

Borders NHS Board



FINANCIAL MONITORING REPORT FOR THE TEN MONTH PERIOD TO 31st JANUARY 2013

Aim

The aim of this paper is to report on the financial position to 31st January 2013.

Background

The attached report shows that the Board is reporting an outturn of £1.8m in excess of its revenue budget ten months into the financial year. The Board continues to forecast a year end break-even position. This predicted outturn position is based on ensuring robust management and financial controls continue to be applied to operational budgets.

The Board has consistently noted that persistent and proactive action is required to achieve its statutory targets based upon the financial plan. It is important that local areas are fully engaged with this imperative and 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 2012/13 capital allocation.

Recommendation

The Board is asked to **note** the financial performance for the ten 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

Approved by

Name	Designation	Name	Designation
Carol Gillie	Director of Finance		

Author(s)

Name	Designation	Name	Designation
Janice Cockburn	Acting Deputy Director of Finance		

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1. General Overview

	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
Income	226.3	180.1	180.0	(0.1)
Expenditure	226.3	178.9	180.6	(1.7)
Surplus/(Deficit) for period	-	(1.2)	(0.6)	(1.8)
Capital Expenditure	7.3	3.5	3.5	-

At 31st January 2013 the Board is reporting an over commitment of £1.7m expenditure against budget and an under-recovery of £0.1m on income. Expenditure budgets are overspent by £1.0m on external health care providers, and £0.9m in the clinical boards offset by an underspend in corporate services.

- The key points to note in the month ten position are:-
 - Income derived from external healthcare purchasers is under recovered by £0.4m linked to decreased activity levels principally with Northumberland Health Authority. This is partially offset by an over recovery on clinical board and other income.
 - The external healthcare providers overspend (£1.0m) mainly relates to UNPACS with NHS Lothian and Greater Glasgow and the Acute contract with NHS Lothian. The UNPACs position is a continuation of the trend reported in previous months. The Lothian Acute contract is currently overspent due to the projected activity level being in excess of the agreed contract sum.
 - Clinical boards are overspent by £0.9m on expenditure predominantly in the BGH. Overspends have continued in nursing and medical budgets in the BGH during January, although at a lower level than in previous months, in addition the reported spend on rheumatology drugs has increased in month, which is being discussed with the Medicines Resource Group.
- The Board has approved a balanced financial plan for 2012/13 which sets a break even outturn for the year and assumes £5.9m of efficiency savings will be achieved. At the end of January, the Board has achieved its challenging savings target, with £5.9m savings having been withdrawn from budgets.
- The Board continues to forecast a year end break-even position with the Board's efficiency programme having been fully achieved, by ensuring robust management of operational budgets and utilising the Board's contingency funds.
- The capital expenditure plan is in line with NHS Borders capital allocation. The current forecast is that NHS Borders will achieve its capital resource limit.

2. Overall Income and Expenditure Summary

	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
Income Resources				
Scottish Government	196.7	155.3	155.3	-
Family Health Services (incl non cash ltd)	13.2	11.0	11.0	-
External Healthcare Purchasers	5.3	4.4	4.0	(0.4)
Other	7.6	6.4	6.6	0.2
Clinical Boards	3.5	3.0	3.1	0.1
Total Income	226.3	180.1	180.0	(0.1)
Expenditure Resources				
Clinical Boards	120.9	100.0	100.9	(0.9)
External Healthcare Providers	27.9	23.4	24.4	(1.0)
Family Health Services	33.2	26.6	26.7	(0.1)
Corporate Directorates	36.0	25.7	25.4	0.3
Cost of Capital	4.0	3.2	3.2	-
Approved Funding Unallocated	4.3	-	-	-
Unapplied Efficiencies :				
Recurring	-	-	-	-
Non-recurring	-	-	-	-
Total Expenditure	226.3	178.9	180.6	(1.7)
Surplus/(Deficit) for period	-	(1.2)	(0.6)	(1.8)

- The under recovery on income from external healthcare purchasers continues, 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. At a meeting in December Northumberland outlined their commissioning intentions which are to treat patients locally where clinically appropriate. Income relating to other out of area treatments has continued to decrease due to a reduced number of admissions to BGH for treatment.
- Clinical Board income is over recovered on the SLA with NHS Western Isles. The other income budget which includes road traffic accident, income from NHS Education for Scotland and business activities have over-recovered to the end of January.
- Overall, the Clinical Boards are reporting an overspend position of £0.9m as at the end of January. The BGH is £867k overspent with a small overspend in P&CS of £44k. The BGH overspend is predominantly on staffing with nursing £330k and medical £208k budgets overspent respectively. In addition within the BGH the reported spend on rheumatology drugs has increased in month, which is being discussed with the Medicines Resource Group.

- The external healthcare providers overspend (£1.0m) mainly relates to UNPACS with NHS Lothian and Greater Glasgow. The reported position is based on actual activity for the first nine months of the financial year. The Lothian Acute contact is projected as overspent due to current activity being higher than the agreed contact level.
- Family Health Services are overspent by £0.1m on GP prescribing. This position is based on actual activity data for the nine months of the financial year and price data for the eight months. The prescribing budget was an area of financial pressure during 2011/12 and will continue to be closely monitored by the Medicine Resource Group during 2012/13.
- Corporate Services continue to report an underspend position, with a continuation of the underspend trend previously reported in Director of Nursing, Planning & Performance and Public Health due to vacancies.
- At the end of January, the Board has £4.3m in approved funding not yet allocated including ring fenced funding and a contingency for unforeseen pressures. This area is closely monitored to highlight any available slippage.
- NHS Borders is currently predicting that a year end break even outturn will be achieved. This position is based on projected year end positions on operational budgets being achieved, the agreed level of saving being delivered and the utilisation of contingency funds.

3. Overview of Capital Expenditure

	£m
Sources of Funds	
Gross Capital Resource Limit (CRL)	7.05
Income from Property Sales	0.28
Total Capital Resources	7.33
Use of Capital Funds	
Allocated to Approved Schemes	3.85
Additional In-Year Agreed Schemes	3.48
Total utilisation of funds for 2012/13	7.33
Expenditure to Date	
Expenditure to 31 st January 2013	3.51
Total Forecast Expenditure for 2012/13	7.33

- 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.
- SGHD has confirmed that the capital income from the sale of Priorsford can be retained for investment within NHS Borders.
- A further £0.4m has been allocated to NHS Borders from the Central Energy Efficiency Fund (CEEF) which is a revolving fund where net savings arising from schemes are required to be reinvested in additional energy efficiency measures.
- As the end of January, capital resource of £3.51m has been committed against identified projects, mainly in relation to expenditure across the rolling programmes, Lauder and Jedburgh Health Centres and works at Huntlyburn.

4. Efficiency Programme : Savings Targets

	Target	Delivered				Full Year Effect £000s
	Total £000s	Recurring £000s	Non Recurring £000s	Total £000s		
<u>Corporate Services Challenge</u>						
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		-
<u>BGH</u>						
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		-
<u>Mental Health</u>						
Dementia Redesign	250	146	104	250		104
Rehabilitation Huntlyburn	140	100	40	140		-
Other	68					-
	458	246	144	390		104
<u>LD</u>						
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
<u>P&CS</u>						
AHPs	160	160		160		-
Teviotbank	450	337	113	450		113
Dental	80	80		80		-
Other	14	14		14		-
	704	591	113	704		113
<u>Other</u>						
Prescribing	503	503	200	703		-
Staff Business Travel	100		60	60		-
On Call Review	100					-
Procurement Improvement	150	80	132	212		-
Estates Strategy	200	50	58	108		33
Discretionary Spend	250					-
Supplies Inflation	300	95		95		164
Other	-	90	413	503		-
	1,603	818	863	1,681		197
Provisional Schemes	-	-	-	-		-
Unallocated Balance	-	-	-	-		-
Total	5,956	3,909	2,042	5,951		505

- The Board has fully achieved its challenging savings target of £5.9m in 2012/13, which is a major element in achieving a balanced out-turn.
- NHS Borders has withdrawn £5.9m savings from budgets at the end of January as detailed in the table above.
- The recurring element of NHS Borders efficiency programme equates to £3.9m in 2012/13. Currently £3.9m of recurring savings have been withdrawn from budgets. When taking into account the full year effect of projects which started part way through the year savings £4.4m has been withdrawn from budgets on a recurring basis.
- Although savings schemes have been agreed with the relevant managers and removed from operational budgets, it is imperative that these savings are delivered and the agreed financial position achieved.

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 income from external healthcare purchasers, expenditure on external healthcare providers and by Clinical Boards, particularly BGH.
- The Northumberland income SLA is currently predicted to under recover at the year end by £0.3m. Dialogue with Northumberland continues but it is likely this will be a continuing pressure for NHS Borders.
- External Healthcare Providers was an area of pressure in 2011/12 recording a year end overspend of £1.5m. The Commissioning Team have a work plan for 2012/13 which includes close monitoring of ECRs, UNPACs and use of appropriate criteria for referrals. These measures have been used to ensure only appropriate referrals are made outwith Borders and thereby minimise expenditure.
- NHS Borders agreed to treat additional patients in general surgery and orthopaedics for NHS Lothian. NHS Borders has committed resources in these areas to support this additional activity as agreed in partnership. Discussions are ongoing with NHS Lothian and the patient flow began in October.
- During 2011/12 the prescribing budget overspent by £1m. The Medicine Resource Group continues to endeavour to ensure that any sign of overspending is picked up early and appropriate actions are taken.
- All clinical boards signed up to a breakeven year end outturn at the start of the financial year. The BGH clinical board has agreed an amended year end position and detailed monitoring has been put in place to ensure if there deviation from this position corrective action is taken.
- The increase in expenditure on rheumatology drugs is being discussed with the Medicines Resource Group and the impact of this on the projected year end position.