**NHS Golden Jubilee**

**(Also known as The National Waiting Times Centre)**

**3 Year Financial Plan 2025-26 to 2027-28 Key Assumptions**

**NHS Golden Jubilee Three Year Financial Planning**

The NHS Annual Delivery Plan for 2025/26 recognises that the NHS remains in a challenging position with many Health Boards reporting deficit positions and the overall financial landscape across NHS Scotland presenting unprecedented challenges. Whilst services begin to redesign and recover with improved ways of working, it will still take time to return to a more financially balanced system across Health and Social care.

With the opening of the new Surgical Centre, NHS Golden Jubilee University Hospital is in a unique position to support these challenges across Scotland as a whole, proving increased capacity and excellent care to our partner Health Boards across NHS Scotland.

**General approach to allocations – 2025-26 and beyond**

During 2023-24 and 2024-25 work began to provide Heath Boards with more clarity regarding their funding by assessing whether their existing allocations were appropriate for either baselining and/or bundling. The primary objective was to assess the allocations that can be added to the Health Boards’ baseline funding. Where baselining allocations were not appropriate, Policy Teams have been tasked with reducing the number of allocations into ‘bundles’ that can be provided to meet a broad range of outcomes.

During 2024-25, 80% of allocations (by value) were provided to Boards by Quarter One to provide greater certainty on available funding. This was not the case with the GJUH, where only 51% (£88m of £175m) was received by the end of Quarter One. Work on reviewing allocations will continue into 2025-26.

It remains Scottish Government’s (SG) intention to provide Health Boards with increased certainty and flexibility of funding to support them in managing their financial positions.

Health Boards are asked to assume allocations will be provided in line with the 2024-25 allocation levels and should not assume any new funding unless that has been formally communicated by policy areas for 2025-26.

Specific Funding Assumptions

SG has set provided guidance on specific funding assumptions within their Financial Planning Guidance document.

This informs Health Boards around the approach to assumed allocations relating to the following:-

* New Medicine Funding – an increase to anticipated funding to £250m
* Children’s Hospice Associate Scotland (CHAS) - £9m
* CNORIS contributions - £80m
* Pay Funding - For consistency within financial planning, costs associated with 2025-26 pay uplifts beyond 3% provided for in baseline funding in budget and Agenda for Change reform costs (associated with the 2023-24 AfC pay awards) are not to be included in the body of the planning template.

For in-year allocations pressures in relation to 2025-26 pay awards are not to be included as funding will be worked through in-year.

* Inflationary increases as set out in the table below.

The Corporate Finance Network commissioned the Finance Liaison Group with identifying appropriate uplift assumptions for financial planning purposes in 2025-26 and beyond.

There is a degree of volatility in the cost base therefore given this uncertainty, all health boards were asked to consider the application of sensitivity analysis as part of Financial Plan preparation.

The table below sets out some key areas of uplift to consider as a health board when assessing the Financial Plan for next year.

|  |  |  |
| --- | --- | --- |
| **Resource** | **Uplift Value** | **Notes** |
| Baseline Uplift | 3% | NHS Health Boards will receive a 3% uplift on baseline funding in 2025-26.  This is to meet the expected costs of the 2025-26 pay deal in line with public sector pay policy, with pay remaining fully funded, and provides a 3% uplift for non-pay to support inflationary pressures. Please assume this value of uplift in each of the three years. |
| SLA uplift | 3% | The 3% assumption reflects the non-pay baseline uplift. Please assume that all allocations made on NRAC would also be factored into total SLA calculations, moving this figure above 3%. Please assume this value of uplift in each of the three years. |
| Energy & Water | -19% | For energy prices for Gas, Electricity and Water there are significant reduction in both Electricity and Gas, alongside a projected 5% increase in Water charges.  Taking this all into account we are looking at a 19% reduction net across the 3 areas in 2025-26. |
| Prescribing | 10% | Prescribing costs are expected to remain high across both primary care and acute. Health Boards should anticipate a 10% cost increase in 2025-26. |
| Rates | 5% | Initial information from rates advisors is of increases of circa 5%. Based on RPI plus 2%. Health Boards are required to follow up locally. |
| PFI | Board calculated | Health Boards will, again, be required to make their own assessment of growth, based on the arrangements for measuring annual growth in charges – likely RPI or CPI. At September 2024, RPI stood at 3.5% with CPI being 1.7%. |
| Other non-pay | 2.2% | Following a period of significant uncertainty and movement, inflation appears to have returned to a more stable position.  CPI is currently 1.7% (September 2024) down from a peak of 6.7% in Aug 2023. OBR (March 2024 forecast) suggests circa 2.2% for 2024 with a further potential reduction to 1.5% in 2025. Bank of England (August 2024 forecast) suggests circa 2.75% for 2024. There is a risk that a widening conflict in the middle east may cause inflation to increase. |

This three-year Financial Plan identifies the key points from the wider Scottish Government context as defined within the Health and Social Care Delivery Plan that relate specifically to NHS Golden Jubilee and the financial assumptions and impact of these over the next three years.

In addition, the Financial Plan identifies investment to transform the way our healthcare services are provided, support transformational recruitment, training and development and to meet the changing needs of the future.

**Other Funding Assumptions**

* All Other NHS Boards SLA uplifts, due to NHS GJ, are subject to the Corporate Finance Network (CFN) SLA inflationary uplift agreement. As per SG Guidance an uplift of 3% has been assumed in the Financial Plan at this moment in time, until further clarity on non-pay and pay inflation has been communicated by SG.
* The current marginal tariff for elective activity contained in the ADP has been used at current 2024/25 rates, uplifted by 3%. Further discussion is required in agreeing how a revised National Tariff may be applied to GJUH’s additional capacity above Core level of activity.

In addition to the above WTIP funding, the following financial allocations have been assumed following continued dialogue with Scottish Government Health Finance and Policy Team. The Financial Plan submitted assumes a cost neutral funding and revenue approach for:

* + Centre for Sustainable Delivery - £10.4m
  + NHS Scotland Academy - £1.7m (GJ element only with NES including the balance of their share in their own Financial Plan)
  + Phase 1 NTC Expansion - £3.7m workforce (currently held as earmarked recurring allocation)
  + Phase 2 NTC Expansion - £22.2m workforce (This is the funding relating to staff recruited by 31 March 2025) and funding for Utilities and Rates for the new Surgical Centre of £1.5m.

**2025/26 Pay award uplift**

The planning guidance from SG has provided a clear assumption that Health Boards are to assume that the pay award will be funded in full by Scottish Government when agreed. This is of particular concern to the GJUH funding assumptions, given such a large proportion of the RRL is currently not included in the recurrent baseline funding.

In addition, 60% of the uplift for Employers’ National Insurance Contributions will be funded directly by Scottisg Government with further funding to be agreed for the remaining 40% balance (likely to be split between 60% direct funding and 40% from a SG sustainability fund and SLA uplifts with Territorial Boards).

**Remobilisation, Recovery and Redesign Plan**

As detailed within the Scottish Government Financial Planning Process, the Annual Delivery Plan **(**ADP) return has been refreshed for a full three-year plan position.

**Annual Delivery Plan (ADP)**

The Financial Plan is aligned with the latest ADP.

**Golden Jubilee Conference Hotel**

The Hotel is currently reviewing its business model to ensure it remains competitive in an ever increasing challenging market. Income is assumed to be 3% above 2024/25 Financial Plan levels, with future years’ growth planned at 5%.

However, the final financial position of the Hotel remains in significant deficit and this will require continued work within the Board and potentially with Scottish Government colleagues around the role and purpose of the Hotel within NHS Scotland and the optimum operating and strategic direction of the facility.

**Elective Treatment Centre**

This funding assumes a cost neutral position, matched to the ADP activity plan assumptions and also aligns with the original Phase 1 and Phase 2 Full Business Case position (including the impact of the 2 additional Endoscopy rooms).

Phase 1

All staff have now been recruited to with the exception of the remaining consultant staff. The Division continues to work innovatively in filling current vacancies with temporary staffing. The Financial Plan assumed the remaining balance of the business case of £3.7m will be funded in full.

Phase 2/New Surgical Centre

In relation to Phase 2 NHS GJ Surgical Centre expansion, this has been reviewed based upon recruitment that has been undertaken during the last few years, with confirmation of recruitment to the end of 31 March 2025. Any further recruitment in 2025-26 will be assumed to be funded in full.

Discussions with the SG Sponsorship team has shared the current FYE of 2024-2025 recruitment (including recruitment in the last Quarter of the financial year) as £4.5m. This is on-top of the funding relating to staff in post prior to April 2024 of £16.1m.

With regard to the associated marginal tariff funding for Phase 2, SG have confirmed that all Territorial Boards with confirmed allocations with the GJUH will be top-sliced for their relevant share of the core level of activity in 2025-26. The balance of funding relating to the additional capacity from the new Surgical Centre will be funded directly by SG.

**Energy Decrease**

Whilst the SG planning guidance assumes a 19% reduction in 2025-26, discussions with internal Estates and Facilities staff suggest this will be phased and the reductions may take time to be fully integrated into the energy supply. In this case the GJUH has assumed a slightly lower reduction of 15% in the Financial Plan (a net reduction of £1.1m).

**Income, Cost and Efficiency Savings**

Following the update to the Financial Plan and based upon the areas identified above, the efficiency savings programme for 2025-26 has been revised and updated to £8.358m ~3% as detailed in the table below.



* Appendix A provides further breakdowns of both Funding and Income and Expenditure details contained in the plan

The production of the Financial Plan is multifactorial and the main drivers behind the £8.36m financial gap and resulting efficiency savings target required to support a break-even position are noted below and remain the same drivers as at January 2025;

* Non-Pays Inflation - £2.7m
* Service Pressures - £3.8m
* Medicines cost pressures - £0.5m
* Ongoing Developments (Digital/HEPMA) - £2.2m
* Offset with Energy reductions – (£1m)

This financial position presents the most reasonable case based on all information known to NHS Golden Jubilee at this time.

The overall 2025-26 gap remains within a tolerance experienced in recent years, and whilst the recurring/non-recurring element of achievement will require further work, this is a value which was previously achieved in recent years to provide a breakeven outturn. Although, from a risk perspective it is worth noting again that only a 3% uplift on recurrent baseline has been provided by the Scottish Government to support inflationary pressures at this time.

## Key Risks

## The challenging position facing NHS Scotland over the course of the next 3 years reflects the increasing inflationary pressures seen across all Boards.

The following is a list of the key assumptions and potential risks within the Financial Plan:-

* Inflationary pressures above assumptions in the plan – most notably SG guidance suggests a 19% reduction in Energy costs. The phasing and introduction of this real terms reduction is unclear and local modelling suggests the lower figure of 15% used in this Financial Plan.
* Agreement of SLA income with NSD and West of Scotland Boards to fund the ADP and inflationary pressures for HLD ADP as well as the additional growth in TAVIs to be funded by SG.
* Related to this is the delivery of activity beyond the funding agreed in these SLAs as well as the NES activity plan.
* Funding of Pay inflation assumed to be cost neutral.
* Increase in Employers National Insurance Contributions to be funded at 60% directly by SG with the remaining 40% still to be agreed but likely to be sourced from a combination of SLA uplifts and SG Sustainability fund ~£1.7m risk.
* Confirmation of funding for Phase 1 and Phase 2 costs – especially the increase in Rates and Utilities for the new Surgical Centre.
* Delivery of Efficiency Plan in full to achieve a Breakeven position.

## Capital Planning 2025-26 to 2029-30

The capital planning process within NHS Golden Jubilee is now well established with a Core Capital Group meeting monthly to review the approved capital plan and a strategic Capital Programme Group meeting bi-monthly to review changes in-year.

**Summary 5 year Capital Plan detail by area 2025-26-2029-30**

Following detailed discussions with SG regarding the expected capital support from 2025-26 onwards the capital plan for the next five years is included below.



The 2025-26 and 2026-27 through to 2027-28 funding for Phase 2 is still subject to the current review of the cost advisor’s final cost report and the Health Finance Capital Team are aware that the current position is indicative only at this stage. This position will be clarified in the coming weeks for the split of funding between the next 3 years.

The plan is based on the planned replacement of equipment at the end of life, known developments from e-Health and Property. Any movement from the submitted plan will be discussed at the Capital Group as required.

As can be seen from the table above the confirmed Core Capital Resource Limit of £2.691m is well below the requirements envisaged by the Capital Group over the course of the next 5 years. Due to the number of expansions undertaken by the Board at the request of SG, the volume of items that require to be replaced on an annual basis has increased year on year since 2008; when the Heart and Lung Centre opened whilst the corresponding CRL has remained constant at £2.691m.

Over recent years the Board has endeavored to cover the increased in-year cost for planned equipment replacement using additional funding from the Scottish Government if available. However it is recognised that this is not sustainable in the longer term, particularly with the elective centre development and any future expansion. A case requires to be made by NHS Golden Jubilee to Scottish Government that the formula capital should be increased given the significant increase in footprint of the hospital and the requirements to ensure that the significant investment made by Scottish Government is well maintained in both the short and medium terms.

**Non-core funding associated with capital plan**

The non-core funding associated with the elective center work, namely:

* Deprecation
* Impairment
* IFRS implication

The funding for impairment and depreciation for the building has not currently been finalised for the building works as this will be dependent on the value of impairment on completion which will not be known until March 2025 for Phase Two Surgical Centre new build. NHS Golden Jubilee staff will meet with our Valuers to discuss likely impairment levels for Phase Two works completed to date. It is expected this will be resolved in 2024-25 and will not be factored into this revised 3 year Financial Plan.

The depreciation for the equipment will be updated following the actual procurement of the items which is phased for both projects. We will not know the associated depreciation for the building until competition of the project and the valuation has been undertaken.

The non-core funding associated with the implementation of IFRS 16 is as submitted in the return to SG.

**Appendix A – Breakdown of Total Income and Expenditure within the Financial Plan**

**TOTAL INCOME**



**Appendix A – Breakdown of Total Income and Expenditure within the Financial Plan**

**TOTAL EXPENDITURE**

