

Borders NHS Board



## **FINANCIAL MONITORING REPORT FOR THE 12 MONTH PERIOD TO 31<sup>st</sup> MARCH 2013**

### **Aim**

The aim of this paper is to report on the financial position to 31<sup>st</sup> March 2013. The figures presented are provisional as they are still subject to review by external audit.

### **Background**

The attached report shows that the Board is reporting an expenditure outturn of £0.1m surplus on its revenue budget at the end of the financial year and a breakeven position on capital costs. Based on this position the Board has achieved its financial targets for 2012/13.

This has been a challenging year financially and the Board has consistently noted that persistent and proactive action has been required to achieve its statutory targets. Key to this was full engagement from operational services and that strong financial controls were in place throughout the organisation.

### **Recommendation**

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

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

**Approved by**

<b>Name</b>	<b>Designation</b>	<b>Name</b>	<b>Designation</b>
Carol Gillie	Director of Finance		

**Author(s)**

<b>Name</b>	<b>Designation</b>	<b>Name</b>	<b>Designation</b>
Janice Cockburn	Acting Deputy Director of Finance		

## **Contents**

The financial monitoring report contains the following:

### **Section 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

## 1. General Overview

	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
Income	226.1	226.1	225.8	(0.3)
Expenditure	226.1	226.1	225.7	0.4
<b>Surplus/(Deficit) for period</b>	-	-	0.1	0.1
<b>Capital Expenditure</b>	7.0	7.0	7.0	-

- At 31<sup>st</sup> March 2013 the Board is reporting expenditure of £0.1m less than budget, thereby achieving its financial target. It should be noted the figures presented are provisional as they are still subject to review by external audit.
- Although the overall financial position is as forecast there are a number of key points to note.
  - Income derived from external healthcare purchasers is under recovered by £0.5m linked to decreased activity levels principally with Northumberland Health Authority. This is partially offset by an over recovery on other income.
  - The external healthcare providers overspend (£1.0m) has improved slightly in month twelve due to the level of unplanned out of area treatments (OATS and UNPACS) being lower than anticipated. The year end overspend relates mainly to UNPAC activity with NHS Lothian and Greater Glasgow and extra contractual referrals (ECRs) which include the out of area placement for an eating disorder patient discharged in October.
  - The Clinical Boards are reporting an overspend of £0.7m at month twelve. The main overspending areas are BGH nursing and medical pay budgets. Overall the Clinical Boards have achieved the revised agreed year end outturn.
- The Board approved a balanced financial plan for 2012/13 which set a breakeven outturn for the year and assumed £5.9m of efficiency savings would be achieved. At the end of March the Board has delivered efficiency savings of £6.0m against the target of £5.9m. In terms of recurring savings £3.9m was achieved in year and when the full year impact of schemes, which started part way through the financial year is taken into account £4.4m will have been achieved.
- As part of the Board's financial plan contingencies were set aside to deal with unforeseen financial pressures. The utilisation of these contingencies have allowed the Board to deal with the shortfall in income, overspends in externally purchased healthcare and the BGH while still achieving its financial target of breakeven.
- NHS Borders has achieved its capital resource limit.

## 2. Overall Income and Expenditure Summary

	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
<b>Income Resources</b>				
Scottish Government	196.3	196.3	196.3	-
Family Health Services (incl non cash ltd)	13.6	13.6	13.6	-
External Healthcare Purchasers	5.3	5.3	4.8	(0.5)
Other	7.4	7.4	7.6	0.2
Clinical Boards	3.5	3.5	3.5	-
<b>Total Income</b>	<b>226.1</b>	<b>226.1</b>	<b>225.8</b>	<b>(0.3)</b>
<b>Expenditure Resources</b>				
Clinical Boards	122.6	122.6	123.3	(0.7)
External Healthcare Providers	27.9	27.9	28.9	(1.0)
Family Health Services	33.2	33.2	33.1	0.1
Corporate Directorates	36.8	36.8	36.5	0.3
Cost of Capital	3.9	3.9	3.9	-
Approved Funding Unallocated	1.7	1.7	-	1.7
Unapplied Efficiencies :				
Recurring	-	-	-	-
Non-recurring	-	-	-	-
<b>Total Expenditure</b>	<b>226.1</b>	<b>226.1</b>	<b>225.7</b>	<b>0.4</b>
<b>Surplus/(Deficit) for period</b>	<b>-</b>	<b>-</b>	<b>0.1</b>	<b>0.1</b>

- The under recovery on income from external healthcare purchasers has continued in March, the main element of which relates to the SLA with Northumberland. It is predicted that the under recovery on the contract will be a continuing pressure for NHS Borders. Income relating to other out of area treatments has continued to decrease due to a reduced number of admissions to BGH for treatment.
- The other income budget, which includes road traffic accident, income from NHS Education Scotland and business activities, has over recovered at the end of March.
- Overall, the Clinical Boards are reporting an overspend position of £0.7m as at the end of March. The BGH is £904k overspent, partially offset by underspending areas principally in Learning Disability services. The BGH overspend is predominantly on staffing with nursing £327k and medical £281k budgets overspent respectively.

- The external healthcare providers overspend (£1.0m) has improved slightly in month twelve due to the level of emergency out of area treatments (OATS) and UNPACS being lower than anticipated. The year end overspend relates mainly to UNPAC activity with NHS Lothian and Greater Glasgow and extra contractual referrals (ECRs) which includes the out of area placement for an eating disorder patient discharged in October.
- The Corporate Directorates are underspent by £0.3m at the end of March, although within this area Estates and Facilities are overspent by £0.1m linked to patient transport costs. Work is continuing on a number of measures to reduce this financial pressure. The underspend in the Corporate Directorate is a continuation of the previously reported underspends on Director of Nursing, Planning & Performance and Public Health.
- At the end of March the Board has £1.7m in approved funding unallocated. As part of the financial plan the Board set aside a contingency for unforeseen pressures. The majority of this funding has been utilised to offset financial pressures although a small amount has been allocated to a number of prioritised schemes.

### 3. Overview of Capital Expenditure

	£m
<b>Sources of Funds</b>	
Gross Capital Resource Limit (CRL)	6.69
Income from Property Sales	0.28
<b>Total Capital Resources</b>	6.97
<b>Use of Capital Funds</b>	
Allocated to Approved Schemes	3.85
Additional In-Year Agreed Schemes	3.12
<b>Total utilisation of funds for 2012/13</b>	6.97
<b>Expenditure to Date</b>	
Expenditure to 31 <sup>st</sup> March 2013	6.87
<b>Total Expenditure for 2012/13</b>	6.87

- NHS Borders capital formula allocation for 2012/13 of £1.939m has been supplemented by £1.515m of funding in respect of Lauder Health Centre, the balance of funds (£0.4m) to complete Jedburgh Health Centre and a further £2.8m linked to slippage on the national capital programme.
- In addition £0.4m has been allocated to NHS Borders from the Central Energy Efficiency Fund (CEEF).
- Capital expenditure of £6.87m to the end of March has been committed against identified projects, mainly in relation to expenditure across the rolling programmes, Lauder and Jedburgh Health Centres and works at Huntlyburn and outpatients in the BGH.
- Subject to review by external audit NHS Borders has achieved its financial target in relation to capital in 2012/13.

○

#### 4. Efficiency Programme : Savings Targets

	Target		Delivered			Full Year Effect £000s
	Total £000s	Recurring £000s	Non Recurring £000s	Total £000s		
<b><u>Corporate Services Challenge</u></b>						
Estates & Facilities	510	255	255	510		-
Director of Workforce	81	34	32	66		-
Public Health	91	45	46	91		-
Planning & Performance	31	15	16	31		-
IM&T	134	67	67	134		-
Finance	81	41	40	81		-
Medical Director	26	13	13	26		-
Integrated Care	8	4	4	8		-
Director of Nursing	50	25	25	50		-
Partnership	5	2	3	5		-
Executive Team & Non Execs	61	31	30	61		-
	1,078	532	531	1,063		-
<b><u>BGH</u></b>						
Laboratory Redesign	180	180		180		-
Theatre OOH	50	50		50		-
Clinical Nurse Specialist Review	10	10		10		-
GP Repatriation – NHS Lothian	331	331		331		-
Paperless Ward	9	9		9		-
General Surgery Day Case Activity	300		300	300		-
Orthopaedic Activity	700	700		700		-
Laboratory Reagent	40	40		40		-
Laboratory MTS	40	40		40		-
Dermatology Repatriation	40	40		40		-
	1,700	1,400	300	1,700		-
<b><u>Mental Health</u></b>						
Dementia Redesign	250	146	104	250		104
Rehabilitation Huntlyburn	140	100	40	140		-
Other	68					-
	458	246	144	390		104
<b><u>LD</u></b>						
Forensic Service	169	127	42	169		42
SEAT MCN Commissioning	30	30		30		-
Management Redesign	20	20		20		-
Mountview	194	145	49	194		49
	413	322	91	413		91
<b><u>P&amp;CS</u></b>						
AHPs	160	160		160		-
Teviotbank	450	337	113	450		113
Dental	80	80		80		-
Other	14	14		14		-
	704	591	113	704		113
<b><u>Other</u></b>						
Prescribing	503	503	-	503		-
Staff Business Travel	100		60	60		-
On Call Review	100					-
Procurement Improvement	150	80	407	487		-
Estates Strategy	200	50	58	108		33
Discretionary Spend	250					-
Supplies Inflation	300	95		95		164
Other	-	90	413	503		-
	1,603	818	938	1,756		197
Provisional Schemes	-	-	-	-		-
Unallocated Balance	-	-	-	-		-
<b>Total</b>	<b>5,956</b>	<b>3,909</b>	<b>2,117</b>	<b>6,026</b>		<b>505</b>



- The Board has over achieved its challenging savings target of £5.9m in 2012/13, which is a major factor in achieving a balanced out-turn.
- NHS Borders has withdrawn £6.0m savings from budgets at the end of March as detailed in the table above.
- The recurring element of NHS Borders efficiency programme equates to £3.9m in 2012/13. As at March 2013, £3.9m of recurring savings have been identified. When taking into account the full year effect of projects which started part way through the year savings of £4.4m has been withdrawn from budgets on a recurring basis.
- The delivery of £6.0m savings during 2012/13 is a significant accomplishment. This level of achievement should give the Board confidence in the challenges it faces in 2013/14 and future years.
- A detailed report on efficiency savings will be presented to the Board on a six monthly basis.

## **5. Risk**

- NHS Borders, subject to audit, has fully achieved its financial targets for 2012/13.
- The main risk facing the Board at this time is the financial challenge that 2013/14 and future years bring.
- There are a number of operational financial pressures identified during 2012/13 which may impact on the Board in future years. Measures should be put in place to address or minimise these.
- Financial controls and the engagement from the Clinical Boards must be robust in 2013/14 to ensure operational budgets stay within resource and efficiency plans are delivered.
- The organisation must focus its attention on the efficiency challenge it faces in 2013/14 as well as ensuring plans are developed for future years.