding not yet underway including unallocated allocations and contingencies for unforeseen pressures included in the financial plan. This area is being closely monitored for any available slippage which will be used to offset the overall financial position.
- NHS Borders is currently predicting a year end break even outturn will be achieved. This position is predicated on the agreed year end positions on operational budgets being achieved, the revised level of savings being delivered, and the use of the contingency funding as agreed in the financial plan.

**Borders NHS Board – Board Report
for the 8 month period to 30th November 2011**

3. Overview of Capital Expenditure

	£m
Sources of Funds	
Gross Capital Resource Limit (CRL)	3.7
Income from Property Sales	0.1
Total Capital Resources	3.8
Use of Capital Funds	
Allocated to Approved Schemes	3.8
Total utilisation of funds for 2011/12	3.9
Expenditure to Date	
Expenditure to 30 th November 2011	1.8
Expenditure to be spent by 31 March 2012	2.0
Total Forecast Expenditure for 2011/12	3.8

- The main focus of capital works during 2011/12 continues to be the Jedburgh Health Centre scheme which commenced during February 2011. A sum of £2.2m will be committed in year with the remaining balance of the scheme profiled early in 2012/13.
- A programme of work is progressing to dispose of properties, which were declared surplus by the Board at its meeting on 6th January 2011. SGHD have agreed that capital sales for 2011/12 can be retained by NHS Borders up to the level of £478k provided these funds are used to support the Capital Programme. To date sales proceeds of £70k have been realised and the Board continues to actively work to generate further proceeds. Sales proceeds when realised will be included in the capital report.
- At this stage the Board considers that the financial target on capital will be achieved.

Borders NHS Board – Board Report
for the 8 month period to 30th November 2011

4. Efficiency Programme: Savings Targets

	Target	Delivered				Full Year Effect
	Total	Recurring	Non Recurring	Total		
2010/11 Carry Forward						
BGH	14	14	-	14		-
Mental Health	248	14	-	14		-
	262	28		28		-
Corporate Services Challenge						
Estates & Facilities	1,088	656	231	887		404
Director of Workforce	141	95	45	140		-
Public Health	117	48	62	110		-
Planning & Performance	34	17	17	34		-
IM&T	140	70	70	140		-
Public Involvement & Comms	16	9	8	17		-
Finance	90	38	45	83		-
Medical Director	22	-	11	11		-
Integrated Care	15	-	15	15		-
Director of Nursing	41	23	19	42		-
Partnership	22	-	-	-		-
Executive Team & Non Execs	100	25	75	100		-
Other	-	-	-	-		-
	1,826	981	598	1,579		404
Clinical Boards						
BGH						
Ward 11	219	219	-	219		44
Ward 16	44	29	-	29		58
Paediatrics	115	-	115	115		-
Lothian Consultants	100	100	-	-		-
Other	497	277	176	453		47
	975	625	291	916		149
Mental Health						
FIE	35	35	-	35		-
Rehab	132	79	-	79		-
Other	199	5	346	351		-
	366	119	346	465		-
LD						
Other	97	6	91	97		-
	97	6	91	97		-
P&CS						
AHPs	434	434	-	434		-
Tweeddale	130	130	-	130		334
HQ	70	70	-	70		-
Other	184	65	122	187		-
	818	699	122	821		334
Other						
Prescribing	720	720	-	720		-
Invest to Save Prescribing	45	45	-	45		-
VAT on Dispensing Doctors	100	-	100	100		-
Release of Estimates	150	-	150	150		-
NR Commissioning Gains	253	-	255	255		-
Uplift on Contracts	-	33	-	33		-
Other	-	75	-	75		-
	1,268	873	505	1,378		-
Provisional Schemes	929	-	-	-		-
Unallocated Balance	2,039	-	-	-		-
Total	8,580	3,331	1,953	5,284		887

**Borders NHS Board – Board Report
for the 8 month period to 30th November 2011**

- In order to break even in 2011/12 the total estimated savings challenge was £8.6m. Work is continuing to identify schemes, however based on current information it is unlikely this target will be fully achieved this financial year. This has been factored into the year end forecast.
- As at the end of November £5.284m of savings have been delivered of which £1.953m is non recurring. When taking into account the full impact of delivered recurring schemes £4.218m recurring schemes has been delivered against a target of £5.4m. Should a recurring unmet savings target remain at the end of the financial year this will be carried forward to the new financial year and increase the efficiency challenge the organisation faces in 2012/13.
- The Clinical Core Strategy Group during December has focused on achieving the outstanding recurring savings target before the end of the financial year. A draft list of schemes has been identified and it is planned to confirm the schemes that are to be taken forward during January.
- It is imperative that Clinical Boards and corporate services departments achieve their declared saving schemes.
- There continues to be a risk, although reduced for this financial year, linked to release of workforce savings as many of the agreed schemes depend on changes in skill mix and numbers.

**Borders NHS Board – Board Report
for the 8 month period to 30th November 2011**

5. Risk

- This section highlights to the Board the key risks the organisation faces in achieving its financial targets for this year based on current information.
- The main risk areas are currently prescribing and commissioning. These areas are being closely monitored in order to ensure that any overspend in these areas is minimised and they remain in line with updated year end projections.
- All Clinical Boards have signed up to a break even position and are currently moving towards this. It is imperative that the a break even position is achieved and maintained.
- Additional control measures have been agreed to ensure the Board has resilience in order to deal with any unforeseen pressures in the remainder of the financial year.
- Progress on the efficiency programme has improved and the organisation must remain focused on the efficiency during the remainder for the financial year in order to be better prepared to meet the efficiency requirements in 2012/13.