Borders NHS Board

BOARD FINANCIAL PLAN UPDATE

Aim

This paper is to update the Board on the 2018/19 financial plan. It also provides an update on the work progressed over the last five weeks from the workstreams within the Better Borders Programme which has been used to populate the financial plan.

Background

The Board received an update report on the 2018/19 financial plan at the 28th June 2018 meeting, which stated that currently the plan does not deliver 2018/19 financial targets or a recurring balanced budget over the five year planning period.

In August 2018 the Board received a report on the actions which had been progressed following the June Board meeting which included all of the projects within the Better Borders Transformation Programme, further areas for potential transformational change and the requirement to develop a communications and engagement strategy around the financial outlook.

This report provides a further update on the financial plan taking account of new information and the work that has been progressed since the last Board meeting. All comparisons included within this report are with the realistic scenario which was included with the financial plan update to the Board in June.

The report has been structured as follows:

Section 1 Progress Report on the Better Borders Programme
Section 2 Updated financial plan 2018/19 to 2022/23
Section 3 Governance and monitoring arrangements
Section 4 Next Steps

Section 1 - Progress Report on the Better Borders Programme

As highlighted in the last Board update, a number of areas identified through the demand and cost based benchmarking exercise have been accepted within the Better Borders Change Programme as part of 'Phase 2'. All of these projects are in line with the principles set out within the Board's Clinical Strategy. In addition, all of the projects accepted within the Better Borders Programme Plan have been developed and scored based on the Triple Aim:

- Better Health
- Better Care
- Better Value

Programme Progress Updates

A number of areas were identified within the demand and cost base exercise as areas of potential efficiency or opportunity (see financial plan update June 2018). A number of projects were already underway, or have since been initiated in line with the identified areas, as part of the Better Borders Programme. An update on the status of these projects is outlined in Appendix A. In summary:

- Implementation continues to progress in **three** projects (Prescribing Efficiency and Elderly Care incorporating Hospital to Home and Discharge to Assess).
- Project Initiation Documents have been approved and Implementation has now begun on a further **two** projects (First Point of Contact MSK Physio and Realistic Medicine).
- Scoping work including Options Appraisal is now underway or scheduled for **three** projects (Theatre Productivity, Mental Health Rehabilitation and Enablement Services within Geriatric Psychiatry, and a DME length of stay project within Elderly Care).
- Further scoping work and project initiation for remaining projects is currently constrained by limitations on resource.

Moving forward progress will be reported against each individual project.

Alongside this, the programme is continually reviewing phasing, team capacity and organisational readiness for change, to ensure that inter-project dependencies and resource requirements are taken into account in the programme plan.

A number of further areas identified through the demand and cost based benchmarking exercise were highlighted in the June financial plan paper:

- Obstetrics/Gynaecology
- ITU
- General Psychiatry
- Laundry
- Commissioned Services
- Community Nursing

These require further analysis and discussion before they can be quantified. An update on these is included within Appendix B.

Programme Financial Benefits

The table below summarises the estimated financial benefits of Better Borders projects compared with savings identified in the June financial plan paper. The assumptions underpinning these have been developed or identified with senior managers. However, there has been limited engagement with clinical, operational or front-line staff regarding the resources to be released from each project and these figures may change as a result of more intensive clinical engagement. For a number of projects the financial benefits have not been quantified and it is assumed they will continue to be at the same level as identified in the table top exercised detailed in the June report to the Board. As at this point the financial benefit equates to gross savings of £7.7m over the five year period. Although not fully quantified a level of reinvestment (£1.9m) linked to the release of savings has been estimated for a number of schemes leaving a net saving to support the financial plan of £5.8m. This is an increase of £1m compared with previous estimates and

provides the Board with increased confidence on the level and phasing of savings that can be delivered. The profile of savings and investments is summarised in the table below:

Table 1 - Demand and Cost Opportunities

June Board Paper Realistic Scenario Savings	**Opportunities**	**September Update**		
		Gross Savings	Investment	Net Savings
£m	**Quantified**	£m	£m	£m
0.4	Orthopaedic -Theatre Productivity	0.8	-	0.8
0.05	Medical/Acute Paediatrics	0.1	-	0.1
0.38	Gen/Acute Medicine – Long Term Conditions	1.4	0.6	0.8
0.38	Gen/Acute Medicine -Redesign Community Services	1.1	0.5	0.6
0.39	Gen/Acute Medicine - Elderly Care	0.3	-	0.3
0.25	Radiology- Realistic Medicine/ Modernising Outpatients	0.9	0.1	0.8
0.95	Geriatric Psychiatry	1.1	0.7	0.4
2.8	**Total Quantified Opportunities**	**5.7**	**1.9**	**3.8**
	Unquantified			
0.8	Obstetrics	0.8	-	0.8
0.2	General Psychiatry	0.2	-	0.2
0.05	Community Nursing (DN,HV,Midw,Psy & LD)	0.1	-	0.1
0.3	Gynaecology	0.3	-	0.3
0.6	ITU	0.6	-	0.6
0.05	Laundry	0.1	-	0.1
2.0	**Total Unquantified Opportunities**	**2.0**	**-**	**2.0**
4.8	**Total Demand & Activity Opportunities**	**7.7**	**1.9**	**5.8**

Along with the demand and cost opportunities, there are a number of other areas where savings are expected to be delivered. The table below details the current expected delivery against each of these compared to the realistic scenario within the June Board paper:

Table 2 - Recurring Savings to be Progressed 2019/20 to 2022/23

	June Board Paper Realistic Scenario £m	September Update £m	Comment
Business as Usual	4.0	4.0	Letter issued to senior managers with discussions set for September to December 2018.
Drugs and Prescribing	2.1	2.1	Assessed by Medicine Resources Group. A number of projects being progressed.
Demand and Activity Opportunities	4.8	5.8	See table 1 above.
Community Services Redesign	2.1	2.1	Identified net savings of £1.1m. Assumed balance will be identified.
Redesigned Workforce Model	0.9	0.9	A working group has met and agreed this work should be assigned to the Board's Workforce Planning Group.
Contingency –to support financial position	4.0	4.0	No change to assumptions.
Total	**17.5**	**18.5**	

Section 2 – Updated Financial Plan 2018/19 to 2022/23

Update on the 2018/19 Financial Position

The table below summarises the forecast year end position based on information currently available with more detailed analysis provided in Appendix C. The forecast position is based on a number of assumptions and includes the impact of the issues that have come to light during this financial year. The financial outturn presented requires to be viewed with a degree of caution as it is based the month four in year financial position and may yet be impacted by additional cost pressures for example those incurred during the winter period.

	£m	Key Issue
Forecast as at 5th April 2018	13.2	
Forecast as at 28th June 2018	11.5	Reduced costs and additional funding
Forecast as at 6th September 2018	10.1	Operational pressures slippage on efficiency, additional pay costs offset by non recurring measures

Work is ongoing to finalise the in year deficit and the Board will receive updates in the regular financial monitoring report. However it is clear there will be a requirement for brokerage in 2018/19 for NHS Borders to deliver its financial targets.

As proposed in the financial plan paper as at the 28th June 2018 a review of slippage on LDP investments has been undertaken. A number of previously agreed LDP investments which have not been transferred into operational budgets have been offset against the deficit. This equates to £5m. This has not impacted on the in year overall financial position of the Board as the funding had been anticipated to be used in 2018/19 on a non recurring basis however releasing on a recurring basis has reduced the recurring deficit reported for 2018/19.

This year end forecast position of £10.1m makes the following assumptions for which there are a number of risks:

- Operational budgets – it has been assumed that the business units will end the financial year in line with current projections. This assumes that the impact of winter will be in line with the financial plan – RISK HIGH.
- Savings delivered – the forecast position requires £7.6m recurring savings and £7.9m non recurring savings to be delivered – RISK MEDIUM.
- Prescribing/Drugs Costs – the forecast year end position due to the normal time delay is based mainly on two months of information – RISK HIGH.
- Funding from SGHSCD for Agenda for Change - It has been assumed funding will be allocated on an NRAC basis as per indicative estimates provided by SGHSCD. This would create a financial pressure for the Board. This figure has not been confirmed and work is ongoing nationally to finalise the agreed funding level which will be provided – RISK HIGH.
- Paid as if at work – negotiations are ongoing nationally on the full implementation of paid as if at work when staff are absent. It has been assumed that there will be additional cost and SGHSCD will not provide funding for the financial impact of this agreement – RISK MEDIUM.
- Medical and Dental Pay Awards for 2018/19 - the pay award for this financial year for this group of staff has not yet been settled. The year end forecast assumes this will be an average 3% increase for staff which will be a further pressure – RISK HIGH.
- Investment required to support the financial outlook – It is clear that in order to create the capacity and expertise to deliver the financial challenge the Board will require to invest. This has been estimated at £0.5m for this financial year – RISK HIGH.

Following the presentation of the financial plan to the Board on the 5th April 2018 the Chair wrote to SGHSCD to formally request brokerage for financial year 2018/19. A response to this request was received on the 31st July 2018 which is attached for information (Appendix D). As requested the Board's draft recovery plan was submitted on the 31st August 2018 which took the format of this paper and all the 2018/19 financial plan papers which have been presented to the Board. A follow up meeting to this submission has been arranged, although not confirmed, with SGHSCD on the 13th September 2018.

Based on information available at the end of July projected to the year end the Board will require £10.1m of brokerage in 2018/19, a reduction from the original estimate of £13.2m. On a recurring basis the Board will end the financial year with a recurring deficit of £14.3m (5.8%) which is a significant improvement from the £17.6m (7.1%) previously reported.

Financial Plan 2019/20 to 2022/23

The Board is reminded that due to the one year budget agreed by the Scottish Parliament financial forecasts for future years should be considered indicative.

The financial plan has been updated to reflect the impact of the Better Borders financial benefits realisation including estimates of potential investments requirements as detailed in Section 1 above.

In addition a number of other issues have been identified and have resulted in changes to the financial plan:

- Pay award funding – as in the case of 2018/19 it has been assumed for the agenda for change pay award funding will be allocated on a NRAC basis and will not fully meet the cost of the pay award in the next two financial years. In addition for medical and dental pay awards planning assumptions have been revised to reflect a similar level to the settlement that has been reached for agenda for change staff in the next two financial years. As from 2021/22 it has been assumed pay awards for all staff will be settled at 1% each year.
- Contingency – in future years it has been assumed that of the £2m recurring contingency which the Board holds £1m of this will be utilised to support the overall financial position and the other £1m to address unforeseen in year pressures.

An updated financial plan is attached in Appendix E and summarised below:

Table 3 - Summary of Financial Plan

	2019/20 £m	**2020/21 £m**	**2021/22 £m**	**2022/23 £m**
Opening Recurring Deficit	(14.3)	(16.1)	(17.2)	(16.9)
Base Allocation Uplift	4.7 (2.2%)	4.7 (2.2%)	3.2 (1.5%)	3.3 (1.5%)
Cost of Pay Awards	(4.7)	(4.8)	(1.6)	(1.7)
Investment in Drugs	(2.1)	(2.2)	(2.3)	(2.5)
Other Cost Pressures	(3.9)	(4.3)	(3.2)	(2.2)
Contingency	1.0	1.0	1.0	1.0
Total Cost Savings Plans	6.8 (3.3%)	8.1 (3.8%)	8.1 (3.8%)	5.6 (2.6%)
Year end Deficit	(12.5)	(13.6)	(12.1)	(13.4)

The key points to note from the updated financial plan:

- The level of uplift provided will not meet the financial pressures the Board is facing and the Board will need to deliver new savings each year to address this shortfall.

- NHS Borders has plans in place to deliver significant savings over the period of the plan which is ranging from 2.6% to 3.8% which is above the level generally expected to be delivered in each financial year.
- The financial plan includes an estimate of £2m per year for unforeseen cost pressures. The estimate is based on actual historical experience, however the Board needs to consider whether this approach is affordable going forward.
- Based on current assumptions each year over the next four years NHS Borders will require brokerage.
- Over these four years the recurring deficit increases from £14.3m to £18.2m.

Although the financial outlook remains challenging the updated financial plan is an improving position in recurring terms from that reported to the Board in June. The key changes are summarised in the table below:

Table 4 - Recurring Deficit – Summary of changes since June financial plan

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Financial Plan as at June 18 Closing Recurring Deficit	(17.6)	(17.5)	(17.7)	(19.0)	(20.2)
Prior Year Changes B/F		3.3	1.4	0.5	2.1
Pay Award Shortfall	(1.3)	(1.3)	(1.3)		
National Negotiated General Pharmaceutical Contract	(0.4)				
Additional Savings Identified	5.0	(0.6)	0.4	1.6	(0.1)
Updated Financial Plan Closing Recurring Deficit	(14.3)	(16.1)	(17.2)	(16.9)	(18.2)
Year End Deficit	(10.1)	(12.5)	(13.6)	(12.1)	(13.4)

- Due to the work that has been undertaken over the last two months the level of recurring savings identified has increased and with more detailed programme plans resulting in a rephrasing over the five year period has increased and with more detailed plans resulting in a rephrasing over the five year period.
- Two new recurring pressures have been identified – principally the estimated impact of pay awards as detailed above and the nationally agreed General Pharmaceutical contract 2018/19 agreement which has resulted in funding from the reduction in drug tariffs being transferred into the global sum and paid to independent contractor pharmacists.
- Without these new pressures the recurring improvement would have been £6.3m.

There remains a significant financial recurring shortfall of £18.2m at the end of 2022/23 which the Board does not have plans in place to address. The Board needs to consider through next steps how this will be taken forward. In the meantime the Board needs to ensure that the savings plans that have been identified to date are progressed and deliver the agreed outcomes and financial savings.

Section 3 - Governance and Monitoring Arrangements

In order to ensure the programme delivers change in line with proposed outcomes including the financial benefits robust programme arrangements have been put in place. This includes:

- A clinically led Programme Board which meets monthly to provide overall Programme Governance.
- A Programme Team which meets weekly to ensure operational direction and prioritisation for the programme.
- A detailed Programme Plan supported by agreed approaches to the management of risk and benefits realisation.
- A benefits realisation plan for the overall Programme, and for each project, which will be closely monitored by the Programme Board to ensure delivery is in line with predicted outcomes, and if off track then ensure early corrective action is taken.
- A prioritisation exercise has taken place by the Programme Board to inform the phasing of projects over the next four years. This will be revisited as required by the Programme Board as new information becomes available or as resources change.
- A dedicated Programme Manager commenced in July. The Programme Manager is currently reviewing existing Programme arrangements as part of an NSS Programme Healthcheck assessment (Based on Managing Successful Programmes). This will be presented to the Programme Board in October 2018 with recommendations for addressing any gaps or areas for improvement. This will take place in September 2018, the output of which will be reported.
- An initial Communication and Engagement Plan has been approved by the Programme Board, to inform stakeholders including colleagues in the Integration Authority and Local Authority around the need for change, based on our Clinical Strategy and in line with a triple aim approach. This will commence in September 2018.

Project Governance

- Standardised approach to the establishment of projects, with project stages, templates and agreed roles and responsibilities of Project Board.
- Standardised reporting process, including agreed risk tolerance levels, escalation processes and highlight reports.
- Each project, once approved to progress by the Programme Board, develops a detailed project plan with key milestones and a benefits plan which sets out clearly the anticipated benefits and outcomes of the project.
- Outcomes which have been worked up with only limited service and clinical engagement, largely informed by the data analysis at the scoping phase of the project. Significantly more engagement with clinicians and other stakeholders is required and will be undertaken before these will be shared more widely, to ensure support and buy in to the changes.

Section 4 - Next Steps

The Board has requested that a number of actions are progressed in line with the financial outlook. An update on these is provided below:

External Review

During the last two weeks in August the Director of Finance of NHS Lanarkshire has been working with the Senior Finance Team providing some external scrutiny to the financial plan papers. A draft report is anticipated early in September but based on current information no significant issues have been identified which will impact on the financial outlook.

As jointly agreed by NHS Borders and the SGHSCD a Strategic Improvement Director, who has supported other Boards across NHS Scotland has undertaken a review of NHS Borders readiness for change. The work is due to conclude during September.

The impact of the external scrutiny will be included in the next financial plan update to the Board.

Staff and Public Engagement

As noted in the August Board paper, it is essential that the people of the Borders, including all staff, are fully informed of the challenges facing NHS Borders and have opportunities to be informed of and engaged with the transformation process.

As an initial step, the Better Borders Programme Board has approved an overall Communications and Engagement Plan with a single message about the need for changes that brings together the financial challenge, the need to identify efficiencies and the longer term transformational changes. The plan details the community and voluntary groups which NHS Borders will engage with, commencing in September. Each individual project contained within the Better Borders Programme is also required to have its own Communication and Engagement Plan in place.

There has been early engagement regarding the overall financial challenge facing NHS Borders with our staff via updates to the Area Partnership Forum and Area Clinical Forum, as well as key messages issued through our Staff Share process in recent months. Discussions with these Forums have helped inform the overall communication and engagement approach that is being adopted. A toolkit with a simple and standardised presentation outlining the need for change and the financial, demographic and clinical challenges facing the organisation has been developed and this message will be cascaded through meetings, drop-in sessions and other exercises. This will include an opportunity for staff to contribute their ideas around service efficiency and quality gains.

The need to fully engage senior clinical staff and service leads in the transformational redesign of services and in the identification and delivery of cost savings has been identified as a significant gap in our current plans.

The Programme Team and the wider organisation will be focused on addressing these gaps over the next 3 months. These include:

- The development of a clearly understood case for change, to compliment the Clinical Strategy, that brings together the pressures facing NHS Borders in a format understandable to the public, staff, clinicians and managers: these are likely to be:
    - Demographic
    - Workforce
    - Clinical
    - Financial

  External support will be required to analyse and quantify the impact and benefits and changes that will be required and to develop benefits realisation plans for each project.
- A Clinical Engagement Strategy: Initial discussions with key senior clinicians has identified the principles that we need to follow in order to properly engage and establish clinical leadership for the transformation programme and benefits release.
- A Community engagement process: the need for a more intensive and ambitious approach to community engagement has been identified through external review and learning from other Boards.

This is likely to involve external support to bring more focus, ideas and creative approaches to engagement and co-design.

Better Borders Revised Resource Plan

The Better Borders Programme Team will be reviewing its capacity and producing a revised resource plan. This may identify the need for additional resources to support the programme particularly linked to clinical leadership time, expert resources to engage meaningfully with the wider public and our staff, additional project management resource, specialist communication skills, OD support, expert external analytical skills and other areas as identified. The detail of this will be worked up over the next four to six weeks following which the Board will be updated.

Summary

There has been useful progress in a number of areas within the Better Borders Transformational Change Programme, with scoping about to commence on others. This work has identified further savings and provides the Board with increased assurance and a revised phasing of when savings will be delivered. This progress as well as additional information which has become available has resulted in a revised year end forecast shortfall of £10.1m for 2018/19, a reduction from the original forecast position of £13.2m. On a recurring basis the Board is forecast to end the financial year with a deficit of £14.3m again an improved position from the previously reported £17.6m. Although additional savings have been identified over the five year plan the impact of a number of new cost pressures linked to national agreements have offset these and the recurring deficit is forecast to rise to £18.2m in 2022/23. The Board continues to have a requirement for brokerage over the period of the plan and does not have a plan in place on how to return to recurring balance. More work is required to address this situation and it is hoped that the external reviews being undertaken and further planned clinical engagement will support this.

Governance arrangements are in place to support delivery of the changes anticipated within the projects, with clear progress monitoring / escalation processes in place. It has become apparent that the scope and scale of clinical, staff and stakeholder engagement

needs to be far greater than that currently planned, with a clearer articulation of the Case for Change, which should flow from the Clinical Strategy.

There are clear priorities for the Better Borders Programme over the next three months, which in addition to ensuring delivery of the change projects already agreed will include work to extend the engagement exercise and in particular clinical engagement to help create the climate and impetus for change. In addition work will be undertaken to review capacity and the potential need for additional resource including external assistance if required, to support successful programme delivery.

Recommendation

The Board is asked to **note** the financial plan update.

Policy/Strategy Implications	In line with NHS Borders financial and clinical strategies.
Consultation	Widespread stakeholder engagement on Transformation Programme and Financial Plan, including Area Partnership Forum and Clinical Executive Strategy Group. Any specific service changes through the life of the programme will require to engage, involve and consult in line with national guidance.
Consultation with Professional Committees	As above.
Risk Assessment	Included in paper.
Compliance with Board Policy requirements on Equality and Diversity	Health Inequalities Impact Assessment will be carried out on Transformation Programmes over next 3 months and all individual projects at initiation stage.
Resource/Staffing Implications	Included in the paper.

Approved by

Name	Designation	Name	Designation
Carol Gillie	Director of Finance	June Smyth	Director of Strategic Change & Performance

Author(s)

Name	Designation	Name	Designation
Susan Swan	Deputy Director of Finance	Phillip Lunts	General Manager, Transformation

Appendix A

Programme Progress Update

Projects Identified	Description	Status
Demand & Activity		
Orthopaedics		
Theatre Productivity	Projects to improve utilisation of theatres and reduce unnecessary procedures	A project to ensure procedures of low clinical value are only undertaken when agreed criteria are met commenced in August. This work is on track and is currently at the Scoping stage, with an initial meeting of the Project Board scheduled for 4 September.
AHP redesign	A new model of AHP provision to support rapid hospital assessment, early discharge and the ability to deliver rehabilitation in the community. Includes development of single point of contact Physiotherapy service for MSK conditions in primary care	The development of a First Point of Contact MSK Physio service in primary care commenced implementation in August. The remainder of the project is currently at the Scoping stage. Funding for Project Management support for the community elements has not yet been identified.
Medical/Acute Paediatrics		
Medical Paediatrics	Develop outpatient and community-based model of paediatric care	A project to redesign pathways to reduce admissions and outpatient attendances is in Project Initiation phase.
General/Acute Medicine		
Long-term conditions redesign	Improved management of specific long-term conditions including a generic model of self-management and community-based care	Long-term conditions management redesign to develop self-management support for people with long-term conditions and provide easy access to specialist advice. This project is in start-up stage. Initial focus will be on rolling out a programme of Pulmonary Rehabilitation for COPD, funding for which has been identified.
Community Services Redesign	Implementing actions from the various external reports to reduce delays in community hospitals and develop their role in	This project will implement the recommendations of the various external reports. This project is in start-up phase. Funding for Project Management support has not yet been identified for this project.

Projects Identified	Description	Status
	intermediate care. Includes development of enhanced home rehabilitation and care services	
Elderly Care	A series of measures to reduce length of stay and delays in discharge for elderly care wards	Elderly Care Redesign incorporating: Hospital to Home Project which is at implementation stage. Hospital to Home project has IJB funding and direction to expand across all localities. This will implement teams servicing all four Community Hospitals, with a central team providing co-ordination. A business case has been requested of the Chief Officer with a view to a permanent change to service. DME length of Stay Project to address pathway delays and reduce length of stay which is at start-up phase. A project to reduce pathway delays for DME patients will be the subject of a Scoping workshop which is being planned for September.
Palliative Care at Home	Development of an agreed model of Hospice at Home provision	This project will develop an agreed model for providing end-of-life care at home ("Hospice at Home" provision). Work is currently at the Scoping stage.
Modernising Outpatients	Programme of work to develop alternatives to new and review outpatient appointments and to reduce waiting times and increase efficiency	This is a wide-ranging programme to develop alternatives to new and review outpatient appointments, reduce waiting times and increase efficiency. Work is currently at the Scoping stage.
Geriatric Psychiatry		
Mental Health Rehabilitation and Enablement Services	Development of integrated community and inpatient rehabilitation and enablement services	Projects are currently at the initiation Phase and an Option Appraisal process is underway concluding in September.

Projects Identified	Description	Status
Radiology		
Realistic Medicine	Develop and establish processes for shared decision-making, reduce unnecessary diagnostic tests and support clinicians to deliver improvements	This project is in initiation phase. A Project Initiation Document covering clinical conversations and diagnostic testing was approved at the August Programme Board and work is now in progress.
Prescribing		
Realistic Prescribing	Range of projects to ensure consistent and appropriate prescribing, more effective and robust management of medicines within acute care, development of community pharmacy support for specialist drugs and pharmacist-led prescribing and polypharmacy review	A programme of work is being **implemented** over the next 2 years under the Realistic Prescribing title including: • Rapid roll-out of appropriate cost effective prescribing. • Action plan for areas of spend which benchmark high for spend. • Where appropriate moving hospital and home-service supplied drug dispensing to community pharmacists. • Developing a new pharmacist-led community prescribing service, as part of the new GMS contract. The project is at the Initiation stage. Work on Prescribing Efficiency is already underway, and benefits realisation plans are currently being refined.

Appendix B

Better Borders Areas to be Quantified

Obstetrics / Gynaecology

The service is currently reviewing the output from the benchmarking exercise to confirm the size of any opportunity for change – this is due to report in December and is on track for delivery.

ITU

As reported last month, further analysis uncovered a data issue with the recording of activity, and therefore current service is comparable to Dumfries and Galloway. Potential was identified to review provision of High Dependency Care within the BGH. Discussions re this have yet to commence.

General Psychiatry

The service is currently exploring the potential to develop integrated community and inpatient rehabilitation and enablement services.

Laundry

The project is considering the potential to move to self-laundering of uniforms in line with wider NHS Scotland. A group has been formed from across the organisation to develop an implementation which is due to be considered by the Clinical Executive Operational Group at the end of November 2018.

Commissioned Services

As reported last month, detailed analysis around Lothian Consultant-to-consultant referrals of Borders patients has commenced and is due to be concluded by October. Work to review high-cost Mental Health Extra Contractual Referrals (ECRs) to scope potential for alternative service provision has yet to commence.

Community Nursing (DN,HV,Midw,Psy &LD)

The desktop exercise identified the need to review the demand for some sections of the workforce, as opposed to reviewing the skill mix of the workforce. This work requires further analysis before a detailed plan can be developed.

Appendix C

2018/19 Year End Forecast

	2018/19	£m	Comment
	In year deficit	(17.7)	
	Operational pressures	(7.1)	
	Efficiency target	(24.8)	
	Efficiency identified to date	11.6	Assumption the non recurring resources transferred to IJB will deliver £2.1m of savings. Recurring total £2.6m increased to £6.1m in September.
Position Reported to the Board at 5th April 2018	2018/19 Financial Gap as reported on 05.04.18	(13.2)	
	Actions to reduce cost pressures proposed by services	0.3	Recurring reductions in Patient transport, supplies & contracts.
	Waiting times funding in financial plan (non recurring)	1.0	Substituted by SG funding
	2018/19 slippage on investments (non recurring)	0.4	2018/19 Slippage in timeline of regional investment e.g. Sick Kids.
Position Reported to the Board as at 28th June 2018	Revised forecast year end position as reported on 28.06.18	(11.5)	
	2018/19 estimate pay award pressure	(1.3)	Including AfC, Medical & Dental, Senior Managers and Pay As If At Work.
	In year cost pressures	(2.1)	Includes nursing budgets and prescribing costs based on forecast trajectories as at Month 4.
	Slippage on the delivery of identified savings schemes	(3.4)	Ring fenced funding passed to the IJB has not delivered savings and slippage in a number of IJB delegated budget savings.
	Further identified efficiencies	1.9	Includes Capital Charges due to slippage in the Capital Plan and LDP agreement investments. Recurring elements total £1.2m.
	Further slippage of developments	0.3	2017/18 Slippage in timeline of regional investment e.g. Sick Kids.
	In year flexibility	4.5	Review of accruals methodology and level of provisions held on the balance sheet and prior year inflation funding.
	In year support	(0.5)	To support the financial challenge.

	NHS Borders Contingency	2.0	
Updated Position as at 6th September 2018	Remaining financial gap - 2018/19 as at 31.08.18	(10.1)	

Appendix D

Letter from SGHSCD linked to NHS Borders Financial Position

Health Finance Directorate
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Scottish Government
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Issued via email

31 July 2018

Dear Jane

NHS Borders Financial Position

Thank you for meeting with me on 11 April and 26 June to discuss NHS Borders financial outlook.

Our discussions focused on the Board's financial position; the key pressures facing the Board and the scope of the work required to stabilise and improve the position.

Driven by the significant level of projected financial deficit currently forecast by the Board, NHS Borders has been assessed as at Stage 3 as set out in the SGHSCD Perfomance Escalation Framework (attached at Annex A).

In line with this level of escalation, I would ask that the Board now formally submits a recovery plan to Scottish Government which will form the basis of formal engagement to evaluate the plan and progress the implementation.

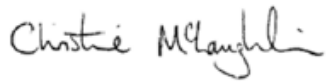
The recovery plan should set out an outcomes-focused approach to addressing the key challenges facing the Board; detail the specific actions being taken to move towards those outcomes and how you propose to measure progress in order to demonstrate improvement across the whole system. I appreciate that this will require strong working relationships with local stakeholders, including the Integration Authority and Local Authority.

A draft recovery plan should be submitted by end August and a follow up meeting will be arranged between NHS Borders and the Scottish Government in September to discuss the plan. It is expected that, at that meeting, the Board will also be able to demonstrate intial improvements from the work already underway to manage the in-year financial position. The outcomes from that meeting will also feed into and inform a review of the Board's position within the Escalation Framework.

In the meantime, a number of tailored support options are available to the Board, including the possible appointment of a Strategic Improvement Director to conduct further diagnostic work and help develop a comprehensive transformation and recovery plan. I would be happy to discuss further with you what might constitute the most effective form of assistance; for example, what might be required to better understand the Board's key cost drivers and to deliver the required outputs within the specified timeframe.

I will be in touch shortly to arrange the follow up meeting. In the meantime, if you have any questions on our expectations or the timescales as set out above, please contact Yvonne Summers (Yvonne.Summers@Gov.Scot), Head of Organisational Sustainability and Value, who will be happy to assist.

Yours sincerely



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NHS Board Performance Escalation Framework

Stage	Description	Response
Stage 1	Steady state "on-plan" and normal reporting	Surveillance through published statistics and scheduled engagement of ARs/MYRs
Stage 2	Some variation from plan; possible delivery risk if no action	Local Recovery Plan – advice and support tailored if necessary. Increased surveillance and monitoring Scottish Government. SG Directors aware.
Stage 3	Significant variation from plan; risks materialising; tailored support required	Formal Recovery Plan agreed with Scottish Government. Milestones and responsibilities clear. External expert support. Relevant SG Directors engaged with CEO and top team. DG aware.
Stage 4	Significant risks to delivery, quality, financial performance or safety; senior level external support required	Transformation team reporting to Director General and CEO NHS Scotland.
Stage 5	Organisational structure / configuration unable to deliver effective care.	Ministerial powers of Intervention.

At any level of escalation, where the Board Chief Executive is either not in post or is no longer designated as Accountable Officer by the Director General, the Director General on behalf of Ministers will appoint another Accountable Officer on an interim basis until such time as a substantive appointment is made.

26 July 2017
DG Health and Social Care

Updated Financial Plan

Appendix E

Summary of Revised Revenue Financial Plan

	2018/19			2019/20			2020/21			2021/22			2022/23		
	Recurring	Non Recurring	Total	Recurring	Non Recurring	Total	Recurring	Non Recurring	Total	Recurring	Non Recurring	Total	Recurring	Non Recurring	Total
Opening Surplus/Deficit	(8.8)	0.0	(8.8)	(14.3)	0.0	(14.3)	(16.1)	0.0	(16.1)	(17.2)	0.0	(17.2)	(16.9)	0.0	(16.9)
Funding															
General Funding Uplift	3.0		3.0	3.0		3.0	3.1		3.1	3.2		3.2	3.3		3.3
Additional Pay Award A/C	1.6		1.6	1.6		1.6	1.6		1.6			0.0			0.0
Social Care Fund (UB)	7.4		7.4	7.4		7.4	7.4		7.4	7.4		7.4	7.4		7.4
NHS Ring fenced Funding (UB)		2.1	2.1		2.1	2.1		2.1	2.1		2.1	2.1		2.1	2.1
	12.0	2.1	14.2	12.1	2.1	14.2	12.1	2.1	14.3	10.6	2.1	12.7	10.7	2.1	12.8
Identified Financial Pressures															
Pays (Incl FHS & Dis Pts)	4.6		4.6	4.7		4.7	4.8		4.8	1.6		1.6	1.7		1.7
Social Care Fund (UB)	7.4		7.4	7.4		7.4	7.4		7.4	7.4		7.4	7.4		7.4
NHS Ring fenced Funding (UB)		2.1	2.1	0.0	2.1	2.1	0.0	2.1	2.1	0.0	2.1	2.1	0.0	2.1	2.1
Regional/National	1.6		1.6	0.0		0.0	0.0		0.0	0.0		0.0	0.0		0.0
Capital Charges	0.6		0.6	0.1		0.1	0.1		0.1	0.1		0.1	0.2		0.2
Local Investments	0.7	1.2	1.9	2.6	1.2	3.8	3.0	1.2	4.2	3.1		3.1	2.0		2.0
Operational Pressures	4.7	2.4	7.1												
In year new issues		5.6	5.6												
Supplies & Services	0.8		0.8	0.8		0.8	0.8		0.8	0.8		0.8	0.9		0.9
Prescribing	4.7		4.7	2.1	(0.8)	1.3	2.2	(0.8)	1.4	2.3	(0.8)	1.5	2.5	(0.8)	1.7
Contingency		1.0	1.0			0.0			0.0			0.0			0.0
	25.2	12.4	37.5	17.7	2.5	20.2	18.3	2.5	20.8	15.3	1.3	16.7	14.6	1.3	15.9
Savings															
Cost Savings Plan	7.6	5.5	13.2	3.8	3.0	6.8	5.1	3.0	8.1	5.1	3.0	8.1	2.6	3.0	5.6
In year new measures		6.8	6.8												
Use of Contingency		2.0	2.0		1.0	1.0		1.0	1.0		1.0	1.0		1.0	1.0
	7.6	14.4	22.0	3.8	4.0	7.8	5.1	4.0	9.1	5.1	4.0	9.1	2.6	4.0	6.6
Brokerage			10.1			12.5			13.6			12.1			13.4
In Year Surplus/Deficit	(14.3)	4.1	(0.0)	(16.1)	3.6	(0.0)	(17.2)	3.6	0.0	(16.9)	4.8	0.0	(18.2)	4.8	0.0