Borders NHS Board

NHS BORDERS DRAFT ANNUAL OPERATIONAL PLAN 2018/19

Aim

This paper is to gain approval of NHS Borders' first Annual Operational Plan (AOP) which replaces the need for a Local Delivery Plan (LDP). The AOP has been produced in line with guidance received from Scottish Government (SG) in February 2018.

Background

In a departure from previous years, Scottish Government advised during January 2018 that LDPs would be replaced with Annual Operational Plans for 2018/19. Guidance from SG on the content of the first AOP was received on 9th February 2018.

The draft AOP was submitted to SG on 8th March 2018. An underpinning draft financial plan and detailed financial templates was submitted to SG on 12th March.

The 2018/19 AOP has been produced in line with the SG Guidance, and has the following sections:

Context for Strategic Change:	Sets out this single year within the context of our longer term Clinical Strategy.
Performance Measures:	Sets out expected performance by March 2019 on the core standards in relation to cancer waiting times, Treatment Time Guarantee, outpatients, diagnostics, mental health and A&E performance.
Unscheduled Bed Days Reductions:	Sets out plans being developed with Integration Authorities to reduce delayed discharges, avoidable admissions and inappropriately long stays in hospitals, with focus to reduce unscheduled bed-days in hospital care by up to 10%.
Reducing Inequalities and Prevention:	Sets out the actions that are being taken, consistent with the actions of other bodies and external partners, to improve the health of the public, particularly with reference to the prevailing burden of disease and the requirement to tackle addictions.
Workforce Planning & Development:	Sets out some of the key current workforce priorities within NHS Borders and actions being taken following publication of the detailed Workforce Plan for 2016 – 2019.

Financial Outlook:	Sets out, based on current assumptions, anticipated outturn against both resource and capital budgets – reflecting indicative baseline provided in the 2018/19 Draft Budget, as well as setting out the current anticipated level of savings required to deliver financial balance for 2018/19.

Although a challenging timeline, service leads and the Board Executive Team have contributed to the development of the draft AOP for 2018/19. Feedback from SG on the draft is expected in due course.

Summary

In line with SG requirements, NHS Boards are required to produce an AOP for 2018/19 to replace the LDP. The draft AOP for Borders was developed in conjunction with service leads and submitted as required to SG in early March, and feedback is expected in due course.

The draft AOP will now be shared with the Clinical Executive Strategy Group, Area Partnership Forum, Area Clinical Forum and other key stakeholders. Should there be any proposed changes to the plan as a result of these discussions, and following feedback from SG, then a revised plan will be brought forward for consideration by the Board.

Recommendation

The Board is asked to **approve** the Annual Operational Plan for 2018/19.

Policy/Strategy Implications	The AOP will be the primary mechanism for monitoring the performance of NHS Boards by the Scottish Government for 2018/19.
Consultation	The draft AOP was developed in conjunction with members of the Board Executive Team and service leads.
Consultation with Professional Committees	The draft AOP will now be shared with key stakeholders offering an opportunity for feedback on the plan.
Risk Assessment	Key risks to delivery are outlined within the draft AOP. Performance against the plan will be reported throughout the year. Performance reports will outline factors impacting on delivery and any remedial actions that are being taken.
Compliance with Board Policy requirements on Equality and Diversity	The AOP has been developed to be fully compliant with NHS Borders' Equality and Diversity requirements.
Resource/Staffing Implications	As outlined in the draft AOP.

Approved by

Name	Designation	Name	Designation
June Smyth	Director of Strategic Change & Performance		

Author(s)

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Annual Operational Plan 2018/19

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1 Introduction

NHS Borders' Annual Operational Plan (AOP) 2018-19 replaces the performance agreement published in previous years through the Local Delivery Plan process. This plan is aligned with the Scottish Borders Health and Social Care Partnership's Strategic Plan for 2016-19, with its 9 objectives for delivering quality health and social care to the people of the Borders, and the longer term strategic context outlined within NHS Borders refreshed Clinical Strategy.

The plan highlights underpinning assumptions and actions towards achieving efficient and effective healthcare through minimising waiting times in key areas and looks to deliver these standards at the same level as achieved at March 2017. These cover access to treatment at the Emergency Department, elective procedures and outpatient appointments; cancer pathways, and diagnostic tests. It also covers waits for specialist children and adolescent mental health services.

The AOP summarises plans developed with the Health and Social Care Partnership focussing on the following objectives:

- Shifting the balance of care to the community;
- Reducing avoidable admissions to hospital and delays for patients that have to receive hospital care;
- Reducing delayed discharges;
- Measures being taken in collaboration with partners to reduce health inequalities;
- Workforce planning and development to underpin the service changes outlined.

The Plan also focuses on the financial outlook for NHS Borders in the year ahead, and the progress towards improving the efficiencies of services as well as longer term financial sustainability.

NHS Borders is working in partnership with NHS Fife and NHS Lothian to develop an East of Scotland Regional Plan to be completed by 31st March 2018. This plan will contribute towards the longer-term delivery of national performance standards. This Annual Operational Plan should be viewed in conjunction with the East of Scotland Regional Plan.

2 Context for Strategic Change

While this Annual Operational Plan (AOP) is for the year 2018/19, it is important to set this single year within the context of our longer term clinical strategy to drive forward change across health and social care within the Scottish Borders.

Clinical Strategy

Background

In 2014, following a period of consultation with staff and the public, the Board approved a series of Key Strategic Principles. These 7 key principles form the basis for the future design and development of clinical services across NHS Borders. The principles are in line with and fully support the 2020 vision for Healthcare in Scotland. The vision is that by 2020 everyone is able to live longer healthier lives at home, or in a homely setting.

In February 2016 a National Clinical Strategy for NHS Scotland was published. As a result of this, and other national initiatives such as the growing focus on Realistic Medicine as well as the continued challenging financial environment across the NHS and wider public sector, NHS Borders board agreed that there was a need to do a stocktake of the local position. This led to the development of NHS Borders refreshed Clinical Strategy.

The strategic aims of this are:

- To deliver the national vision for health and social care in Scotland, as set out in the Scottish Health & Social Care Delivery Plan (December 2016).
- To provide clarity for staff, the public and partners on the direction and key priorities for staff in NHS Borders, focusing on the delivery of safe and sustainable services and ensuring the best possible patient experience and health outcomes.
- To have a clear response to how we will maximise opportunities and adequately manage current and future predicted challenges facing the NHS (and other partner organisations), such as increasing population needs, advances in technology, workforce and financial challenges.
- To support future decision making and guide how we best use our limited resources.
- To set out how collaborative working with partners will be supported to meet the needs of the East of Scotland populations and ensure sustainability of health and social care services.

Programme of Change – Better Borders

Better Borders is a programme of work that is supporting and delivering transformation of services within NHS Borders in order to ensure that they are safe, sustainable, and give the best possible patient experiences and health outcomes. The programme is driven by data and evidence, so we can be sure that any changes made as a result are worth doing and are going to deliver outcomes for patients and our organisation using the refreshed Clinical Strategy as our framework. The key themes for work currently underway are outlined below:

- Modernising Outpatients
- Admission Avoidance
- Removing Delays
- Productivity & Efficiency

Further information on the programme of work is outlined on p29.

Back to Basics Programme

Under the leadership of our Director of Nursing and Midwifery to support the delivery of care, we have committed to a programme of change called **Back to Basics**, the aim of which refocus clinical teams **to deliver excellence in care for every patient, every time**. This programme will be carried out in partnership and will involve nurses, clinical support workers, consultants, doctors and the range of allied health professionals; it is evidenced from findings from recent inspections, themes in complaints, audit results and significant adverse event reviews. One clear action plan will be developed this year for Back to Basics, using improvement methodology to diagnose, improve and scale up improvements and embed them.

3 Performance Measures

To achieve an efficient and effective health service for patients of NHS Scotland performance monitoring arrangements are in place. Targets for Health Boards have been set by Scottish Government over a number of years through Local Delivery Plan agreements. Waiting times measures have been an integral part of providing high quality services to make sure patients are seen and treated timeously. NHS Borders is committed to achieving performance for the waiting times measures however the impact of delayed discharge occupied bed days on patient flow remains a significant risk to the achievement of targets. Table 1 shows the expected performance as at the end of March 2018 and the projected position by the end of March 2019.

Table 1 Waiting Times Performance Projections to March 2019

Measure	Latest Performance	Time period - month/quarter	Forecast March 2018 Performance	Forecast March 2019 Performance
62 day Cancer	0 > 62 days	December 2017	2 > 62 days	10 > 62 days
31 day Cancer	0 > 31 days	December 2017	0 > 31 days	0 > 31 days
12 weeks Outpatient	1059 > 12 weeks	January 2018	400 > 12 weeks	2425 > 12 weeks
6 weeks Diagnostics	208 > 6 weeks	December 2017	250 > 6 weeks	964 > 6 weeks
18 weeks CAMHS [1]	64.3%	November 2017	70-80%	90-100%
12 weeks TTG	203 > 12 weeks	January 2018	260 > 12 weeks	941 > 12 weeks
4 hour A&E	93.6% within 4 hours	29 January– 4 February 2018	95% within 4 hours	95% within 4 hours

[1] reporting cannot currently be updated for this measure due to changes in reporting methodology.

62 Day Cancer - 95% of all cases with a Suspicion of Cancer to be seen within 62 days

Measure	Latest Performance	Time period - month/quarter	Forecast March 2018 Performance	Forecast March 2019 Performance
62 day Cancer	0 > 62 days	December 2017	2 > 62 days	10 > 62 days

NHS Borders continues to seek a solution through regional cancer planning forums for patients waiting on treatment in NHS Lothian, in particular those waiting on specialised procedures. This is due to an increased demand within the Prostate and Lung surgical patients and patients that require Prostate Brachytherapy. Whilst at present NHS Lothian only provide 2 slots per week to treat referred patients from other Boards, NHS Borders patients are not being disadvantaged.

The introduction of QFIT for symptomatic patients earlier in 2017 has allowed Consultants to triage Colonoscopy activity more effectively. This has made an impressive improvement in access to Colonoscopy for screening patients in addition to the core capacity investments put in place in 2017. However, the introduction of QFIT tests for screening patients from November 2017 has seen an increase in referral for Colonoscopy in the first couple of months. This is a concerning trend and if these changes to thresholds within the bowel screening programme continue local capacity will struggle to meet demand. This is being closely monitored.

31 Day Cancer - 95% of all patients requiring Treatment for Cancer to be seen within 31 days

Measure	Latest Performance	Time period - month/quarter	Forecast March 2018 Performance	Forecast March 2019 Performance
31 day Cancer	0 > 31 days	December 2017	0 > 31 days	0 > 31 days

NHS Borders is reviewing local cancer pathways to ensure consistency with other Boards and ensure that patients are treated within the appropriate timescales.

As above, NHS Borders continues to work with SCAN regional partners to find solutions to capacity challenges within specialties such as Lung, Urology and Prostate where treatment is provided by the regional Cancer Centre.

12 Weeks Outpatients - 12 weeks for first outpatient appointment

Measure	Latest Performance	Time period - month/quarter	Forecast March 2018 Performance	Forecast March 2019 Performance
12 weeks Outpatient	1059 > 12 weeks	January 2018	400 > 12 weeks	2425 > 12 weeks

The number of patients reported as waiting longer than 12 weeks improved in January 2018 with extra activity being run across, Gastroenterology, Cardiology and Dermatology services. However, due to continuing capacity issues within a number of specialties, including Cardiology, Dermatology and Ophthalmology services this still creates a longer-term issue. NHS Borders is working towards a trajectory to reduce new outpatient waits to 400 waiting over 12 weeks by the end of March 2018. A detailed deep dive was provided for NHS Borders Board in October 2017 with regards to the waiting times position. The trajectories towards the planned March 2019 performance, by specialty, are detailed in Appendix 1 of this Plan.

A number of actions are underway to reduce new outpatient waits to the end of March 2018. To maintain waits at end of March 2018 position additional funding will be required non-recurrently to support the following areas to a total of £200,000:

- Orthopaedics
- Neurology

- Breast
- Dermatology
- Oral surgery
- Cardiology
- Ophthalmology

Longer term actions to address core capacity gaps are underway in the following services:

Cardiology Services
Capacity for the Cardiology Service is an ongoing problem. After a demand and capacity analysis the need for a third consultant has been identified. However, as yet no funding source for the £170,000 that would be required has been found. In the short-term consultants are undertaking additional sessions between October 2017 and March 2018 alongside Synaptik to work through the patients waiting in the queue. Moving forward, the additional funding will be required in order to maintain waiting times to the level achieved at March 2017.

Dermatology Service
Within the Dermatology Service job plans for the existing Consultants are being reviewed. A GP with Special Interest post (1 WTE), has now been filled which has increased core capacity. A locum consultant has also been contracted to provide extra capacity until March 2018 to reduce the current backlog. Outpatients have been using a patient focused booking approach when booking the long waiters to see if they still require an appointment which will be monitored by Waiting Times. Nursing role development is underway to reduce the reliance on consultant models of care provision for particular pathways.

Diabetic / Endocrinology Service
Short-term capacity has been organised and a new locum DME Consultant will be undertaking one clinic per week until March 2018 which has been having a very positive impact on the waiting times. The service is undertaking a comprehensive remodelling to establish community-based nurse-led clinics for the majority of patients, releasing consultant capacity for new and complex patients.

Gastroenterology
The waiting lists for the Gastroenterology Service have reduced to 17 weeks with extra capacity being provided through a locum that is in place until June 2018. A gap in the third consultant GI post left a shortfall in capacity. This post has now been filled from mid-December and short term additional clinics will be run between December 2017 and March 2018. A non-medical endoscopist post has been created to support the workload of the GI consultant team. To date NHS borders have been unable to recruit a qualified practitioner into this post and a locum

consultant has been used to bridge this gap. The post will be re-advertised with a training remit to see if a suitable practitioner can be appointed.

Ophthalmology Service

There are ongoing challenges around clinic capacity of the Ophthalmology service, which is due to Consultant vacancies. A collaboration between NHS Borders, Lothian and Fife is being undertaken to provide sustainable Ophthalmology services across the region. This will include a shared on-call between NHS Lothian and Borders. New models of care have been developed to enable more nurse and community optometrist led pathways which will ease the pressure on consultant pathways. In the short term an additional locum is in place within the service and additional new patient clinics are planned between February and March 2018.

Oral Surgery

Referrals into the Oral Surgery service have increased by around 31% year on year, which is causing capacity issues. Additional clinics have been organised in the short term and the service is currently reviewing the longer-term capacity issues.

6 Weeks Diagnostics - zero patients to wait over 6 weeks

Measure	Latest Performance	Time period - month/quarter	Forecast March 2018 Performance	Forecast March 2019 Performance
6 weeks Diagnostics	208 > 6 weeks	December 2017	250 > 6 weeks	964 > 6 weeks

The national standard is that no patient waits more than 6 weeks for one of a number of identified key diagnostic tests.

After a period of improved performance there has been a significant increase in the number of 4 week breaches. Demand continues to grow for radiological tests with the most predominant problem being in MRI scanning. NHS Borders are engaging in national work to review demand management approaches and are addressing through Realistic Medicine, but do not have the resources to meet demand increases. Endoscopy and colonoscopy have come into balance this year with the service changes introduced. Since the recent introduction of FIT testing through the national screening programme an increase has been noted in demand from the bowel screening referral route. If this trend continues core capacity will struggle to meet demand. Without additional funding in these areas NHS Borders will be unable to maintain waiting times for MRI and colonoscopy.

The performance of diagnostic areas is detailed below:

Colonoscopy Service

The Colonoscopy service continues to benefit from ring fenced Colon sessions performed by a locum General Surgeon who is in place until June 2018 pending the recruitment of a second non-medical endoscopist. Additionally, the 3rd GI Consultant post has been filled from December 2017. The introduction of QFIT testing in January 2017 has allowed the more effective triaging and referral into Colonoscopy. A bid to the Scottish Government was successful in securing funding from March 2018 to continue this pilot for 3 further years.The introduction of QFIT testing through the bowel screening programme has shown an increase in referrals to GI. The impact on local services for the 1st 2 months has been significant with specialist GI nursing pre-assessment services feeling a strain. This will be monitored closely but if the trend continues will present capacity challenges. Currently the Board is having difficulty recruiting to the permanent solution and in order to achieve the required outcomes, may need to engage a locum for which at present there is no funding identified.

Endoscopy Service

The 6 week standard for the Endoscopy service has been met consistently and performance continues to be monitored.

Magnetic Resonance Imaging (MRI) & Computerised Tomography (CT) Service

The MRI service continues to be under pressure. The length of scans is increasing due to changing guidelines which has led to a reduction in throughput in terms of patient numbers. To combat this additional weekend and evening sessions continue to be run however, waiting times are increasing despite this. A review of MRI demand is underway.

Ultrasound Service

The ultrasound service has staffing challenges at present due to multiple maternity leaves. Temporary hours have been recruited to and a locum is in place to offset the impact of this as far as possible.

18 weeks CAMHS - 18 weeks referral to treatment for specialist Child and Adolescent Mental Health Services (90%)

Measure	Latest Performance	Time period - month/quarter	Forecast March 2018 Performance	Forecast March 2019 Performance
18 weeks CAMHS [1]	64.3%	November 2017	70-80%	90-100%

The Child and Adolescent Mental Health Services (CAMHS) service consistently met the national (90%) standard for CAMHS referral to treatment waiting times between July 2016 and August 2017. However, performance fell below for both standards in September 2017 (71%), October (58%) and November (64%).

The decrease in performance was due to vacant posts within the service, which have had a significant impact on the ability to meet the standards. Recruitment has been taken place and successful candidates are now in post. However, the service is currently still one 1 WTE down from normal staffing levels. Once full staffing is resumed in quarter 4 the service should be back on track to achieve the target by the end of March 2018. The current staffing model is not resilient as achievement of the target is reliant on full staffing levels and no vacancies and staffing gaps under the existing funding envelope.

Previously, referral criteria have been reviewed and amended to increase efficiency at point of receipt of referral and also at the final stages of the referral form being placed on SCI Gateway.

More detailed focus is now being given to rates of referrals and declined referrals, examining reasons for decline. The reporting process is being reviewed and amended to ensure this is non-person-dependant.

12 weeks TTG - 12 Weeks Treatment Time Guarantee (TTG 100%)

Measure	Latest Performance	Time period - month/quarter	Forecast March 2018 Performance	Forecast March 2019 Performance
12 weeks TTG	203 > 12 weeks	January 2018	260 > 12 weeks	941 > 12 weeks

NHS Borders has experienced challenges in meeting the 12 week Treatment Time Guarantee over the past year. High levels of hospital cancellations, particularly over the winter period, have resulted in a large number of TTG breaches. In order to clear this backlog of patients funding of £1m will be required to provide additional activity. Orthopaedics has been particularly challenged by this and also by a shortfall in operating capacity.

This has been addressed through the Institute for Healthcare Optimisation (IHO) Workstream and introduction of new consultant job plans to take advantage of resulting additional theatre time. However, NHS Borders continue to have a large number of delayed discharges and this is impacting directly on the ability to retain a full elective inpatient area. The trajectories towards the planned March 2019 performance, by specialty, are detailed in Appendix 1 of this Plan.

There are a number of actions underway to minimise cancellations and the impact of these:

- Work is underway to develop a capital business case to relocate the elective ward, the aim being to protect elective beds from unscheduled pressures to

ensure continued throughput of elective cases during times of pressure within the hospital. This is an integral element for the regional orthopaedic plan and discussions with Scottish Government colleagues.

- Short notice cancellations are reviewed on a daily basis.

- Work is ongoing to ensure cancellations are minimised and decisions are made as soon as possible.

- An Institute for Healthcare Optimisation (IHO) project is looking to address surgical flow; however, the service is reviewing on a weekly basis to determine any risk of cancellations and take appropriate action.

- Cancelled patients are rebooked as soon as possible to accommodate their TTG date.

To recover the backlog developed during the winter period addition funding will be required to clear the backlog of patients. This will require funding of around until long term changes can be implemented of around £1.3m. In the longer term several actions are underway to address core capacity including:

- Additional operating sessions in main theatres
- Revisions to the orthopaedic team job plan to reposition capacity
- Nurse led arthroplasty review pathways
- Introduction of MSK model
- Development of business case for protected elective facility
- Theatre Productivity Project

4 hour A&E - 4 hours from arrival to admission, discharge or transfer for A&E treatment (95%)

Measure	Latest Performance	Time period - month/quarter	Forecast March 2018 Performance	Forecast March 2019 Performance
4 hour A&E	93.6% within 4 hours	29 January – 4 February 2018	95% within 4 hours	95% within 4 hours

For the most part, the Emergency Access Standard remains variable performing at between 93-98%. However, the festive period proved challenging with the standard dropping to 88.4% in December 2017.

The main reason for breaches was availability of beds, due to the rising number of delayed discharges. New initiatives were introduced in December 2017 to reduce delayed discharges. There was also a rise in the number of breaches awaiting first medical assessment, much of which was due to crowding in the ED department by patients waiting for admission, reducing availability of cubicles to see patients. A

change in ED doctors with a loss of some experience also contributed. Other breaches have been the result of waits for transport, delays in specialty review and delays in first assessment.

In order to address these issues, the Daily Breach Review and Escalation processes have been refreshed and additional rigour introduced to ensure that patients are not delayed unnecessarily. In line with the Clinical Strategy an exercise has been undertaken to determine the correct medical and nursing staffing levels in ED.

There has been a 31% increase in ED activity since 2011 and a change in both times and acuity of presentations. Due to safety concerns, both medical and nurse staffing has been increased but without an increase in funding. As a result, without additional funding the Emergency Department will generate an overspend in region of £500k in 2018/19.

NHS Borders plans to deliver the 95% Emergency Access Standard consistently by March 2019. Key improvement activities in regard to the standard will include continuing to shift care into Community Services, strengthening acute flow processes and developing a stronger anticipatory care model.

A number of transformational initiatives are planned in collaboration with the health and social care partnership throughout 2018 and into 2019. These include the development of a community respiratory model for patients with COPD, the creation of early supported discharge services (Discharge to Assess and Hospital to Home Projects) and new alternatives to hospital admission. There are also several improvement programmes planned specifically for the Borders General Hospital. These initiatives will largely align with the national 6 essential actions and includes the continued rollout of daily dynamic discharge, and a renewed focus on improving intra-hospital flow processes. The primary risk to delivery of the 95% standard is the continued pressure exerted by delayed discharge levels; if delayed discharge improvement trajectories are not delivered then the system will struggle to deliver the 95% standard. Workforce issues, specifically the difficulty recruiting viable candidates to critical posts, also poses a risk to delivery.

Performance Summary

NHS Borders remains committed to delivering on waiting times targets based on the information currently available and associated assumptions. In order to achieve waiting times levels as at March 2017 this will require additional funding of £4.6m. A summary of this is included in Appendix 2.

3 Unscheduled Bed Days Reductions

The Borders Health and Social Care Partnership's Strategic Plan for 2016-2019 states that one of the Partnerships' 9 objectives is to reduce avoidable admissions to hospital: 'By appropriate support in the right place at the right time, we will ensure people are supported to remain in their own homes.' The aim is to continue to reduce unnecessary demand for services including hospital care, and if a hospital stay is required, minimise the time that people are delayed in hospital. The following priority areas will be actioned during 2018-19 towards achieving this objective:

Priority Area	
Reducing Acute Inpatient Stays and Delays – Reducing avoidable admissions	**Action:** NHS Borders is applying for Integrated Care Fund funding to expand Health Care Support Workers test project for Central to include work in defined geographical area in partnership with five GP practices and District Nurse teams to provide short term increases to care and support to prevent acute hospital admissions for frail elderly adults. The funding application includes funding for key Allied Health Professional input to establish a rehabilitation program so that the individual regains and retains as much independence as possible during and immediately after an acute event. Funding achieved has led to the appointment of Health Care Support Worker and GP & District Nurse involvement for a 12 month period. A funding application has also been made for Allied Health Professional involvement. Further information will be available on the total funding award in April 2018. **Measure:** Quantitative data will be gathered on a month by month basis from the start of the project and compared directly with quantitative data from comparable periods in previous years to establish the level of reduction in acute hospital admissions by GP practice area for adults over 65 years of age.
Reducing Acute Inpatient Stays and Delays – Reducing lengths of stay for hospital discharges where social work is involved	**Action:** A whole day event for START team members, including administration services, is planned to identify and agree improvements to processes and practices specifically to reduce times between in-patients becoming fit for discharge and completion of assessment processes. **Action:** Plans are in place to change the role and responsibilities of three Discharge Liaison Nurses to provide discharge liaison with MDTs at Community Hospitals with a view to improving MDT practices in setting fit for discharge dates and ensuring focus on rehabilitation goals of each patient.

	Action: Good work has been done to reduce in-patient stays at Borders General Hospital over December 2017 to February 2018, which will continue until end of April 2018, by discharging patients from BGH to Craw Wood discharge to assess facility. This has reduced delays to discharge for those adults over 50 years of age who require assessment for packages of care. Craw Wood is a discharge to assess facility so that suitable patients can be discharged from BGH when clinically fit for an assessment in a more homely environment. The discharge to assess facility operates on a reablement approach to maximise independence with the objective of reducing dependence on packages of care once home. **Measure:** Quantitative data collection measures will be established for each of the actions above and will be used to compare data from same periods in 2017-18.
Reducing Acute Inpatient Stays and Delays – Reducing lengths of stay for complex delayed discharges	**Action:** Scottish Borders Council is establishing a 'Trusted Trader' scheme with local solicitors who can evidence their competence in achieving required processes for private guardianship within tighter time frames. Aiming to establish scheme with a start date from 1st June 2018. **Action:** An application for additional funding to the Integrated Care Fund for the START team to have MHO within the team in order to prioritise guardianship reports as soon as requested has been submitted. This will reduce waiting times for MHO processes. Post will begin from 1st April 2018.
Reducing Community Hospital Inpatient Stays and Delays – Reduce lengths of stay in Community Hospitals.	**Action:** A project structure is being implemented to review existing models of care within Community/Day Hospitals to improve patient pathways and make best use of resources. An external review of facilities has been completed and recommendations are being utilised to develop a detailed project plan. **Measure:** Quantitative data collection measures will be established for the project plan and will be used to compare data from same periods in 2017-18 and earlier years as required. These will include trend analysis on the total lengths of stay on discharge of patients in each hospital.
Reducing Inpatient Stays Delays and admissions – Through development of Allied Health professional services	**Action:** Work has progressed and will continue to reshape Allied Health Professional (AHP) services to support Out of Hospital Care and increasing community rehabilitation provision. The focus will be to increase AHP rehabilitation inputs to the discharge pathway and increase prevention pathways in community settings to prevent avoidable admissions. Work is

	currently underway to assess and improve the productivity of existing AHP services. **Measure:** Quantitative data collection measures will be utilised to monitor progress and compare from previous periods.
Early Supported Discharge	**Action**: Projects to test enhanced and specialist community teams to support early discharge of patients requiring continued specialist support will be put in place to ensure: - 'Hospice to Home' as a mechanism to improve the palliative care pathway - community neuro-rehabilitation team **Measure:** Increase in percentage of patients dying in preferred area of care **Measure:** Reduction in admissions within last 6 months of life **Measure:** Reduction in length of stay for stroke patients

The Borders Health and Social Care Partnership's Strategic Plan for 2016-2019 is currently under-going a review, but it is not anticipated that this will lead to significant changes to the overall strategic direction, or the actions contained within this Annual Operational Plan.

NHS Borders has been liaising with Scottish Government on the production of target trajectories to be agreed with the Ministerial Steering Group for achievement by March 2019. These cover the areas relating to the Borders' Strategic Plan Objective on reducing avoidable admissions, such as reducing emergency admissions, emergency occupied bed days, delayed discharges and shortening lengths of stay for patients in acute settings. The MSG trajectories will be a cross-referenced with the work on the Strategic Plan Objective in the year ahead.

NHS Borders is facing significant challenges with delayed discharges, which continue to impact on patient flow within the Borders General Hospital and our four community hospitals. The levels currently being experienced equate to a fully occupied ward within our acute hospital, which equates to approximately £1.4m per annum.

A detailed piece of work has been completed to urgently identify the reasons for these delays and to determine appropriate corrective actions. As a result, a discharge to assess facility was opened at the start of December 2017 (Craw Wood), which provides up to two weeks assessment in a homely environment. The facility takes a reablement approach and the strengths of each adult are built on to regain and retain as much independence as possible, with a view to reducing dependency levels, thus reducing the total number of home care hours required once discharged

home. The impact of the facility is currently being assessed but what is clear is that further actions will be required during 2018/19, in addition to the table outlined above, if the levels of delayed discharges are to reduce to a more manageable level.

Shifting the Balance of Spend

NHS Borders commits to delivering the requirements set out in the Draft Budget letter of 14th December 2017 specifically in relation to shifting the balance of frontline NHS spend in regard to the following:

- Further funding for mental health being additional to a real terms increase to 2017 – 18 spending levels.
- Additional funding for primary care used to support primary care transformation and
- Continued transfer of share of £350 million from baseline budgets to Integration Authorities to support social care'.

4 Reducing Health Inequalities and Prevention

Reducing health inequalities and promoting prevention of ill-health and early intervention is another key objective of the Borders Health and Social Care Partnership. NHS Borders are an active partner in the Scottish Borders Reducing Inequalities Strategy. Actions towards this goal and measures to monitor progress of the actions are detailed below:

Improvement aim	Actions and Measures
Health inequalities planning	
NHS Borders as a partner in the Community Planning Partnership	**Action:** NHS Borders plays an active role in implementation of the Scottish Borders Reducing Inequalities Strategy to achieve better health and reduce inequalities through prompting access to healthy activities (including exercise and diet) and access to social activity as per the community plan. **Measure:** Participation in relevant groups by NHS Board and staff. Health Inequalities Impact Assessment of plans and key decisions within Community Planning Partnership
	Action: Use NHS Health Scotland statement on health inequalities to prioritise actions for NHS Borders. A first action is delivery of a workshop on Health Inequalities Impact Assessment (HIIA) process will be delivered to the Better Borders Steering Group to ensure transformation programme is inequalities informed. **Measure:** Updated corporate action plan in place that guides NHS Borders actions on health inequalities, with leads identified from each clinical Board. Development session on Health Inequalities delivered to Board; Transformation plans informed by HIIA.
Health inequalities key priorities are embedded in Health & Social Care locality plans	**Action:** Engagement with locality planning processes, including community engagement via Area Partnerships and Locality Working Groups in targeted areas. **Measure:** Locality planning reflects health inequalities priorities
Health inequalities priorities are embedded in Integrated Children and Young People's (CYP) plan	**Action:** Prevention and early intervention to improve the lives of children and young people are prioritised through new Support for Parents strategy, redesign of mental health supports for children and young people and measures to address child poverty **Measure:** Successful delivery of year 1 actions in Support for Parents Strategy including review of support for families with older children. **Action:** Public Health supports children and families services and with maternal and child health services to deliver effective interventions to improve outcomes and reduce health inequalities for vulnerable groups

Improvement aim	Actions and Measures
	Measure: Performance framework for Integrated CYP Plan, including jointly commissioned services. Jointly commissioned services complete self-evaluation process. **Action:** Public Health leads collaborative approach with partners to promote healthy weight and active lifestyles for children, young people and families across ages and stages including: rolling fit4fun programme in Borders Primary schools; Breastfeeding in Borders Peer Support volunteering; Weaning, microwave cookery and budget cookery programmes via community food and health groups in areas of relative deprivation. **Measure:** Successful completion of fit4fun in targeted primary schools; participants completing Community Food and Health sessions, healthy weight pathways in place from birth
Child Health services planning	**Action:** NHS Borders Clinical Strategy drives improvement in child health services to assure compliance with CYP (Scotland) Act. **Measure:** Evidence that participation and rights of children & young people are embedded in service planning and delivery.
Reducing preventable ill health	
Locality plans have identified improvement actions relating to prevention and reducing inequalities	**Action:** Improved processes and pathways are developed to enable access to healthy living and health behaviour change support via redesign of smoking cessation and lifestyle support services. **Measure:** Redesign successfully delivered by December 2018, baseline measurements in place to monitor uptake across client groups. **Action:** Develop Diabetes Prevention Partnership (DPP) workstreams across: community engagement to raise awareness of risk factors, signs and symptoms and mitigating actions; population access to healthy and active lifestyles; intensive prevention intervention for those at risk **Measure**: a suite of KPIs exist for the DPP including: engagement levels with social marketing campaigns; changes to physical activity and healthy eating behaviours in participants; number of people attending interventions. **Action:** Education and awareness raising with wider community on risk factors for preventable ill health, signs and symptoms and getting checked early **Action:** Inequalities focused screening initiative implemented, in collaboration with other NHS partners **Measure**: improved uptake of screening among equalities groups

Improvement aim	Actions and Measures
Community based health improvement activities	**Actions:** HLN leads community health and wellbeing programmes delivered in targeted communities, with partners **Measure:** Number of participants in activities facilitated and delivered held in targeted communities; number of HLN volunteers;
Mental health	
Promote community wellbeing	**Action:** Delivery of Six Ways to Be Well programme of awareness raising and training to develop mental health literacy. 'Healthy Hawick' whole town approach in Hawick. **Action:** Expansion of the Local Area Coordination (LAC) service to adults in all 4 GP Cluster areas (from 1 WTE to 4 WTEs) – promoting recovery and engagement with our communities. **Measure:** Self-evaluation of Healthy Hawick initiative. Number of individuals supported via LAC service
Inclusion and vulnerable groups	
Learning Disability	**Action:** 'A Healthier Me' Programme continues to run in conjunction with partners in the third sector, with a renewed focus on outcomes for people with learning disabilities with partners being supported to identify what activities can support delivery of the programme. **Measure:** Case studies and examples of people with learning disabilities shared with 'A Healthier Me' group; local citizens' panel members delivering 'A Healthier Me' slots 5 times a year at their meetings. **Action:** Run year 2 of Project Search in partnership with Scottish Borders Council employment support service, NHS Borders, Scottish Borders Learning Disability Service and Borders College. Recruit to Year 3. **Measure:** 5 of 8 interns from year 1 who gained paid employment will continue in employment. Participate in annual evaluation. Year 2 interns will gain employment at end of their intern year. **Action:** Local Area Coordination Team continues to support people with a learning disability to live healthier lives and improve their quality of life. **Measures:** Record development of supportive social networks and supporting/developing Health Champions roles. Capture data around outcomes worked towards and achieved through light touch evaluation.

Improvement aim	Actions and Measures
	Action: Employability European funding received till December 2018 to employ 2 staff to support people to engage in voluntary work with a view to broaden employment pathways. **Measure:** Increased numbers of people gaining voluntary placements in year 1. **Action:** Improve Transitions pathways for young people with learning disability and family carers. **Measure:** Information booklet and pathway shared with young people and family carers. Increased knowledge and awareness within staff teams through health, social care and education partners. **Action:** Develop a standard operating procedure for recording monitoring and reviewing deaths of people with learning disabilities. **Measure:** All deaths will be reviewed. Any trends identified.
Carers	**Action:** Complete Carers Health Needs assessment by June 2018 and develop action plan arising from recommendations. **Measure:** Action plan agreed with key partners and commence implementation from June 2018.
Capacity building	
Workforce are equipped to recognize and mitigate health inequalities	**Action:** Deliver training in generic health behaviour change; health literacy programme; and topic based and bespoke training. **Measures:** Participants in training; feedback and evaluation
Targeting resources	
Data on deprivation and vulnerability are used to inform resource allocation to improve outcomes and achieve better value	**Action:** Use data to prioritise and target programmes and services accordingly: Smoking cessation - continue to prioritise delivery in areas of deprivation. Sexual Health: service delivery response to variable levels of engagement by different socio-economic groups Nutrition and healthy weight: promotion of healthy eating and active living with community groups through core HLN programme, as part of Food Programme (see above) Mental health: awareness raising and signposting with key groups including: job seekers, college students and adult learners **Measure:** Programme evaluation, engagement levels by different socio-economic groups

Improvement aim	Actions and Measures
	Action: Improve reach of screening programmes **Measure:** Uptake by vulnerable groups

Improvement aim	Actions and Measures
Supporting healthy living	
Improve care and health outcomes for people with Type 2 Diabetes	**Actions:** Work with partners to roll out successful physical activity, behaviour change intervention to three other areas of Borders. Support development of self-help groups and peer mentors via Live Borders and Diabetes Scotland. **Measures:** Engagement and completion rates; biometric testing.
Increase in participation in physical activity	**Action:** Development of signposting/referral pathways from NHS settings to community-based physical activity opportunities. Expansion to target key at risk groups. **Measures:** National prevalence data, uptake and outcomes in health classes. Monitor number of referrals to Live Borders from NHS and outcomes for clients
Reduction in prevalence of smoking and exposure to second hand smoke	**Actions:** Delivery of Tobacco Control Action Plan- Prevention actions. Prevention work targeted at Early Years, Children and youth work settings including vulnerable groups including test of change with new approach in Burnfoot and Hawick. Support to NHS Borders implementation of Smoke-free Hospital Grounds legislation. **Measures:** SALSUS data, local Second-hand smoke exposure data, national prevalence data Tobacco Control Plan indicators.
Improved sexual health of people in Borders	**Actions:** Delivery of Borders Sexual Health Strategy including: expanding reach of CCard; school drop-ins; delivery of CPD and training for education staff to support new curricular framework including SHARE Training. **Measures:** CCard service information; teenage pregnancy and STI rates; training uptake
Reduction in alcohol and drugs related harm	**Actions:** Alcohol brief interventions (ABI) continue in priority and wider settings, support to school based education, provision of Take Home Naloxone (THN), Workforce training opportunities; development and implementation of drug death prevention action plan including piloting 'Recovery Clinic' and Drop-in approach. **Measure:** Number of ABI's performed and THN kits distributed; measures to be agreed but will include uptake and service user feedback from Recovery Clinic and Drop In pilots.

Improvement aim	**Actions and Measures**
Prevention of mental ill-health	**Action**: Improve access to information advice and support for mental health **Measure**: social prescribing pathways in place by March 2019
	Action: complete implementation of integrated early intervention approach to support the mental health of children young people in schools and community **Measure:** monitoring information
Suicide prevention	**Action:** Update and deliver suicide prevention training programme in line with national developments **Measure:** Training uptake **Action:** Implement support for those bereaved by suicide **Measure:** Support initiative in place
Maternal and infant nutrition and child healthy weight	**Actions:** Develop local approach to support preconception health Support to maternity and early years settings to improve early diet choices and development of preconception health improvement, with key partners. Improve support for families with overweight / obese children and identify KPIs **Measures:** Breastfeeding rates; Healthy Start uptake; monitoring pathways for child healthy weight

5 Workforce Planning

Some of the key current workforce priorities within NHS Borders include:

- An ageing workforce especially some key clinical areas e.g. Nursing & Midwifery
- Recruitment challenges especially Registered Nurses
- Expected impact of Brexit – particularly for Medical and Dental staff
- Unknown impact of safe staffing legislation may lead to some services becoming unsustainable
- Recruitment and Retention strategy for Medical Staff

Our workforce is our most valuable asset, our staff are central to the delivery of person-centred, safe and sustainable healthcare. We will work to a common set of values which guide the work we do, the decisions we take and the way we treat each other. By promoting excellence in organisational behaviour we believe we can improve patient experience and the experience of staff with better workforce planning outcomes.

NHS Borders published a detailed Workforce Plan for 2016-19, with an update of statistics and actions in 2017. The refreshed Workforce Plan and actions will be published on 30th June 2018. A Workforce Planning working group supports the development of the plan and monitors the actions generated from it.

Actions from the local workforce plan are as follows:

	Action	Leads	Timescale	Evidenced by	Outcome Measure	Action
1	Establish a Recruitment & Retention Strategy for NHS Borders to ensure continuity of service and reduced long term vacancies. Initially focus on target groups where we are experiencing difficulties recruiting including: • Consultants, Salaried GPs and other medical and dental posts, featuring values based recruitment and with emphasis on trainee (training grade doctor) engagement. • Registered Nursing and Midwifery Staff	Medical Director, Nursing & Midwifery, HR and Finance Leads.	Medium to Long Term	• Lower number of concurrent vacancies • Success in recruitment to high priority specialties • Viable workforce and succession plan for key Medical & Dental and Nursing & Midwifery posts	• Sustainable Workforce – maintained patient safety • Reduction in supplementary spend • NHS Borders follows effective procedures when recruiting staff and carries out appropriate qualifications, skills and training, references and background checks. • NHS Borders is confident that staff delivering care are suitably trained and use their learning to ensure care is safe, effective and person-centred	Development commenced on a wider strategy October 2017
2	To support staff to work longer, utilising Retirement Policy and changing cultural attitudes, to make flexible working part of normal career development. Establish a Returning Process to assist with this	WD&P/ Occupational Health	Medium to Long Term	• Higher proportion of staff who choose to stay at work longer or return after retirement leading to increased numbers of experienced staff	• Stable, happy workforce leading to better patient care	Work commenced with SPPA Autumn 2017
3	Monitor Turnover rates/trends to inform projections of future recruitment requirements and succession planning	WD&P/Finance Leads	Medium Term	• Up to date trajectory matching projections with actual leavers/starters	• Reliable data to inform succession planning	Trajectory work suspended. Monitoring of turnover rates and trends is ongoing.

4	Promote NHS Borders as an organisation that supports Return to Practice across relevant staff groups e.g. Nursing & Midwifery, AHP Services etc.	Nursing & Midwifery	Short Term	• Improved response rates to Recruitment Adverts Reputation as a Board who supports staff to return to practice	• Higher Proportion of Vacancies filled by experienced registered nurses/ AHPs (on successful completion of RTP) leading to high quality of patient care.	See Action 1
5	Support the planning, roll out and feedback of Nursing and Midwifery Workload Tools, and communicate outcomes to relevant groups within agreed timescales	Nursing & Midwifery/ WD&P	Medium Term	• Up to date information on outcomes of Workload Tools	• Assurance around workforce numbers ensuring safe patient services • Reduction in supplementary spend due to up to date funded establishments.	Ongoing
6	Ensure the wider organisation is aware of the corporate values and monitor the feedback of recruits who have been recruited via a values-based process	Workforce Leads/Line Managers	Long Term	• No of Staff Trained and familiar with Behavioural Framework • iMatter employee engagement scores	• NHS Borders has effective leadership and governance and promotes an organisational culture committed to continuous improvement and shared learning.	Ongoing
7	Monitor uptake and impact of iMatter	BET	Long Term	• iMatter response rates • Employee Engagement scores • Percentage of action plans completed	• Staff experiences and feedback are used to inform and shape improvements in the delivery of care. • Engaged workforce • Reduced turnover	Ongoing
8	Progress Joint Workforce Planning Actions once signed off by IJB and work towards Joint Workforce Planning where appropriate	NHS Borders and SBC WD&P Leads	Medium to Long Term	• Improved understanding of Workforce Issues across organisational boundaries	• Shared Workforce Information and Methodologies	Ongoing
9	Ensure workforce issues and risks identified in the Workforce Plan are recorded on the Risk Register and monitored appropriately	WD&P / Identified Leads	Short Term	• Clear understanding and monitoring of key Workforce issues and risks	• Reduction/mitigation of identified workforce risks and potential negative impact on patient care	Ongoing

6 Financial Outlook

Please refer to NHS Borders Financial Plan 2018/19

Appendix 1 Waiting Times Trajectories

Table 1 Inpatient/Day Case Referral to Treatment 12 Week Waiting Times

Specialty	Without Funding				With Funding
	2018'19 Q1	2018'19 Q2	2018'19 Q3	2018'19 Q4	2018/19
Dentistry	13	20	52	55	
ENT	25	19	4	0	
General Surgery	36	38	70	117	
Gynaecology	0	0	0	0	
Ophthalmology	119	131	129	99	
Oral Surgery	19	58	87	125	
Orthopaedic Surgery	220	255	272	308	
Urology	31	39	40	37	
Vasectomies	57	105	152	200	
Total	**520**	**665**	**806**	**941**	**60**

Table 2 Outpatient 12 Week Waiting Times

Specialty	Without Funding				With Funding
	2018'19 Q1	2018'19 Q2	2018'19 Q3	2018'19 Q4	2018/19
Breast	65	87	121	173	
Cardiology	123	187	206	288	
Chronic Pain	0	0	0	0	
Dermatology	0	0	0	0	
Diabetics	0	0	0	0	
ENT	0	0	0	0	
Gastroenterology	0	0	0	0	
General Medicine	0	0	0	0	
General Surgery	35	117	133	123	
Gynaecology	0	0	0	0	
Medical Paediatrics	6	0	16	50	
Neurology	25	86	136	169	
Ophthalmology	228	318	291	333	
Oral Surgery	209	341	427	543	
Orthopaedic Surgery	290	506	585	649	
Respiratory Medicine	41	6	19	32	
Urology	9	58	58	65	
Total	**1043**	**1723**	**1999**	**2425**	**400**

Appendix 2 Funding required to maintain performance achieved at March 2017

Pressure Area	Funding Required
Emergency Staffing (identified as an operational pressure)	£500k
CAHMS – Resilient Service	£50k
GI / Bowel Screening	£60k
Cardiology Consultant	£170k
Delayed Discharges (identified as an operational pressure)	£1.4m
Waiting Times Winter Backlog	£2.3m
Outpatient Waits	£200k
Total	**£4.680m**

Borders NHS Board

NHS BORDERS – 2018/19 FINANCIAL PLAN

Aim

The aim of this paper is to present to the Board a revenue and capital financial plan for 2018/19 for review and approval and indicative plans for future years. NHS Borders has a financial plan for 2018/19 which delivers significant savings of £11.6m but with a remaining substantial financial gap of £13.2m. At this time the revenue plan for 2018/19 does not demonstrate a breakeven position. The Board will need to work this through and engage fully with Scottish Government and Health Social Care Directorates and the East Region Boards over the coming months to mitigate the financial challenge.

Introduction

The broad terms of the financial plan were discussed at the Board development sessions in February and March. The level of efficiencies required to allow a balanced financial plan in 2018/19 is greater than those experienced in previous years and the challenges around this have been discussed in a number of fora across the system.

A draft financial plan was submitted to Scottish Government Health and Social Care Directorates (SGHSCD) on the 12th March 2018 and included as part of the draft Annual Operational Plan. The Borders financial plan will form part of the East Regional Delivery Plan which is currently being developed.

NHS Borders plan is focused on 2018/19, with high level figures for revenue for the following two years and a direction for capital schemes for the next four years also provided. The Scottish Parliament has agreed a one year budget for 2018/19 and for this reason the financial plan for 2019/20 onwards should be considered with a degree of reservation as these are only planning assumptions at this stage.

The Board's approach to the financial plan is based on the following principles:

- Patient safety is paramount and is fundamental to how the Board provides services. This will not be compromised.
- Budgets will be set and resources provided based on the level of funding available.

Currently the financial plan for 2018/19 is unable to demonstrate a break even position. Although £11.6m of savings have been identified this does not fully meet the challenging level of efficiency required (£24.8m) in 2018/19 and a gap of £13.2m remains at this time. This has been recurrently increasing for the last three years as highlighted in previous reports. The Board continues to work with services to bridge this gap while continuing to ensure that the quality of care currently provided is not compromised.

This does not detract from the Board's statutory obligation to operate within the financial resources available. The difficulty in reaching a balanced financial plan in order to fulfil this requirement remains a live issue and is subject to ongoing dialogue at Director of Finance and Chief Executive level and the most senior executives of the Scottish Government Health and Social Care Directorates (SGHSCD) involved.

Whilst a balanced financial plan is not in place, the delegation of operational budgets and subsequent budget sign off needs to be in place from 1 April 2018 in order to ensure ongoing financial performance management and controls are in place right at the start of the new financial year.

NHS Borders recognises the challenge and the complexity of the financial plan have been further increased with the creation of Health and Social Care Integration Joint Board (IJB) in shadow form from 1st April 2015 and in live from 1st April 2016. In agreeing a financial plan the Board has considered resources required to be provided to the IJB to undertake the functions delegated to it. A separate paper to inform the Board of the proposed provision of resources to the IJB, and assumptions made on the subsequent direction of resources is provided separately to the meeting on the 5th April 2018.

The remainder of this paper is therefore structured as follows:

Section 1 Will provide an overview to Board members of the key elements within the revenue financial plan for 2018/19.
Section 2 Will explain how it is proposed to address the efficiency challenge which the Board faces in order to achieve a balanced financial outturn in 2018/19.
Section 3 Will highlight key assumptions and financial risks.
Section 4 Will outline the scale of the financial challenge which the Board is likely to face in 2019/20 and 2020/21 based on information that is currently available.
Section 5 Will provide an overview to Board members of the key elements within the capital plan.

Background

The public sector has been faced with financial pressures for a number of years however over the last few years the size of the challenge has been increasing and is now at level which is significant and unprecedented. In order to ensure that quality patient care continues to be delivered the organisation must keep a firm grip on its finances, as well as drive improvement and efficiency which are critical to ongoing service delivery and public credibility. The Board needs to have a clear focus that is firmly and openly set on providing patient care that is safe, effective and affordable and includes efficiency plans and goals.

NHS Borders is an organisation committed to delivering quality efficient services for the local population within the resources available and in doing has always achieved its financial targets and a high standard of performance. The challenges and accomplishments of the Board over the last 5 years are summarised below:

- The level of uplift provided to NHS Borders has been minimal although population levels have increased as NHS Borders has not benefitted from nationally available NRAC funding.

- The pressures the organisation has faced have significantly exceeded the level of resources available.
- NHS Borders has responded to the increasingly challenging financial environment and delivered increased levels of savings, however many of these have been non recurring.

Table 1 Key Challenges and Accomplishments

	2013/14	2014/15	2015/16	2016/17	2017/18
	£m	£m	£m	£m	£m
Base Allocation Uplift	4.7(2.8%)	4.5(2.5%)	3.2(1.8%)	3.1(1.7%)	0.8 (0.4%)
Efficiency Target	4.8	4.6	6.9	11.4	15.7
Savings Delivered	4.8(2.8%)	4.6(2.6%)	6.9(3.7%)	8.1(4.3%)	8.3(4.2%)
Closing Recurring Deficit	0	0	1.7	4.9	8.8

NHS Borders has always been committed to maintaining financial balance. The key challenge for the Board is the finite resource allocations available and the high level of efficiencies to be achieved whilst sustaining the range of services currently provided, ensuring accessible healthcare across remote and rural areas; managing increased demand generated through population growth and public expectations; and delivering HEAT trajectories. In line with national direction NHS Borders plan must be built on the triple aim of better health, better care and better value.

An integral part of the financial plan is the efficiency programme which consists of a series of projects with potential cost savings that will be progressed during 2018/19. The current efficiency programme does not allow NHS Borders to present a balance financial plan. The level of financial challenge is unprecedented with delivery of a balanced financial position going forward predicated on major redesign and significant transformation of services.

Section 1 - Overview of 2018/19 Indicative Financial Plan

(a) Financial Summary

A high level overview of the Board's financial plan for 2018/19 is provided in Table 2. This shows the overall movement in recurring and non-recurring funding, and expenditure growth anticipated during 2018/19. As noted this table does not present a balanced position for 2018/19. A more detailed analysis of the plan highlighting the IJB, set aside and health board budgets is provided in Appendix 1.

Table 2 - Indicative Financial Plan Overview

	Funding £000s	Expenditure £000s	Surplus/ (Deficit) £000s	***Note***
Base budget carried forward from 2017/18	**224,535**	**233,303**	**(8,768)**	*Recurring efficiency requirement*
Recurring funding and expenditure items for 2018/19				
General funding uplift	3,000	0	(3,000)	
Provisional Additional Pay Award uplift –	1,600	0	(1,600)	
Pay & Price uplifts	0	4,100	4,100	*See Appendix 2*
Drugs uplift	0	4,300	4,300	*See Appendix 2*
National/Regional Developments	0	1,600	1,600	*See Appendix 2*
Local Developments	0	1,300	1,300	*See Appendix 2*
Identified financial pressures to provide for	0	4,700	4,700	*See Appendix 2*
Recurring efficiency	0	(2,573)	(2,573)	*Planned for 2018/19*
	4,600	13,427	8,827	
2018/19 budget excluding non-recurring funding and expenditure items	**229,135**	**246,730**	**(17,595)**	*Current position recurring deficit*
Non-recurring funding and expenditure items for 2018/19				
Non-recurring costs	0	4,609	4,609	*Specific expenditure items*
Non-recurring Efficiency	0	(9,037)	(9,037)	*Identified 2018/19*
	0	4,428	4,428	*Non recurring surplus*
2018/19 BUDGET & DEFICIT	**229,135**	**242,302**	**(13,167)**	*Current in year deficit*

(b) Salient Points

A number of key points are important to draw out from the above summary of the Board's 2018/19 financial plan. These are:

i) Base Budget Carry Forward

Based on current forecasts NHS Borders will deliver £8.3m of efficiencies during 2017/18, however the recurring efficiency savings target will not be fully achieved and therefore an £8.8m shortfall will be carried forward into 2018/19 and will need to be met during 2018/19 on a recurring basis. £3.9m of this relates to functions delegated to the IJB including the set aside functions.

ii) Funding Uplift

For 2018/19 SGHSCD has confirmed a funding uplift of 1.5% (£3m). It has been anticipated that further funding will be allocated to meet the cost of the 2018/19 pay award for Agenda for Change Staff if agreed above 1%. This has not yet been confirmed. It should be noted that across NHS Scotland Boards which are

currently below NRAC parity levels will receive an additional allocation which NHS Borders will not benefit from as we remain above parity.

iii) **Identified Financial Pressures to be Provided For**

The Board needs to recognise a number of financial pressures which include the following:

- Pay award uplift and pay scale incremental progression (£3.3m) offset by anticipated Agenda for Change pay uplift above 1% centrally funded
- National and regional service developments (£1.6m)
- The revenue impact of the agreed capital programme (£0.6m)
- Primary Care Prescribing and Acute drugs uplift for both volume and price (£4.3m)
- Supplies inflation (£0.6m)
- An increase in Out of Area Referrals (£1m)
- Operational Cost Pressures (£3.6m)

Appendix 2 explains the approach which has been taken in preparing expenditure growth estimates for each of the main cost drivers and provides background information on key assumptions.

iv) **Non Recurring Costs**

During preparation of the financial plan non recurring costs of £4.6m have been identified for 2018/19. This includes £1.4m for demand pressures particularly linked to the impact of anticipated delayed discharges across the health system, £1m as the estimated cost to the Board if it recovers the impact of cancelled electives over the winter period, £0.8m additional medical staffing pressures and £0.4m of non recurring funding to support the delivery of the efficiency programme. A contingency sum of £1m is also held non recurringly to support unforeseen pressures arising in year.

v) **Efficiency Quantum 2018/19**

The pressures the organisation has and is facing has significantly exceeded the level of resources available in recent years. NHS Borders has responded to the increasingly challenging financial environment and delivered increased levels of savings, however many of these have been non recurring. This has resulted in the Board carrying forward a recurring efficiency shortfall to 2018/19 totalling £8.8m. In addition new pressures both recurring and non recurring have been identified. The size of the efficiency challenge is summarised in the table below.

Table 3 - 2018/19 Level of Efficiency Required

	Recurring £000's	Non Recurring £000's	Total £000's
Carry Forward Shortfall 2017/18	8,768	0	8,768
Identified Financial Pressures	11,400	0	11,400
Non Recurring Cost Provisions	0	4,609	4,609
Efficiency Quantum	**20,168**	**4,609**	**24,777**

The level of efficiency challenge the Board is facing in 2018/19 is unprecedented. This means that NHS Borders cannot currently report a balanced outturn position at the end of 2018/19.

A summary of the current efficiency programme is presented in Table 4 below:

Table 4 - Efficiency Plan

	Efficiency Requirement £000s	Current Plan £000s	Surplus/ (Deficit) £000s
Recurring	20,168	2,573	17,595
Non Recurring	4,609	9,067	(4,458)
TOTAL	**24,777**	**11,610**	**13,167**

Services are continuing to work to identify proposals in order to meet the required level of in-year efficiency.

There is some risk attached to delivery of a number the current efficiency schemes and proposals. The level of efficiency schemes presented total £11.6m, of which £2.8m (25%) is classified as at high risk of non delivery. Further work must be carried out to develop the schemes and reduce risk.

Based on efficiency schemes currently developed there is also an imbalance between the level of recurring and non recurring efficiency identified and required during 2018/19. As a consequence the Board will end 2018/19 with a recurring deficit of £17.6m which will be carried forward into future years. This is a further increase from the £8.8m of recurring efficiencies which were not achieved on a recurring basis during 2017/18. Work is continuing to identify additional recurring schemes.

vi) **Provision of Resources to IJB**

In completing the financial plan NHS Borders has provided baseline resource of £120.4m to the IJB to undertake the functions delegated to it by the Health Board. The funding provided to the IJB for delegated and set aside functions is based on 2017/18 recurring budget uplifted by 1.5% plus NHS Borders share (£7.4m) of the national £350m social care fund. This assumes inflationary, activity and cost pressures above the level of 1.5% will be met by increased efficiency in IJB provided services. During the year as additional funding becomes available through ring fenced allocations which relate to IJB delegated functions the Board will provide these to the IJB. In terms of providing resources to the IJB this has been set in line with NHS Borders funding and national guidance.

The estimated level of savings required to be delivered by the IJB delegated functions totals £6.0m for IJB delegated and £4.9m for set aside.

At this time it is unclear what level of resource the IJB will direct to NHS Borders but it is assumed that this will be at the same level as the resource provided excluding the social care funding. It is also assumed and has been indicated by the IJB that there will be a need to make efficiencies not only in the Health Board retained functions but also in the IJB strategic commissioning plan when updated.

A detailed paper on the provision of resources to the IJB will be presented to the Board on the 5th April 2018 as a separate report.

Section 2 - Efficiency Programme 2018/19

The following provides an overview of the programme for 2018/19 and how the Board will approach this challenge.

(a) **Overview**

i) The level of cash releasing efficiencies and productivity gains to be delivered in 2018/19 is £24.8m or 12.7% of the baseline Revenue Resource Limit (RRL) funding (excluding the social care fund). This is a substantial target and in part reflects the carry forward of recurring efficiencies from 2017/18 (£8.8m), the impact of the level of uplift provided in 2018/19 to meet the inflationary pressures, and the service pressures the organization is facing.

ii) In total £11.6m of the required efficiency target of £24.8m has been identified in year; this means NHS Borders is currently facing an efficiency gap of £13.2m in 2018/19. Work is ongoing to address this including the creation of a transformational change team and a change programme which is led by the Director of Strategic Change and Performance.

iii) NHS Borders requires a minimum level of recurring savings of £20.1m. As demonstrated in Table 4 above the current plan has £2.6m of recurrent savings identified for achievement in 2018/19. This represents a significant shortfall on the

level of recurring savings required and a further increase in the underlying financial deficit for the Board as we move forward unless addressed during the year.

iv) Of the identified schemes 75% are classified as medium or low risk and the remaining 25% are classified as high risk at this stage. This reflects their current status in terms of overall development or quantification. The Director of Finance is focused on supporting service delivery teams reducing both the level of identified risk, and the understanding of savings that will be delivered.

v) There is the potential that NHS Borders will be unable to deliver this challenging efficiency programme represents a significant risk to the underlying financial stability of the Board moving forward.

vi) NHS Borders will need to work closely with SGHSCD over the coming months to manage the financial position. The Board would welcome further discussion on next steps linked to the substantial financial gap forecast and the need for additional funding to ensure financial targets are achieved.

(b) **Approach Adopted**

NHS Borders will continue to place patient safety and quality as central, but this year with a major focus on prescribing levels and accessibility, thresholds, variation, increasing efficiency and reducing waste. Over the last 18 months we have been engaging, increasingly, with a broad range of staff including patient facing staff. This engagement is planned to continue.

The level of cash releasing efficiency challenge to be delivered in 2018/19 is £24.8m or 12.7% of the baseline RRL. This is substantial and in part reflects the carry forward of recurring efficiency levels (£8.8m) that were only achieved on a one-off basis, the impact of the level of uplift provided for 2018/19 compared with inflationary pressures, and the significant operational pressures the organisation is facing (£7.1m).

The Board has been working to address the financial challenge it faces. The key areas of focus are:

- Action plans have been developed to reduce where possible operational pressures. A key issue continues to be the impact of delayed discharge occupied bed days on the requirement for surge beds and the need to postpone elective care as a result.
- Services in line with good management have agreed thus far to deliver business as usual savings of 1% with a view to increasing this.
- Linked to the work of the Better Borders programme plans have been developed to redesign/transform a number of service areas. This phase 1 programme has been compiled based on data derived from Discovery, a system which contains national benchmarking data.
- Proposals for a number of non recurring schemes including the use of capital funds (£1m) and the integrated change fund (£2.1m) to reduce, support or offset revenue pressures, review of items held within the balance sheet (£0.5m), slippage on agreed developments (£3.5m) and the identification of other sources (£0.5m) of funding for some areas of expenditure. While there is

provision within the Integration Scheme to allow for the recovery of deficits from provision of resources in future years, despite significant overspends during 2017/18 it is not planned at this stage to retrieve any overspend in relation to functions delegated to the IJB.

The projects agreed to date will deliver a significant and an exceptional level of savings (£11.6m) although it should be noted that the majority of this figure is non recurring. Work is ongoing to increase this figure. Over the coming weeks the impact of action plans to address operational pressures will be quantified as well as consideration of further opportunities for savings, however it is clear the level of savings required will not be fully achieved.

A Transformation Change Programme, Better Borders, has been set up to identify opportunities which will meet the unidentified shortfall on the efficiency programme but in reality will over the next three years support the Board's financial plan. There remains much work to do to finalise an agreed programme for future years. The key areas of focus are to date:

- Alternatives to prescribing medicines and the need to review existing prescribing practices in light of the financial resources available.
- Patient demand and pathways will be reviewed in some key specialties.
- The use of national benchmarking information particularly Discovery to identify potential productive opportunities. A phase 1 detailed action plan has been compiled and the Better Borders team has been asked to work with services to identify the financial impact, which may be over of number of years, of the planned changes. A further phase of work will be developed over the coming months.
- NHS Borders will continue to engage with the national shared services workstreams and the development of regional service plans. The impact of this will become clearer once the Regional Delivery Plan is finalised.
- The Chief Officer is leading a programme of work, supported by external expertise, on patient flow, bed numbers, the development of community services and opportunities for Health and Social Care integration.
- Clinical strategy – the board is reviewing key services to ensure they are aligned to the clinical strategy, revisiting the models of care in place to ensure they are in line with the strategic direction of the organisation and are efficient and effective.

The Board should note a key issue which has been identified through transformation projects is that although improved efficiency/productivity is delivered cash resources are not always achieved and when provided in a community setting there is often no reduction in the cost of services. In light of the financial outlook it is key that the Board focuses its attention on the projects which will deliver cash releasing efficiencies.

NHS Borders is committed to maintaining financial balance through integrated and focused working as well as seeking out efficiencies. This is becoming increasingly challenging given the economic environment and the high level of efficiencies to be achieved whilst sustaining the range of services currently provided, ensuring accessible healthcare across remote and rural areas; managing increased demand generated through population growth and public expectations and delivering HEAT trajectories.

Although financial balance is a requirement the board will not in delivery of financial targets compromise patient safety.

Table 5 provides a summary of the current 2018/19 efficiency programme categorised by risk. Project documentation for the schemes detailed in the efficiency programme is available and will be signed off by Directors to ensure organisational support and service commitment. The Clinical Executive will be the main delivery vehicle for this agenda, ensuring value for money and effective patient care. Dialogue with the IJB will also be initiated regarding the unfunded activity pressures in particular with regard to the level of delayed discharges to ensure action is taken. Using these avenues will ensure that there continues to be an appropriate focus on the delivery of efficiency whilst maintaining the required clinical engagement.

Table 5 - 2018/19 Efficiency Programme with Risk Assessment

	Risk Assessment			
Scheme	**High £000's**	**Medium £000's**	**Low £000's**	**Total £000's**
Business as Usual/NR Schemes – Board	2100	4030	3,067	9,197
Business as Usual – IJB		704	175	879
Effective Prescribing – Board		295		295
Effective Prescribing – IJB	743	495		1,238
Total	**2,843**	**5,525**	**3,242**	**11,610**

The Financial Performance Group, a Sub Committee of the Strategy and Performance Committee, which includes in its membership both Non Executive and Executive Directors of the Board, will receive reports on the efficiency schemes at each of its meetings. The group will also consider in detail schemes where progress has not been as expected. A full detailed report on the efficiency programme will be presented to each Strategy and Performance Committee.

(c) Delivery

A number of 2017/18 efficiency schemes were delivered on a non recurring basis with the resultant carry forward to the new financial year. This is a similar situation for 2018/19 identified schemes with £2.6m anticipated on a recurring basis and £9m on a non recurring basis.

Delivery is based on a number of individual schemes which have been signed off by the relevant Director. Services have also been asked to consider the benefits of opportunities developed as part of the national shared services programme which could be implemented in NHS Borders. It is unlikely that the work which is being progressed regionally will have an impact in the timeframe of the financial plan.

The Director of Pharmacy supported by the Medicines Resource Team has developed a programme of work which is planned to save £1.5m as a minimum during 2018/19. This work is aligned to the national Effective Prescribing Programme. The Medicines

Resource Team has been asked to continue considering how further efficiencies could be achieved. Since some of these schemes may to be innovative and challenging and Board approval is likely to be required before proposals are progressed.

Due to the challenging outlook and the significant financial deficit in the delegated functions it should be noted that based on current planning assumptions the 3 year time limited Integrated Care Fund (2016-2018), which is now reverted to the Board's baseline. The approach is that this will be utilised to support prior year's undelivered savings or the financial pressures the organisation is facing. It is expected to look to the national transformation funding to bolster redesign initiatives especially in community under the IJB delegated areas.

(d) **Risk Rating**

As noted in Table 25% or £2.8m of the schemes identified in the overall efficiency programme are rated as high risk. This is a high level assessment and work will be carried out as a matter of urgency to progress and fully develop the current efficiency programme in order to modify the risk rating of schemes.

(e) **Efficiency Gap**

While progress has been made in the development of efficiency proposals there remains an unidentified deficit of £13.2m. While the organisation will continue to work with local teams and regional/national partner organisations to identify recurring and non recurring opportunities, it is recognised that a transformational approach to service delivery is required to support longer term financial sustainability. NHS Borders has introduced a Transformational Change Team to progress a Better Borders programme service redesign. The Team are giving direct support to services and have developed an anticipated programme of work which may support both the in year and longer term efficiency challenge.

2018/19 is the second year NHS Borders has submitted an unbalanced financial plan as part of the Board's Operational Plan process and will need to work closely with SGHSCD over the coming months to manage this position. It is anticipated that SGHSCD will be able to offer support in terms of its knowledge network, and skills in terms of achievement of efficiency elsewhere and access to national projects and schemes developed in association with other NHS Boards.

Section 3 - Key Assumptions and Financial Risks

The key assumptions on which the Board's financial plan for 2018/19 has been based are described within Section 1 above. In addition Appendix 2 describes projected recurring expenditure growth in 2018/19.

Assumptions for 2018/19 which are of particular significance in terms of potential financial risk are discussed below, together with an assessment of the likely impact.

Identified financial pressures to be provided for:

- **Pay Growth**
  NHS Borders main area of expenditure is pay. Reasonable assumptions on the cost of pay inflation and the availability of additional resources to support the implementation of pay policy have been made however, due to the amount of resource linked to pay, any change in pay costs or funding assumptions made will have a significant impact on NHS Borders financial position. – MEDIUM.

- **National/East Region Developments**
  There are a number of developments/pressures which have been agreed nationally and within the East region. These are unavoidable pressures and include the opening of the new Sick Children's Hospital in Edinburgh. Final figures associated with these will become available during the financial year – MEDIUM.

- **Prescribing Cost Growth**
  Detailed work on the level of prescribing costs, drug volumes, and the impact of new drugs developments or changes in protocols has been undertaken by the Board's prescribing advisers for 2018/19. The 2018/19 prescribing efficiency plan has been presented and approved by the Clinical Executive Strategy Group and will continue to be monitored for delivery by the Medicines Resource Group. Further opportunities will be discussed with the board over the coming months.

  Price volatility in drug costs due to supply chain issues has been a significant factor during 2017/18 in overall prescribing costs. NHS Borders has no influence or control over issues related to price volatility on world markets and as NHS Borders spends approximately £32m on drugs any material change in the price on certain high volume drugs will have a significant impact on the reported position – HIGH.

- **Non Pay Inflation**
  Non-pay inflation has been estimated at 2% for 2018/19. A programme of work led by the head of procurement has been developed to support services in delivering this – HIGH.

- **Workforce**
  The ability to recruit and retain staff, particularly medical staff in key specialties, and registered nurses in general, remains a significant service, as well as a financial risk. The cost of supplementary staff can be significantly higher than substantive appointments especially when taken at short notice in order to maintain service provision – HIGH.

- **Delivery of HEAT Standards**
  The achievement of waiting time targets remains challenging for a number of specialities, particularly orthopaedics. The financial plan identifies only the cost of electives cancelled over the recent winter months. It is assumed any further improvement in HEAT standards will be funded by Scottish Government. The Board will need to consider the achievement of TTG, including the impact of the recent elective winter cancellations, in conjunction with the financial position. It

should be noted that delivery of standards is often at increased cost of providing services, for example, this is dependent on high cost agency staffing – HIGH.

- **Delayed Discharges**
  The impact of delayed discharges on patient flow and targets remains a significant financial risk. The availability of care home beds and care at home staff creates pressures across the health system. The level of delayed discharges in 2017/18 continued to result in unprecedented operational pressures. In light of the increasingly challenging financial environment a similar level of unfunded activity would be financially unmanageable. Discussions are ongoing with the Chief Officer on this issue. – HIGH.

- **Resources Provided to the IJB**
  In completing the financial plan NHS Borders has provided baseline resource of £120.4m to the IJB to undertake the functions delegated to it by NHS Borders. This includes the recurring Social Care Fund resource for use by the IJB to support its Strategic Commissioning Plan. This level of resources does not include the integrated care fund which was provided in the previous three financial years. The Partnership Scheme of Integration will regulate and support this – MEDIUM.

- **Efficiency Delivery**
  The financial plan, as outlined at Section 1 and 2, requires the delivery of a programme of efficiencies totalling £24.8m, a significant element of which, £13.2m, remains unidentified at this stage. Of savings and efficiencies identified to date 25% have a high risk rating. The overall level of efficiency required is significantly higher than in previous years and represents a significant challenge both in the current year but also on a recurring basis. Delivery of the required efficiency programme remains the greatest financial risk to NHS Borders moving forward – HIGH.

Section 4 - 2019/20 and 2020/21

A summary of the Board's outline financial plan for 2019/20 and 2020/21 is provided at Appendix 3. The plan is based on a series of assumptions regarding expenditure growth. The allocation figures are indicative and it is difficult to plan with certainty beyond 2018/19, therefore the figures for future years should be considered only as a broad outlook at present.

(a) **Recurring Deficit**
Based on current assumptions NHS Borders will enter 2019/20 with a recurring deficit of £17.6m. This deficit will be carried forward from 2018/19 due to the non achievement of the efficiency plan and the imbalance between the levels of recurring and non recurring saving required and achieved.

(b) **Funding**
At this stage, the financial plan assumes that the base uplift for 2019/20 and 2010/21 is likely to be 1.5%. It is assumed that further funding will be provided for pay award increases for Agenda for Change Staff above 1%. These figures should be considered as indicative and for planning purposes only.

(c) **Expenditure**

The main planning assumptions used to forecast likely future expenditure growth for 2019/20 and 2020/21 are as follows:

	2019/20	**2020/21**
Revenue Growth	1.5%	1.5%
Pay Awards	2.5%	2.5%
Non Pay Inflation	2.0%	2.0%
Income	1.5%	1.5%
Drugs	6.0%	6.0%
Capital Growth	0%	0%

(d) **Financial Challenge**

Based on the assumptions set out above, and after providing for currently approved service commitments which include a general provision of £2.0m for cost pressures, the Board would face an efficiency challenge of £5.8m in 2019/20 and £5.4 in 2020/21, this would be increased to £23.4m and £27.4m respectively if the underlying recurring deficit carried forward from 2018/19 remains unresolved.

Section 5 - Overview of 2018/19 Capital Plan

Financial Summary

The development of the current 5 year rolling capital plan has been under the direction of the Board's capital governance framework with input and engagement drawn from a variety of key stakeholders from across the organisation.

In terms of capital, NHS Borders continues to work within the reduced level of capital funding available within NHS Scotland. Capital investment is a key part of delivering safe and effective patient care and to releasing significant efficiency gains from the rationalisation of the estate and the associated supporting service redesign. The Board continues to improve links to the Scottish Asset & Facilities Report (SAFR) and using information available from the Property and Asset Management Strategy, has committed resource over the duration of its plan to addressing priority areas.

The capital plan is in line with the Boards capital allocation and recent discussions with SGHSCD, and reflects the reinstatement of slippage totalling £0.8m as planned capital expenditure from previous years into 2018/19. Additional support (£0.9m) to the Primary Care Premises Programme has also been factored to the plan in 2018/19.

- The limited level of capital resources remains challenging and there may be a requirement to support the Board's efficiency plan with capital investment this is particularly concerning. The Board will continue to engage with Scottish Government on capital planning.
- The plan assumes that any capital funding utilized to support revenue pressures will be reinstated in future years.

- Assumptions on the receipt of central funding for the key strategic priorities, Phase 2 of the IM&T infrastructure and the BGH Campus Development have been made in the Board's capital plan and the Property and Asset Management Strategy.
- The plan does not include any capital requirements arising from East Region schemes.

Appendix 4 summarises the Board's 2018/19 draft capital plan. The Clinical Executive Strategy Group will continue to work to progress development of the plan connected to the patient safety agenda, progressing the Board's Property and Asset Management Strategy and addressing backlog maintenance, rolling programme priorities and support to the efficiency programme. The Board will receive an update on the capital plan in June and December.

Recommendation

The Board is asked to:

Review this report and **approve** the 2018/19 Revenue and Capital Financial Plans.
Note the Financial Plan at this time is unbalanced.
Note the indicative outline of the financial challenge in 2019/20 and 2020/21.

Policy/Strategy Implications	The Board must agree the indicative financial plan. This report sets out an overview for the 2018/19 year and indicative outline for 2019/20 and 2020/21. The financial plan underpins the strategy of the Board. It impacts upon delivery of statutory financial targets.
Consultation	Regular briefings on the financial outlook are provided to the S&P Committee, Board Executive Team, Strategy Group, Clinical Executive, Clinical Boards and other senior groups throughout the year.
Consultation with Professional Committees	Briefings and discussions are ongoing.
Risk Assessment	The Board has a statutory requirement to remain within its funding limits. Risks are highlighted in the paper and will be reported upon throughout the year.
Compliance with Board Policy requirements on Equality and Diversity	Relevant issues should be addressed in the development of detailed plans and business cases.
Resource/Staffing Implications	Resource implications are described throughout the report.

Approved by

Name	Designation	Name	Designation
Carol Gillie	Director of Finance, Procurement, Estates & Facilities		

Author(s)

Name	Designation	Name	Designation
Janice Cockburn	Deputy Director of Finance	Susan Swan	Deputy Director of Finance

APPENDIX 1 – FINANCIAL PLAN OVERVIEW – DETAILED ANALYSIS

	Funding					Expenditure						(Deficit)/Surplus				
	IJB	Set Aside	Health Board	Total		IJB	Set Aside	Health Board	B/S	Total		IJB	Set Aside	Health Board	B/S	Total
	£m	£m	£m	£m		£m	£m	£m	£m	£m		£m	£m	£m	£000s	£m
Baseline C/Fwd	**91.70**	**19.80**	**105.63**	**217.13**		**95.10**	**20.30**	**110.53**		**225.93**		**(3.40)**	**(0.50)**	**(4.90)**		**(8.80)**
Recurring Funding																
SG 1.5% Baseline Uplift	1.20	0.30	1.50	3.00		0	0	0		0		1.20	0.30	1.50		3.00
Additional Pay Award AfC	0.50	0.20	0.90	1.60		0	0	0		0		0.50	0.20	0.90		1.60
Social Care Fund 2018/19	7.40	0	0	7.40		7.40	0	0		7.40		0	0	0		0
			0													0
	9.10	**0.50**	**2.40**	**12.00**		**7.40**	**0**	**0**		**7.40**		**1.70**	**0.50**	**2.40**		**4.60**
Identified financial pressure to provide for	**0**	**0**	**0**	**0**		**3.76**	**3.72**	**8.49**		**15.97**		**(3.76)**	**(3.72)**	**(8.49)**		**(15.97)**
Recurring Efficiency	0	0	0	0		(1.41)	0	(1.16)		(2.57)		1.41	0	1.16		2.57
Total Recurring	**100.80**	**20.30**	**108.03**	**229.13**		**104.85**	**24.02**	**117.86**		**246.73**		**(4.05)**	**(3.72)**	**(9.83)**		**(17.60)**
Non Recurring Pressures	0	0	0	0		0.41	1.25	2.95		4.61		(0.41)	(1.25)	(2.95)		(4.61)
Non Recurring Efficiency	0	0	0	0		(0.70)	0	(8.34)		(9.04)		0.70	0	8.34		9.04
Total Non Recurring	**0**	**0**	**0**	**0**		**(0.29)**	**1.25**	**(5.39)**		**(4.43)**		**0.29**	**(1.25)**	**5.38**		**4.43**
TOTAL	**100.80**	**20.30**	**108.03**	**229.13**		**104.56**	**25.27**	**112.47**		**242.30**		**(3.76)**	**(4.97)**	**(4.44)**		**(13,17)**

APPENDIX 2 – 2018/19 FINANCIAL PLAN – RECURRING FINANCIAL PRESSURES TO PROVIDE FOR

On the basis of currently available information, the Board's assessment of the anticipated recurring increased costs it faces going into 2018/19, within each of these categories, is set out below:

	Projected £m	***Notes***
(i) Identified Financial Pressures to Provide For		
Pay Inflation	3.30	*Includes tiered award across Agenda for Change payscale, increments and medical discretionary points*
Capital expenditure programme	0.60	*Reflects the capital programme and the associated revenue costs*
Sick Kids Development	0.40	*Start up and part year costs of relocation*
CHAS	0.20	*Contribution to national scheme*
Major Trauma Centre	0.23	*NHS Scotland Development*
SEAT/National Risk Share	0.21	*Regional Developments and risk share scheme incl CNORIS*
Other	1.57	*External providers increase offset by income, PIN implementation, Senior & Junior Doctors pressures*
Prescribing cost growth/ inflation	4.30	*Current estimate by prescribing advisers of above budgeted cost & volume, new drugs & protocols in Acute and Primary Care before cost savings initiatives plus reduction in new medicines fund.*
Supplies inflation	0.53	*General supplies inflation*
Operational Cost Pressures	4.66	*Including patient acuity, national policies Commissioning Out of Area.*
Total recurring identified Financial Pressures to Provide For 2018/19	**16.00**	

APPENDIX 3 - SUMMARY OF REVENUE FINANCIAL PLAN

	2018/19			2019/20			2020/21			
	Recurring £ms	Non Recurring £ms	Total £ms	Recurring £ms	Non recurring £ms	Total £ms	Recurring £ms	Non recurring £ms	Total £ms	***Notes***
Opening Surplus/(Deficit)	**(8.80)**	**0**	**(8.80)**	**(17.60)**	**0**	**(17.60)**	**(21.99)**	**0**	**(21.99)**	*1*
Funding										
General Funding Uplift	3.00	-	3.00	3.00	-	3.00	3.00	-	3.00	*2*
Additional Pay Award AfC	1.60	-	1.60	1.60	-	1.60	1.60	-	1.60	*3*
IJB Social Care Fund	7.40	-	7.40	7.40	-	7.40	7.40	-	7.40	*4*
	11.00	-	11.00	11.00	-	11.00	11.00	-	11.00	
Identified Financial Pressures to Provide For										
Pays (incl FHS & Dis Pts)	3.30	-	3.30	3.40	-	3.40	3.40	-	3.40	*5*
IJB Social Care Fund	7.40	-	7.40	7.40	-	7.40	7.40	-	7.40	*6*
Regional/National	1.64	-	1.64	-	-	-	-	-	-	*7*
Capital Charges	0.60	-	0.60	0.09	-	0.09	0.10	-	0.10	*8*
Other estimated growth	4.33	3.61	7.94	1.62	1.20	2.82	1.08	1.20	2.28	*9*
Supplies & Services	0.80	-	0.80	0.80	-	0.80	0.80	-	0.80	*10*
Prescribing	4.30	-	4.30	2.08	(0.80)	1.28	2.20	(0.80)	1.40	*11*
Contingency	-	1.00	1.00	-	1.00	1.00	-	1.00	1.00	*12*
	22.37	4.61	26.98	15.39	1.40	16.79	14.98	1.40	16.38	
Savings										
Cost Savings Plan	2.57	9.04	11.61	-	-	-	-	-	-	*13*
In Year Surplus/Deficit	**(17.60)**	**4.43**	**(13.17)**	**(4.39)**	**(1.40)**	**(5.79)**	**(3.98)**	**(1.40)**	**(5.38)**	*14*
Deficit carried forward from previous years		-		(17.60)	-	(17.60)	(21.99)	-	(21.99)	*15*

APPENDIX 3 – SUMMARY OF REVENUE FINANCIAL PLAN

Notes of Appendix 3

1. Opening position in 2018/19 with a recurring deficit of £8.8m.
2. General funding uplift is 1.5% across 3 financial years of 2018/19, 2018/19 and 2019/20.
3. Anticipated additional pay award funding to cover the tiered award for Agenda for Change staff above 1%
4. IJB specific allocation (Social Care Fund) to be provided to the Integrated Joint Board.
5. In 2018/19 this covers the agreed for general pay uplift across Agenda for Change payscales. Pay awards for each year are assumed to be at an average of 2.5% and increments will be paid where appropriate.
6. IJB specific expenditure related to the Social Care Fund allocation.
7. This includes national/East Region initiatives such as support for the Sick Kids development, major trauma and risk share investment.
8. Increase in capital charge costs and costs associated with the capital programme.
9. This grouping includes all other commitments for example, the increase in rates.
10. This covers anticipated price inflation related to existing contractual commitments and includes 2.0% for general cost inflation across the 3 financial years 2018/19, 2019/20 & 2020/21.
11. This is based on prescribing advisers' detailed cost projections for acute and primary care services for 2018/19 equating to a 14.1% increase and 6% thereafter. Anticipated from 2019/20 the New Medicines Fund will be replaced by price reductions. The Medicines Resource Group has proposed a number of efficiency schemes across GP Prescribing and Acute Drugs offset the increasing level of spend on drugs.
12. This is held in contingency in anticipation of any unforeseen financial pressures.
13. Cost Savings plan to be achieved/identified to date during the financial year. NHS Borders does not achieve the required level of savings in 2018/19 and the recurring deficit is carried into 2019/20.
14. Estimated in year deficit arising through differential between income uplift and expenditure pressures.
15. From 2018/19 the Board has a recurring deficit of £17.6m which increases year on year unless recurrently met through efficiency savings.

APPENDIX 4

Current Year 2018/19 & future 4 year period 2019/20 - 2020/21	18/19 £000s	19/20 £000s	20/21 £000s	21/22 £000s	22/23 £000s
Board Capital Resources					
Formula Allocation	2,366	2,366	2,366	2,366	2,366
Clinical Strategy	804	0	0	0	0
Primary Care Health Centre Requirements - Tier 1 and 1a	991	0	0	0	0
Reinstatement of Capital transferred to Revenue in 2017/18	2000	0	0	0	0
Transfer of Capital to support the 2018/19 Revenue Position	-1,000	1,000	0	0	0
Capital Resource Limit Sub Total	5,161	3,366	2,366	2,366	2,366
Scottish Government Business Case Resources eHealth IM&T Road to Digital (tbc)	1,536	2,286	287	0	0
Capital Resource Limit Total	6,697	5,652	2,653	2,366	2,366
Capital Receipts Applied					
Orchard Park St Boswells	100	0	0	0	0
Crumhaugh (tbc)	0	0	0	0	0
Total Capital Receipts Applied	100	0	0	0	0
Total Board Capital Resource	**6,797**	**5,652**	**2,653**	**2,366**	**2,366**
Prioritised Capital Schemes					
BGH					
BGH Campus Development	100	150	150	150	150
IM&T					
Rolling Replacement Programme IM&T	300	300	300	300	300
IM&T Strategy - Infrastructure	500	0	0	0	0
eHealth Division IM&T Infrastructure & Development	1,536	2,286	287	0	0
ESTATES & FACILITIES					
Programme Estates	200	200	200	200	200
Risk Assessed Backlog SoTE/Estates Strategy/Ward Refurbishment	750	350	350	350	350
MEDICAL EQUIPMENT					
Programme MEC	335	231	200	200	200
Radiology Priority Replacement MRI, Gamma Camera and Mammography	165	1000	0	0	0
OTHER					
Clinical Strategy	1,351	195	826	826	826
Shovel Ready - Feasibility Works	100	100	100	100	100
East West Brig Risk Mitigation Measures	20	0	0	0	0
Primary Care Health Centres (including additional resource SG March 2017)	1,100	600	0	0	0
UNCOMMITTED - Dependent on Sale Proceeds	100	0	0	0	0
Project Management	240	240	240	240	240
Total Capital Expenditure	**6,797**	**5,652**	**2,653**	**2,366**	**2,366**

APPENDIX 4 – CAPITAL PLAN

Notes of Appendix 4

The following describes the **high risks** to the plan:

- The limited level of capital resources remains challenging and there may be a requirement to support the Board's efficiency plan with capital investment this is particularly concerning. The Board will continue to engage with Scottish Government on capital planning.
- NHS Borders has assumed capital receipts will be retained locally for the period of the plan. This is in line with previous agreements and reflects due to the market conditions the timing of individual sales.
- The plan assumes that any capital funding utilized to support revenue pressures will be reinstated in future years.
- Assumptions on the receipt of central funding for the key strategic priorities, Phase 2 of the IM&T infrastructure and the BGH Campus Development have been made in the Board's capital plan and the Property and Asset Management Strategy.
- The plan does not include any capital requirements arising from East Region schemes.
- Although not included in the current capital plan there is a need for significant investment in medical equipment for which resources have at present not been identified. This will be reflected in the PAMS.
- There is limited opportunity across the plan to allow for opportunistic investment, spend to save schemes or for unforeseen events – the *risk is high* that investment will be needed.