

Borders NHS Board



Meeting Date: 4 June 2020

Approved by:	Andrew Bone, Director of Finance
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FINANCE REPORT 2019/20 YEAR END OUTTURN (LATEST DRAFT) AND SUMMARY INFORMATION FOR 2020/21 MONTH 1 PAY EXPENDITURE BY BUSINESS UNIT	
Purpose of Report:	
<p>The purpose of this report is to advise the Board of the following:</p> <ul style="list-style-type: none"> • Draft 2019/20 Year end outturn as at 31st March 2020 • 2020/21 Month 1 Pay expenditure by Business Unit • Update on the Financial Planning impact of COVID19 	
Recommendations:	
<p>The Board is asked to</p> <ul style="list-style-type: none"> • Note the report and the continued work to finalise the 2019/20 Year end outturn position. • Take significant assurance that the Board has met its financial performance targets for 2019/20, subject to confirmation of final allocation adjustments as outlined in this report. • Note that normal financial reporting remains suspended for 2020/21 Month 1 (April) as a result of disruption following Covid-19 emergency measures. • Note the information provided in relation to 2020/21 Month 1 pay expenditure including the financial planning impact of the Board's COVID19 response to end April 2020. • 	
Approval Pathways:	
<p>The report was reviewed by the Executive Team on the 2nd June 2020.</p> <p>Budget Managers will receive Financial Statements for 2020/21 by the end of June 2020.</p>	
Executive Summary:	
<p>Memorandum – Disruption to Financial Reporting</p> <p>The production of 2020/21 Financial Statements has been impacted by the focus given to elements of work taken forward by the Finance Department in support to the COVID response plan. As previously reported, the director of finance has highlighted that disruption to normal reporting will continue to end June. Thereafter it is anticipated that</p>	

normal reporting timescales will be reinstated.

This report includes draft financial information on the outturn performance for 2019/20 together with high level summary indicators for period 1 (April) 2020/21, including business unit level performance on Pays expenditure only.

2019/20 Year end outturn for the 12 months to end March 2020 (draft)

- The cumulative outturn performance (revenue) is in line with forecast *after* adjustment for Covid-related expenditure and results in a breakeven position for the year to 31st March 2020 (£0.2m overspent at the end of February 2020).
- This position includes anticipated allocations of £1.3m in respect of Covid-related expenditure. Confirmation of this allocation is expected by mid-June.
- As previously reported, this position includes a revised level of brokerage (reduced from £9.3m to £8.3m). The request made by the Director of Finance for brokerage required has recently been approved by the SG Cabinet Secretary.
- The improved performance is a reflection of emerging underspends across a number of service budgets; it is expected that an element of these underspends will be attributable to savings schemes not yet mandated. This position will not be revisited for 2019/20 but will be considered through review of savings plans for 2020/21 and beyond.
- The performance reported herein remains subject to confirmation of final account balances and approval of the board's Annual Accounts. No material changes to this position are anticipated at this time.

Reported 2019/20 Year end outturn - Capital

- The Board is reporting breakeven on the finalised Capital Resource Limit of £2.52m.
- This position is after SG agreement to additional flexibility against the utilisation of capital resources. This recognises that a number of schemes have slipped as a result of lockdown measures and the impact of furlough arrangements upon contractors.
- Relaxing of lockdown measures in coming weeks/months is expected to support the completion of the 2019/20 capital plan within 2020 calendar year.
- At this stage no impact is highlighted in relation to the 2020/21 capital plan.

2020/21 Month 1 expenditure by the Business Units

As noted above, there has been a disruption to normal reporting cycles as a result of arrangements implemented in response to Covid-19. As a result management reporting will be reinstated from end June, with a first full finance report being prepared to report on the Month 2 (May) financial performance.

A high level 2020/21 Month 1 Pays Statement for the Business Units has been prepared and is reported herein. In summary, the reported performance against pay budgets is as follows:

- Pays expenditure against budget for the main Business Units excluding Corporate Services reported an overspend position of £0.21m **before Covid-19 funds**.
- Pay costs relating to the Boards COVID19 response by these same Business Units totalled £0.23m in April 2020.
- Operational pay budgets for the main Business Units, net of COVID response related pay costs, reported £0.02m underspend.
- This position excludes Corporate services and it should be noted that there is expected to be further impact within Estates and Facilities which has not yet been fully assessed. This will be reported in full at Month 2 (May).

Costs in relation to the Boards COVID response for April 2020 have been submitted to SG as part of the LMP. Updates to the LMP will be completed on a monthly basis as part of the agreed timeline between the Board and SG colleagues.

Impact of item/issues on:

Strategic Context	Impact on statutory financial targets.
Patient Safety/Clinical Impact	No issues identified within the report.
Staffing/Workforce	As described in the paper.
Finance/Resources	As described in the paper.
Risk Implications	Risks are covered in the report.
Equality and Diversity	Compliant with Board policy requirements.
Consultation	N/A
Glossary	<ul style="list-style-type: none"> • Acute Services includes General Surgery, Orthopaedics, Theatres And Critical Care, Obstetrics and Gynaecology, Paediatrics, Outpatients, Cancer Services, Diagnostics, BGH Pharmacy, Community Nursing, Planned Care • Set Aside includes General Medicine, Medicine for the Elderly, Accident and Emergency • IJB Directed Services includes Mental Health, Learning Disability, Allied Health Professionals, Family Health Services, External Providers, Social Care Fund, Integrated Care Fund • Corporate Directorates includes Executive Directorates, Estates and Facilities • External Healthcare providers includes Other NHS Scottish Boards, OATS, Private ECRs & Grants <p>SGHSCD - Scottish Government Health and Social Care Department</p> <p>IJB - Integration Joint Board</p> <p>RRL - Revenue Resource Limit</p> <p>CRL - Capital Resource Limit</p> <p>UNPACS - Unplanned Activity</p> <p>SLA - Service Level Agreement</p> <p>ECR - Extra Contractual Referrals</p>

	OATS	- Out of Area Treatments
	CCG	- Clinical Commissioning Group
	DME	- Department of Medicine for the Elderly
	ASDU	- Area Sterilisation and Disinfection Unit
	PCIP	- Primary Care Improvement Plan

Contents

The finance report provides summary information as follows:

Section

1. Financial Performance – 2019/20 Draft year end outturn
2. Draft year end outturn 2019/20 Revenue - Income and Expenditure
3. April 2020 –Main Business Unit pay costs summary
4. April 2020 - COVID19 related pay costs

Section 1: Draft 2019/20 Year end Outturn to 31st March 2020

The Boards financial performance as at 31st March2020 is summarised in the table below:

	Opening Annual Budget £m	Revised Annual Budget £m	Outturn Actual £m	Outturn Variance £m
Revenue Income	243.47	274.53	274.47	(0.06)
Revenue Expenditure	243.47	274.53	274.37	0.16
Surplus/(Deficit)	-	-	0.10	0.10
Capital Expenditure	3.24	2.53	2.52	0.01

1.1 The Board draft year end outturn position is reporting breakeven based on receipt of the approved brokerage funding of £8.3m.

1.2 Total anticipated capital resources for 2019/20 are £2.53m with an outturn spend of £2.52m.

Section 2: Draft year end outturn 2019/20 Revenue – Income and Expenditure

The following two tables present detailed analysis across individual budget headings on Board income and expenditure; these budgets include agreed adjustment in respect of the Board's COVID mobilisation plan as submitted to Scottish Government.

INCOME ANALYSIS	Opening Base Budget £m	Revised Annual Budget £m	Outturn Actual £m	Outturn Variance £m	Notes
SGHSCD Allocation	201.48	244.42	244.42	-	-
SGHSCD Revenue Brokerage		8.30	8.30	-	Brokerage request has been approved by SGH&SCD Cabinet Secretary
SGHSCD Anticipated Allocations	22.50	-	-	-	No further allocations anticipated
Family Health Services	10.24	11.71	11.71	-	-
External Healthcare Purchasers	3.98	4.16	4.08	(0.08)	Outturn resulting from expected reduction in OATS activity/income over winter
Other Income	5.27	5.94	5.96	0.02	-
Total Income	243.47	274.53	274.47	(0.06)	-

EXPENDITURE ANALYSIS	Opening Base Budget £m	Revised Annual Budget £m	Outturn Actual £m	Outturn Variance £m	Notes
Operational Services Business Units					
Acute Services	58.00	64.69	63.68	1.01	Shortfall in savings offset by medical vacancies projected to year end
Set Aside	22.51	25.38	26.09	(0.71)	Shortfall in savings, surge beds early in the year, agency to cover vacancies
IJB Delegated Services	101.55	115.09	116.52	(1.43)	Shortfall in savings partially offset by vacancies/reduced costs particularly in AHP's & Public Dental Services
Corporate Directorates	29.10	34.53	34.23	0.30	Underspends from vacant posts within Infection Control and Executive Services
External Healthcare Providers	26.13	29.66	28.37	1.29	Over recovery on savings target.
Cost of Capital	4.67	4.74	4.74	-	
Unallocated funding including £1m Contingency	10.17	5.21	0.74	4.47	
Board Non Recurring Efficiency Targets	(8.66)	(5.73)	-	(5.73)	
COVID19 Response					Included in Business Unit spend above and anticipated as income from SG as part of the Boards LMP.
- General	-	0.48	-	0.48	
- Prescribing	-	0.41	-	0.41	
- Undertaken annual leave	-	0.07	-	0.07	
Total Expenditure	243.47	274.53	274.37	0.16	

2.2 The draft year end outturn 2019/20 is an underspend of £0.16m on expenditure budgets.

Section 3: April 2020 Main Business Unit pay costs summary

The reported position on pay costs for the main Business Units for the first month of 2020/21 is £0.21m overspend as detailed in the table below.

Business Unit	2020/21 Pay Budget £m	Pay Expenditure to 30.04.20 £m	Variance YTD £m	Funded Staff WTE	In Post WTE	Additional In Post WTE
Acute Services	47.28	4.05	(0.07)	829.10	890.00	60.90
Set Aside	20.70	1.86	(0.09)	356.86	402.46	45.60
IJB	40.03	3.41	(0.05)	835.30	906.81	71.51
Totals	108.01	9.32	(0.21)	2021.26	2199.27	178.01

Please note the above analysis details the main Business Units excluding Corporate Services.

Section 4: April 2020 COVID related pay costs

COVID related pay costs for the month of April 2020 totalled £0.23m and are included in the above Section 3 Business Unit Summary.

A comparison of the pay budget variance net of COVID related pay costs is detailed as follows.

Business Unit	Pay budget variance April 2020 £m	COVID related pay expenditure April 2020 £m	Pay budget variance excluding COVID related pay spend £m
Acute Services inc. Set Aside	(0.16)	(0.19)	0.03
IJB	(0.05)	(0.04)	(0.01)
Totals	(0.21)	(0.23)	0.02

The above table highlights that operational pay budgets, excluding COVID response related pay costs, are reporting slightly underspend at £0.02m. As noted, this position is incomplete and excludes Corporate Services.

It should be noted that although the performance indicated above suggests an overall breakeven position on pay budgets, this is before any savings mandates and is despite significant decrease in core service activity during the reported period.