

## Borders NHS Board



Meeting Date: 1 April 2021

<b>Approved by:</b>	Andrew Bone, Director of Finance
<b>Author:</b>	Susan Paterson, Deputy Director of Finance
<b>FINANCE REPORT FOR THE PERIOD TO THE END OF FEBRUARY 2021</b>	
<b>Purpose of Report:</b>	
<p>The purpose of the report is to provide Board members with an update in respect of the board's financial performance for the period to end of February 2021 and update to the outturn forecast to end March 2021.</p>	
<b>Recommendations:</b>	
<p>Board members are asked to:</p> <ul style="list-style-type: none"> <li>• <b>Take</b> significant assurance that the board will achieve its financial target (i.e. breakeven) at March 2021.</li> <li>• <b>Note</b> that the board is reporting a small underspend for the eleven months to 28<sup>th</sup> February 2021.</li> </ul>	
<b>Approval Pathways:</b>	
<p>Budget managers received Financial Statements for 2020/21 to the end of February on Tuesday 9<sup>th</sup> March 2021. This report was presented to BET on Tuesday 30<sup>th</sup> February 2021.</p>	
<b>Executive Summary:</b>	
<p><b>SECTION 3</b> presents summary of the board's financial performance for the eleven months to end February 2021. The board is reporting a small underspend of £0.12m for this period. This reflects the confirmation of additional resources to support COVID19 and the board's non-delivery of savings targets. As a result of this position, the board will no longer require brokerage support in 2020/21.</p> <p><b>SECTION 4</b> summarises expenditure incurred in response to Covid19 pandemic. Total expenditure incurred to date across delegated (health) and non-delegated functions is £10.9m. This includes an element of expenditure offset against the board's core financial performance.</p> <p><b>SECTION 5</b> provides update on financial risk. There are no new risks highlighted as a result of the issues described in the report.</p>	
<b>Impact of item/issues on:</b>	

<b>Strategic Context</b>	Impact on statutory financial targets.
<b>Patient Safety/Clinical Impact</b>	No issues identified within the report.
<b>Staffing/Workforce</b>	As described in the paper.
<b>Finance/Resources</b>	As described in the paper.
<b>Risk Implications</b>	Risks are covered in the report.
<b>Equality and Diversity</b>	Compliant with Board policy requirements.
<b>Consultation</b>	N/A
<b>Glossary</b>	<ul style="list-style-type: none"> <li>• Acute Services includes General Surgery, Orthopaedics, Theatres And Critical Care, Obstetrics and Gynaecology, Paediatrics, Outpatients, Cancer Services, Diagnostics, BGH Pharmacy, Community Nursing, Planned Care</li> <li>• Set Aside includes General Medicine, Medicine for the Elderly, Accident and Emergency</li> <li>• IJB Directed Services includes Mental Health, Learning Disability, Allied Health Professionals, Family Health Services, External Providers, Social Care Fund, Integrated Care Fund</li> <li>• Corporate Directorates includes Executive Directorates, Estates and Facilities</li> <li>• External Healthcare providers includes Other NHS Scottish Boards, OATS, Private ECRs &amp; Grants</li> </ul> <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>AOP - Annual Operational Plan</p> <p>UNPACS - Unplanned Activity</p> <p>SLA - Service Level Agreement</p> <p>ECR - Extra Contractual Referrals</p> <p>OATS - Out of Area Treatments</p> <p>CCG - Clinical Commissioning Group</p> <p>DME - Department of Medicine for the Elderly</p> <p>ASDU - Area Sterilisation and Disinfection Unit</p> <p>PCIP - Primary Care Improvement Plan</p>

# FINANCE REPORT FOR THE PERIOD TO THE END OF FEBRUARY 2021

## 1 Purpose of Report

- 1.1 The purpose of the report is to provide Board members with an update in respect of the board's financial performance for the period to end of February 2021 and update to the outturn forecast to end March 2021.

## 2 Recommendations

- 2.1 Board Members are asked to:

2.1.1 **Take** significant assurance that the board will achieve its financial target (i.e. breakeven) at March 2021.

2.1.2 **Note** that the board is reporting an underspend position for the eleven months to 28<sup>th</sup> February 2021.

## 3 Summary Financial Performance

- 3.1 The board's financial performance as at 28<sup>th</sup> February 2021 is a small underspend of £0.12m. This position is summarised in Table 1, below.

*Table 1 – Financial Performance for eleven months to end February 2021*

	Opening Annual Budget £m	Revised Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
Revenue Income	254.84	292.26	263.26	263.07	(0.19)
Revenue Expenditure	254.84	292.26	260.53	260.22	0.31
<b>Surplus/(Deficit)</b>	<b>0.00</b>	<b>0.00</b>	<b>(2.73)</b>	<b>(2.85)</b>	<b>0.12</b>

- 3.2 As previously reported, the board has now received a second tranche allocation in respect of COVID19. This allocation is in line with forecast expenditure and as such it can now be confirmed that all COVID19 related expenditure is fully funded in 2020/21. As at period 11, a total of £8.02m has been released against the year to date performance, matching expenditure identified.
- 3.3 Core operational performance is £6.76 under spent after eleven months. This represents an improvement against forecast and is reflective of the continued trend in reduced activity within services, with under spends attributable to a reduction in supplies expenditure together with an emerging level of vacancy within core services.

3.4 Efficiency targets required to achieve the agreed year-end financial outturn have been included in Business Unit reporting. A shortfall of £6.68m is reported in the year to date performance. This is in line with projected slippage with the final forecast position estimated at £7.4m. Additional support against non-delivery of savings is included within the additional allocation for COVID19 and this funding is released on a phased basis for the year to date in order to achieve the reported performance in month 11.

### 3.5 Financial Performance – Budget Heading Analysis

#### 3.5.1 Income

3.5.2 Table 3, below, presents analysis of the board's income position at end February 2021.

*Table 3 – Income by Category, year to date Apr-Feb 2020/2021*

	Opening Annual Budget £m	Revised Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
<b>Income Analysis</b>					
SGHSCD Allocation	212.97	275.93	247.08	247.08	0.00
SGHSCD Anticipated Allocations	22.24	(8.09)	(5.86)	(5.86)	0.00
Family Health Services	10.24	14.33	13.47	13.47	0.00
External Healthcare Purchasers	4.12	4.25	3.91	3.42	(0.49)
Other Income	5.27	5.84	4.66	4.96	0.30
<b>Total Income</b>	<b>254.84</b>	<b>292.26</b>	<b>263.26</b>	<b>263.07</b>	<b>(0.19)</b>

#### 3.5.3 Operational performance by business unit

3.5.4 Table 4 describes the financial performance by business unit at February 2021.

*Table 4 – Operational performance by business unit, year to date at Feb 2021*

	Opening Annual Budget £m	Revised Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
<b>Operational Budgets - Business Units</b>					
Acute Services	55.51	65.11	59.73	57.08	2.64
Acute Services - Savings Target	-	(2.13)	(1.95)	-	(1.95)
Acute - COVID19	-	2.46	2.46	2.47	(0.01)
<b>TOTAL Acute Services</b>	<b>55.51</b>	<b>65.44</b>	<b>60.24</b>	<b>59.55</b>	<b>0.68</b>
Set Aside Budgets	22.69	26.59	24.22	24.20	0.02
Set Aside Savings	-	(1.09)	(1.00)	-	(1.00)
<b>TOTAL Set Aside budgets</b>	<b>22.69</b>	<b>25.50</b>	<b>23.22</b>	<b>24.20</b>	<b>(0.98)</b>
IJB Delegated Functions	103.10	128.22	110.40	108.94	1.47
IJB – Savings	-	(4.74)	(4.35)	-	(4.35)
IJB COVID19	-	2.20	2.20	2.20	-
<b>TOTAL IJB Delegated</b>	<b>103.10</b>	<b>125.68</b>	<b>108.25</b>	<b>111.14</b>	<b>(2.88)</b>
Corporate Directorates	30.14	38.55	32.94	32.39	0.55
Corporate Directorates Savings	-	(0.49)	(0.45)	-	(0.45)
Corporate COVID19	-	3.36	3.36	3.36	-
<b>TOTAL Corporate Services</b>	<b>30.14</b>	<b>42.42</b>	<b>35.85</b>	<b>35.75</b>	<b>0.10</b>
External Healthcare Providers	28.26	29.77	27.38	25.30	2.08
External Healthcare Savings	-	(0.55)	(0.50)	-	(0.50)
<b>TOTAL External Healthcare</b>	<b>28.26</b>	<b>29.22</b>	<b>26.88</b>	<b>25.30</b>	<b>1.58</b>
<b>Board Wide</b>					

	Opening Annual Budget	Revised Annual Budget	YTD Budget	YTD Actual	YTD Variance
Depreciation	4.67	4.67	4.28	4.28	-
Planned expenditure yet to be allocated	12.03	12.35	3.67	-	3.67
Financial Recurring Deficit (Balance)	(1.56)	(12.02)	(8.98)	-	(8.98)
Unallocated - Savings Delivery	-	-	0.92	-	0.92
Savings offsets	-	-	6.20	-	6.20
<b>Total Expenditure</b>	<b>254.84</b>	<b>292.26</b>	<b>260.53</b>	<b>260.22</b>	<b>0.31</b>

3.5.5 COVID19 expenditure is offset by release of SG funding in line with individual business unit expenditure.

3.5.6 **Acute services.** Within the core performance there is a £1.0m under spend on theatre supplies, predominantly in relation to Orthopaedic implants. Other areas of underspend include haematology medical staff vacancies and diagnostic staff vacancies. This position remains in line with previous months. As anticipated the level of under-spend is reduced below the levels previously reported, and it is expected that this trend will continue in March 21 as services begin to progress towards remobilisation.

3.6 **Set Aside.** The set aside budget includes under spend due to vacancies and supplies within DME wards. As previously reported, this reflects the reduction to overall bed capacity due to social distancing measures.

3.6.1 **IJB Delegated.** There is ongoing under-spend across all areas (primary and community, mental health) linked to both vacancies and reduced activity. Although there is active recruitment to vacancies in this area, it is expected that this position will continue to March 2021 as a result of recruitment challenges and prioritisation of staffing resources to Covid19 related activities.

3.6.2 **External Healthcare providers.** Reduced activity with NHS Lothian and cross border patients is offset by an increase in expenditure against Mental Health and Learning Disabilities placements. The reduced activity profile in cross boundary SLAs is expected to be non-recurring however there is a risk that additional expenditure relating to high cost out of area placements may result increased expenditure over the medium to long term. A full review of forecast expenditure will be undertaken in advance of the preparation of the board's three year financial plan (summer 2021).

#### 4 Covid19 Expenditure

4.1 Table 5 summarises expenditure reported through the Local Mobilisation Plan template, as reported to Scottish Government. This position is presented in relation to non-delegated and IJB delegated functions (NHS element only).

Table 5 – Covid19 expenditure by category, YTD to end February 2021

	Apr-Jun £k	Jul-Sep £k	Oct-Dec £k	Jan-Feb £k	YTD £k
Infection Control	260	140	86	47	<b>533</b>
Public Health	220	368	408	1,028	<b>2,023</b>
Workforce	1,473	1,053	85	39	<b>2,650</b>
Infrastructure	500	553	461	432	<b>1,946</b>
Capacity - NHS	1,463	339	507	868	<b>3,178</b>
Capacity - 3rd Parties	0	0	10	0	<b>10</b>
Community Hubs	22	17	36	7	<b>82</b>
Mental Health	88	43	13	47	<b>191</b>
Delayed Discharges	160	106	23	12	<b>301</b>
NHS Remobilisation	0	0	38	1	<b>39</b>
Other NHS	153	78	35	29	<b>296</b>
Other H&SC	6	5	61	28	<b>101</b>
Winter Planning	0	0	367	733	<b>1,100</b>
Direct Offsets	(1,520)	0	0	0	<b>(1,520)</b>
<b>Grand Total</b>	<b>2,826</b>	<b>2,704</b>	<b>1,777</b>	<b>3,721</b>	<b>10,930</b>

- 4.2 Funding released to date against this position is £8.02m where costs are directly identified within the reported position. The balance of expenditure is embedded within core operational performance and is netted against this position. This position continues to be reviewed against the board's projected outturn position and does not present a risk to the breakeven position noted above.

## 5 Key Risks

- 5.1 There are no new risks arising from the position described in this report.
- 5.2 The financial risk arising from uncertainty around timescales in relation to the delivery of covid19 vaccination, remobilisation of services, and overall resource impact of covid19 (including continued slippage on core expenditure and delivery of savings) is considered in the board's financial plan for 2021/22.
- 5.3 The Board's overall financial risk is described in the strategic risk register in relation to the ongoing challenge in delivering financial breakeven (risk 1589). No adjustment to these risks is required as a result of the issues described within the paper.

## Appendices

There are no appendices to this report.