**Golden Jubilee Foundation (also known as National Waiting Times Centre Board)**

**Financial Plan 2018/19**

**Golden Jubilee Foundation**

Financial Planning is an integral part of the Annual Operational Plan (previously the Local Delivery Plan - LDP) process. The Board submitted the draft Annual Operational Plan to Scottish Government on the 28th February 2018. SG also requested a draft financial plan by the 9th March, and final plan by the 31st March 2018. This paper describes this draft financial plan. Whilst the financial plan is for 2018/19 only it also provides significant finance issues and implications over the next 3-5 years.

The Health and Social Care Delivery Plan sets out the actions to reform and further enhance health and social care services and the commitment that more than half of frontline spending will be within community health services by the end of parliament. This financial plan recognizes the key points within the Health and Social Care Delivery Plan that relate specifically to the Golden Jubilee and the financial assumptions and impact of these over the next five years.

The NHS in Scotland is 70 years old in July 2018. In the intervening decades the range of services, demand increase and demographic of the health population and the challenges this brings are now evident. In particular the challenge of an ageing population means that we need to deliver reform and change in the way that the NHS delivers care and supports the workforce. The financial plan acknowledges that we need to prioritise investment in changing the way our healthcare services are provided to meet the needs of the future and delivering the 2020 vision. Specifically for this Board and reflected in this five year financial plan is the:

* Plans and financial assumptions to deliver the earmarked investment to deliver new elective treatment capacity and expand the Golden Jubilee National Hospital
* Financial planning assumptions to ensure we continue to lead the elective model of service and with resources in place to enhance this with best practice developments from across the globe
* Requirement to build on the Golden Jubilee vision of leading quality, research and innovation and describe how we maximise this to deliver a balanced financial plan over the next five years
* Adopting a ‘Once for Scotland’ approach and collaboration with other National Boards (and Territorial Boards and Regions) to identify ways to standardise and share services
* Recognition that we are a national resource, and how we can support other NHS Boards and Health and Social Care Partnerships to deliver their objectives
* Recognition that we are a significant employer for the local area in West Dunbartonshire and working with West College Scotland, West Dunbartonshire Council and other third sector providers on how we can maximise employment and economic growth in the local area how working together we can generate potentially efficiencies across a range of service sectors
* Consider our workforce assumptions and challenges and how we can maximise these to deliver a safe, effective and efficient delivery model

**Financial Planning**

There is recognition that within the Health and Social Care Delivery Plan, the requirement for establishing strong and effective regional planning and delivery is a fundamental aspect of this plan. North, West and East of Scotland Regional Delivery plans parallel with the National Boards Delivery plans are all in progress for first draft submission by 31 March 2018. Given the timing of this plan (a at 9th march) the financial implications of these have not been fully confirmed however, any investment and redesign plans are assumed cost neutral at this stage.

Our Board Annual Operational Plan will set out the practical steps we are taking to ensure we are prepared to fully support outcomes of both Regional and National planning and the delivery of services during 2018/19. Financial planning to support this is vital and financial plan describes the financial assumptions in how we achieve this principally in 18/19 and then 3-5 years thereafter..

The Board is required annually to complete financial templates setting out planned performance against key financial targets and outlining trajectories for financial performance and efficiency savings. This is incorporated within this plan and the templates attached as an appendix. These templates are used as performance monitoring of Board financial trajectories and plans by Scottish Government and reported monthly to Board, Senior Management Team, the Performance and Planning Committee and the Partnership Forum.

Monthly performance reviews and assessments of the agreed financial plan will continue to be based upon the Monthly Financial Performance Returns and reported and scrutinised by the Board and the Senior Management Team. Internal reporting development ensure the efficiency savings retained by the Board for reinvestment are clearly distinctive from the Board contribution to the £15m target to ensure no ‘double counting’.

Delivery of the Annual Plan and the financial plan is based on the planned achievement of all three key financial targets including revenue outturn, capital outturn and efficiency savings. Continuing to drive high quality care and increased productivity within a tight financial environment remains a significant challenge and how we plan to achieve this is described in this plan.

In addition to the completion of the financial templates, the financial plan will also provide detail of the following:

1. A review of the financial year 2017/18
2. The key finance issues for the Board over the next five years, considering the ongoing financial pressures this includes specific sections on the development of the Golden Jubilee Elective Centre expansion, the Board contribution the £15m target and the requirement to deliver ongoing sustainability and value
3. The efficiency and productivity work plan required to deliver the finance targets over the next five years
4. The workforce challenges and opportunities over the next 5 years
5. Details of the proposed five year capital plan reflecting the 2020 vision and requirement to increase elective capacity
6. A summary including the key risks
7. Completion of the financial templates in line with the financial planning guidance issued.

## 1. Review of Financial Year 2017/18

The Board is forecasting achievement of a break-even position at year end in line with our 2017/18 financial plan. The Board continues to deliver a very demanding efficiency savings agenda and over the years have successfully achieved or delivered in excess of our targets.

The planned outturn for 2017/18 has been achieved by the delivery of efficiency savings, as at month 9, in the region of £4.56m against a target of £4.5m. This reflects the continued challenging financial environment and the need to remain focused on how we can deliver our services in a new, more efficient model whilst maintaining our high quality.

The key cost pressures identified during 2017/18 are as follows:

* High usage of waiting list initiative payments covering both hard to fill vacancies and absences
* Increased costs of nursing through pressures in supplementary staffing including overtime, bank and excess particularly in our Regional and National Services Division.
* Costs due to cancellations in cardiac surgery and increased Cardiology demand within our busy Cath Labs
* Increased costs in consumables due to case mix changes and impact of increasing complexity and patient acuity

These continue to be a theme throughout this plan, with proposals whilst, in early planning stages, to manage these going forward.

## Income

As at month 10 the Board is predicting a fairly stable income position with all variation known and accounted for with relatively low associated risk.

## SLA Income (waiting times work from other Health Boards)

Work to establish this as ongoing sustainable activity has been delivered through securing a 3 year financial and activity commitment as compared to the previous annual process. This is now in place with the 2016-2019 three year contract process in final completion and has worked well within the Board.

During 2017/18 we continue to use the benefits of this model to support Health Boards through delivering increased capacity at weekends within General Surgery and over the last quarter of the financial year within Endoscopy. A further bid to support additional capacity has been completed for 2018/19 and is described further within this plan.

## Capital Planning Process

The total capital allocation for 2017/18 is £7.824m including an agreed in year revenue to capital transfer of £1.6m which increased the formula Capital allocation to £4.291m.

The final split is as shown below and it should be noted that with agreement from SGHSCD we are moved £467k from capital stimulus funding in year to the elective centre programme. In 2018/19 this will be realigned to the capital stimulus monies to contribute to the planned second CT (subject to final business case) and to the ophthalmology project- expansion Phase 1.

|  |  |
| --- | --- |
|  | **Allocation**  **£’000** |
| Formula capital | 4,291 |
| Capital Stimulus | 2,816 |
| Elective Centre | 717 |
| **Total** | **7,824** |

We continue with our existing capital planning process and a capital group is established meeting fortnightly to consider the capital requirements to meet the Boards strategic planning objectives, discuss proposed capital projects and approve and monitor capital expenditure. We have continued to enhance this process with the creation of a dedicated medical equipment group, which is a multidisciplinary group involving clinicians in the prioritisation of equipment purchase and replacement programme. The group links decisions on equipment procurement to clinical priorities and risks.

In support of the capital planning process a short life working group has been developed to progress a Capital Assets Life Strategy review for consideration and approval by the Board. The work of the short life working group reviewing asset lives has split the asset base for the Board into detailed categories:

* Medical Equipment – this has been further broken down into functional areas:
  + Ultrasound
  + Imaging, inc cath labs
  + Montitoring
  + Other (infusion devices, anaesthetice machinses etc.
* Plant related to property
* IM&T assets.

Each area is being reviewed using a risk based approach to determine the replacement plan for each grouping. This work will inform future equipment replacement programmes.

In addition in conjunction with the above work each piece of equipment that is presented to the capital group for approval is subject to an appraisal of the need to replace at this point.

The 2017/18 capital plan is currently forecasting a break-even position. This is subject to an element of the capital stimulus money being deferred into 2018/19 which will contribute to the proposal to install a 2nd CT scanner at the Board.

## 2. Key Finance issues for 2018/19 and beyond

The table below is as presented in previous years and updates and highlights the continuing key financial pressures/issues identified against these themes. The cost implications of these have been incorporated where possible within the five year financial plan. In line with previous financial plans any significant risks associated with these assumptions are described in the risk management strategy.

|  |  |
| --- | --- |
| **Theme** | **Finance issues** |
| Achievement of operational delivery plan | * Absence management * Delivery of the e-health strategy * Healthcare Associated Infection and development associated with this * Workforce planning * Sustainability * Shared Services * Reduction in costs as part of National Boards collaboration * Regional Delivery planning support |
| Income Issues | * Review of SLA income to incorporate case mix changes * Working with Boards to develop see and treat and direct referrals * Regional Heart and Lung pressures * Investment in Research & Development programme |
| Pay related issues | * Agenda for change specifically the ongoing financial impact of incremental drift and the impact of unsocial hours * Review of medical staffing arrangements and use of waiting list initiatives * Impact of change in pension rates * Impact of any 24/7 working * Cumulative Impact of the band 1 review * Impact of the removal of pay policy cap * Impact of Nationally applied Apprenticeship Levy |
| Activity issues and case complexity | * Capacity Utilisation * Regional planning assumptions * Impact of National Clinical Strategy * Case complexity issues and ageing population * Development of increasing elective capacity |
| Efficiency savings | * Divisional specific efficiency plans * Benchmarking reviews * Board wide redesign and innovation initiatives * Sustainability and Value workstreams |
| Golden Jubilee Hotel strategy | * Implementation of 2020 strategy * Economic climate |
| Infrastructure and Capital Planning issues | * Development of 5-10 year capital plan * Equipment replacement programme including increase in maintenance contracts * Development of medical equipment strategy * Review of asset lives * Impact of revised IFRS 16 regarding leases * Golden Jubilee masterplan and expansion plans |

Further narrative below has been provided for some specific areas which are more likely to have a significant impact on the financial strategy, namely:

1. **The role of the Board in supporting the Territorial Boards in delivering their efficiency and productivity plans**
2. **Workforce planning issues and ongoing pay pressures**
3. **Financial assumptions from the development and plans for the Golden Jubilee elective centre hospital expansion**
4. **Continued expansion of waiting times work including the short-medium term initiatives before the new elective treatment centre is opened**
5. **The implementation of the Golden Jubilee Hotel 2020 strategy and the financial implications including risks and opportunities to deliver this**
6. **The financial implications of the Board Research Strategy**
7. **Implications of delivering the Board eHealth Strategy including national and regional developments**
8. **The implications of pharmacy developments and implementation of the national effective prescribing programme**
9. **The continued development of the Boards role in leading and supporting innovation**
10. **The actions by the Board in response to the Sustainability and Value programme**
11. **The assumptions on the once for Scotland approach for the Special Health Boards and the impact on the Board contribution to the recurring £15m target**
12. **Structural Heart Disease Programme**
13. **Introduction of Robot Assisted Thoracic Surgery**
14. **Finance Vision and Values in supporting the delivery of this plan**

**(a) The role of the Board in supporting the Territorial Boards and other Special Boards in delivering their efficiency and productivity plans**

The Board continues to acknowledge its national status in supporting Territorial Boards and indeed other National Boards in delivering their efficiency and productivity agenda.

This is delivered through continued investment in both quality and cost saving initiatives and additional capacity initiatives that will maximise the use of the Golden Jubilee facility.

Specifically this includes

* Redesign of our patient pathways for both Orthopaedics and Ophthalmology resulting in a cash releasing benefit of £1.7m per annum for boards referring patients to the Golden Jubilee in 17/18. We have commenced work on patient level costing to improve quality, planning and remove unnecessary variation and would anticipate further price reduction over the next few years.
* Additional out of hours and weekend activity for Radiology services currently delivered ‘free of charge’ to all Health Boards
* Additional MRI capacity generated in 2017/18, funded by both the Board and Scottish Government to increase MRI capacity on an annual basis by 5,000 scans per annum, with a total of 2858 scans planned for 2017/18.
* Internal investment in a Radiology and Theatre Academy that delivers in- house training and accreditation for ‘hard to fill’ clinical posts. This model is being tested on a once for Scotland basis and could be rolled out across other Boards crucially this model avoids the Golden Jubilee recruiting ‘hard to fill posts from other NHS Boards
* The roll out of the efficient model of care for ophthalmology with increased productivity for medical staffing resources. In addition the ongoing redesign of the orthopaedics pathways with a reduced length of stay
* The implementation of the NSTEMI project in 2016/17 and further roll-out in 17/18 which saves for the West of Scotland a total of 5,000 bed days creating additional capacity to deal with their increasing emergency admissions and;
* Developing a strategy to provide solutions for structural heart disease including the implementation of the Transcatheter Aortic Valve implantation (TAVI) procedures at the Golden Jubilee from April 2018. This will improve the patient pathway for West of Scotland patients and avoid the unnecessary duplication of tests and outpatient appointments currently undertaken in NHS Lothian. This service will also maximise the buying power and gain collaborative procurement opportunities with NHS Lothian and from activity volume
* Board approval supports the case for the procurement of a Robot to be used in Thoracic Surgery; this will provide significant patient benefits resulting in a shorter length of stay, reduced pain and improved outcomes for patients. The released bed capacity could support the Boards ability to accommodate other Scottish Health Boards to achieve their Thoracic activity pressures.
* Board is in the process of the roll out of an internal document scanning programme to replace paper documents with digital equivalents. This support referring NHS Boards e-health strategy and progresses the path towards Electronic patient records and the use of innovative technologies to realize benefits from accessing patient records across Boards. This also provides local quality improvements, productivity and efficiency benefits with planned completion in 2019-20
* We are developing a proposal to provide additional CT capacity from 2018-19, this would be funded by both the Board and Scottish Government as a result of an increase in CT WLI pressures in addition to supporting the current CT as a single point of failure. On the basis of full capacity and associated staffing this will provide additional 7200 scans per annum.
* To consider further expansion to increase capacity during 2018-19 to support the territorial Boards to deliver waiting times.

The financial plan, as it describes the Board financial strategy, will pick up on these points throughout this document.

**(b) Workforce planning issues and ongoing pay pressures**

The Board continues to project an increase in pay costs year on year. The graph below shows the comparison against this growth of pay costs over the last 7 years.

Interesting however when you compare this growth against the total activity growth this shows that whilst there are increasing pay costs in addition to activity, there is improved alignment over the last 2 years. The work to review for example our waiting list initiative payments and our workforce planning processes and efficiency agenda has begun to impact on this in some services and reduce pay costs.

We continue to see through incremental drift, increased cost of absence including increased costs of paid as if at work, unsocial hours, overtime, bank nursing, waiting list payments and national apprenticeship levy and there is continued work to be done to manage pay related pressures.

The Scottish Government has set out its 2018/19 pay policy which, is assumed to be fully funded within this plan for all Agenda for Change staff. From 2018/19 this reflects a 3% pay increase for public sector workers earning £30,000 or less and a cap of 2% on the increase in the pay bill for staff earning more than £30,000. In addition, there will be a cap on the pay increase for highest paid, with a maximum cash increase of £1,600 for those earning above £80,000. The pay settlement for NHS staff will of course be subject to the NHS UK pay reviews process as in previous years. Prior planning assumptions were based upon a pay award increase of 2% across all staff. This reflects additional baseline pay costs of £800k on prior years and is reflected within the financial plan.

Also assumed within this financial plan there are pay cost pressures relating to

* Auto-enrolment with opt-out required for pension contributions. The additional recurring cost of this assuming all staff remain within the scheme is approx £255k per annum and has been assumed within the financial plan
* The apprenticeship levy which came into effect from the 1st April 2017 and is a tax levy of 0.5% of the paybill paid by employers. This equates to £411k per annum and has been assumed within the financial plan.
* We continue to incur high waiting list initiative costs primarily due to visiting consultants form General Surgery, Plastics and Radiology. In addition we have ongoing vacancies in Ophthalmology and Anaesthetics due to national consultant shortages. We continue to develop new models for some if not all of these staff groups in 2018/19 including joint appointments, flexible sessions and service modeling and efficiency savings have been identified relating to these. In addition from September 2017 we implemented a waiting list initiative policy to ensure a fair and consistent use is applied across our Board.
* The full year financial impact of the extended role of band 1 posts has been assumed within the financial plan.
* In addition we recognise the continued review within Healthcare Scientists role, in particular CSPD staff and this has been reflected within the financial plan.

The financial impact of pension reforms has previously been assumed within the financial plan however it is also important to note that we are also monitoring the impact of the pensionable age change and any correlation with sickness absence rates or redeployment issues although no specific cost assumption has been assumed within the plan at this point.

In addition we are aware of the support for 7 day services and the requirement to have safe, effective and high quality services for all patients seven days per week. In recognition of this we have supported developments from quality investments that have

* enhanced the level of senior clinical cover in ICU over the weekend and in the evenings
* invested in additional rehab resources over the weekend including both physiotherapy and occupational therapy
* put in place an extended working day for MRI services
* put in place extended working hours for our CSPD services
* established a 24/7 shift arrangement for our laboratory services from an existing oncall arrangement
* Invested in additional resources to support pharmacy over the weekend to allow for weekend discharges
* Invested in non-recurring additional Saturday sessions within the Cath Lab to support growing referrals within both Coronary and EP services from two Boards

In addition in dealing with the increased demands for Orthopaedics activity we have established a Saturday theatre service for joint and foot and ankle activity and are now managing some of this activity through fixed and flexible contract arrangements with work commencing in 18/19 to implement a more sustainable staffing model.

To manage the workforce pressures within the tight financial climate the Board has implemented a number of actions which will continue for the duration of the financial plan.

These include the following:

* The Board has put in place a workforce review group that meets on a fortnightly basis. This group reviews all recruitment within the Board including approval of vacancies to ensure :
  + Patient quality is maintained at all levels
  + Recruitment is appropriate taking into account the Boards wider workforce planning processes
  + Demonstration of workforce redesign
* implemented the e job planning system to record and manage consultant job plans including work to develop capacity analysis and productivity from 2017/18
* Plans to implement e-rostering during 2018/19 with a Board wide rostering policy finalised for Nursing staff groups in 2017/18 and a review and consultation into other staff groups planned from 2018/19
* undertaken a detailed analysis of our finance overspends specifically in our nursing critical care and cardiology areas. This analysis has focused on all the financial expenditure and budget issues and an action plan has been developed to manage these
* Specifically In terms of nursing workforce planning our Nurse Director has set up a nursing workforce and workload working group to focus on developing sustainable workforce models across all our clinical services recognising patient dependency, increased complexity and existing nurse roles. This is resulting in a more efficient and effective workforce model to meet our future demands, with an positive impact on the nursing spend. This focus continues into 2018/19 in addition to developing a value management programme within nursing areas similar to the project in place within NHS Highland.
* Have in place a Board Workforce Planning and Education Group to horizon scan and develop longer term strategies and ensure alignment to the financial planning process

**(c) Plans to create additional elective capacity through a Golden Jubilee expansion**

Over the last 3 years the senior management team have been working with Scottish Government and other NHS Boards to undertake a detailed capacity and demand analysis to assess the predicted demand on elective/scheduled care services over the next ten years in Scotland. This growth in activity is set against the backdrop of increasing capacity challenges in NHS Scotland leading to difficulties in meeting waiting times and an increased use of private sector capacity.

As a result of this analysis and based on the success of the Golden Jubilee model of elective care, the Scottish Government has announced that there will be an investment of £200 million to meet demand for elective procedures over the next ten years. This has been further reinforced within the Health and Social Care Delivery Plan confirming that by 2021 investment of £200m will create new elective treatment capacity and expand the Golden Jubilee Hospital.

The programme of work to support this is being progressed in phases:

Phase 1 – delivery of additional ophthalmology elective care capacity and

Phase 2 – delivery of additional orthopaedic and other surgical elective care capacity

A programme plan has been developed for both phases which identifies all of the workstreams, tasks and key milestones, building in the time required for both Gateway Reviews and Golden Jubilee and Scottish Government approvals processes. In terms of financial planning for both revenue and capital implications the key dates are as follows and assumed within the financial plan:

**Capital Costs**

The updated capital costs for the hospital expansion (Phase 1 and Phase 2) excluding equipment are £70m although this includes refurbishment costs attributable to the development of £10m capital costs. A further £14m of refurbishment capital costs have been identified within the Board masterplan but at this stage not attributable to the expansion. The IA and OBC for phase 2 will describe this further.

For the purpose of the 5 year capital plan, this assumes the £57.7m build cost for phase one (£11.2m) and phase two (£46.5m) of the project. The final costs will be clearly defined in the Initial Agreement (Phase 2) and the OBC (phase 1 and 2) for each stage. An estimate of phasing for the refurbishment costs has assumed £5m in 2021/22 and then £5m in 22/23.

Given the requirement for this is based on population projections for 10 years the plan would be to construct the building at the value of £57.7m (inc VAT) and then equipping would be undertaken as areas required to become operational the bulk of this would be over the 10 year period. There will be a requirement to include a level of this from opening in phase 1 in 20/21, this has been estimated as £2.5m in 2020/21..This is in addition to the £11m in total as noted above.

Phase 1 spend of £11.2m is planned to commence from August 2018 - January 20 and the plan has assumed £1.783m in 2018/19 and £9.5m in 2019/20. The capital plan assumes the IA capital estimate at this stage, although it should be noted the OBC for Phase 1 could be in the region of £13m due to in the main to inflationary pressures.

Phase 2 spend of £46.5m (is planned to commence from 3rd quarter 2019- the plan assumes £500k in 2018/19 then £10m in 19/20, £30m in 20/21 and £6m in 21/22.

**Revenue Costs**

In terms of additional revenue this had previously been modelled on the basis of prior expansion submissions to Scottish Government and estimated at £56m recurring at the end of the 10 year expansion and would be phased depending on the opening of the theatres.

Updated phasing plans have been compiled for Phase 1 – Ophthalmology which reflects the following:

**Phase 1:**

* 4 Theatres commissioned by 2020/21
* 5 Theatres commissioned by 2024/25
* 6 Theatres commissioned by 2030/31

On the basis of the IA submission for Phase 1 – Ophthalmolgy recurring revenue costs for staffing and non pay costs are identified as £16.5m for 6 Theatres Capacity. These costs will be offset against existing private sector use for current capacity shortfall and productivity redesign within the West of Scotland Boards equating to a net additional revenue cost across all Boards of £7m.

**Phase 2:**

Orthopaedics and other elective Surgery capacity IA is in early stages of development and full recurring revenue costs for staff and non-pays have to be reviewed. However on the basis of the work completed for the national delivery plan this indicated additional revenue costs of £38m when fully operational. The detail of this will be more clearly defined within the IA for submission by May/June 2018.

**Non Recurring Costs**

We have assumed a level of non recurring revenue funded by the Board to support an internal project team, double running and transitional costs. In 2017/18 we utilised an approved revenue carry forward of £250k to fund the project team.

Within the 2018/19 plan we have included an additional uplift to the project team resources to reflect the potential requirement for detailed workforce planning and clinical expertise input from the additional specialties relevant to phase 2. This increases into 2019/20 and 2020/21reflecting the requirement for additional estates resource.

An additional £100k has been planned to cover any further design costs.

In relation to the templates, the capital costs have been shown as a separate line within the attached capital plan under the heading of ‘project specific funding’ and the non recurring revenue costs in 2018/19 have been included within the revenue forecasts.

**(d) Continued Expansion of the Waiting Times Work**

As the expansion project is developing and the significant capacity and demand issues continue, Scottish Government have requested we develop interim support arrangements for NHS Boards.

There are a number of key developments continuing from 2017/18 into 2018/19 in addition to new developments taking place during 2018/19 and the financial implications of these assumed within our financial plan are as follows:

* The MRI expansion project supported as part of the £5m capital investment announced by the First Minister in August 2016 was implemented from 2017/18 in 2 phases. These are:
  + The first MRI was operational from 27th November 2017 with the associated revenue costs funded by Scottish Government. 2017/18 part year revenue costs were £206k, against forecast additional capacity of 1430 by March 2018. The full year recurring revenue costs assumed within 2018/19 are £541k for planned activity of 5,800 patients per annum.
  + The second MRI was operational from 4th December 2017 with the associated recurring revenue costs of £128k funded by the Golden Jubilee (as previously supported the mobile MRI van, this activity transfers over to the new MRI) against forecast additional capacity of 1428. The full year recurring revenue costs assumed within 2018/19 are £439k for planned activity of 5,500 patients per annum.
* The implementation of the ophthalmology mobile unit for 3 days per week to support phase 1 of the hospital expansion. This was operational from mid May 2017 with the staffing of £508k pa and the mobile Theatre hire of £835k pa funded by Scottish Government (£1,343k in total) and the marginal costs of £995k funded by the Health Boards through the annual SLA process. It is assumed this funding will continue into 2018/19.
* All other ophthalmology and orthopaedic expansions (previous to 2017/18) are included recurrently within the baseline RRL and assumptions within the SLA income from the Health Boards
* The implementation of the ultrasound development to increase ultrasound capacity with the purchase of a third unit. The capital costs and the non recurring revenue costs were funded by the Board with the annual recurring revenue costs of £102k funded by Scottish Government. This is assumed into 2018/19.
* The implementation of the ophthalmology mobile unit for 1 additional day per week taking to a total of 4 days to support further progression towards phase 1 hospital expansion. This proposal includes an additional 600 cataract procedures with the staffing of £254k pa and the mobile Theatre hire of £183k funded by Scottish Government (£437k in total) and the marginal costs of £261k funded by the Health Boards through the annual SLA process.
* An Endoscopy Expansion proposal for additional 1200 procedures to support progression towards Phase 2 of the hospital expansion programme, this assumes Staffing of £343k full year funded from Scottish Government and marginal costs of £427k funded by Health Boards through the annual SLA agreement
* General Surgery Expansion proposal for additional 250 procedures to support progression towards Phase 2 of the hospital expansion programme, this assumes Staffing of £333k pa funded from Scottish Government and marginal costs of £208k pa funded by Health Boards through the annual SLA agreement
* Foot and Ankle Expansion proposal for additional 100 procedures to support progression towards Phase 2 of the hospital expansion programme, this assumes Staffing of £49k full year funded from Scottish Government and marginal costs of £87k funded by Health Boards through the annual SLA agreement
* The CT expansion development as part of a business case submission currently in progress. The plan assumes this will be funded (subject to the business case approval) to meet service capacity pressures with full year revenue costs indicated of £483k.
* Cath Lab capacity pressures within coronary and EP as a result of increased referrals from two West of Scotland Boards. Initial discussions have supported the non-recurring revenue costs associated with this between January 2018 and March 2018 at a part year cost of £119k. Full year revenue costs indicate additional funding of £1.185m which is assumed within the financial plan assumptions and included within a bid to Scottish Givernment.

The funding required by Scottish Government from the developments above is summarised on the table below:

|  |  |  |
| --- | --- | --- |
| **Development** | **2018/19 impact** | **Full year recurring impact 2019/20 onwards** |
| MRI – 1 | £541k recurring | £541k recurring |
| MRI -2 | Funded by the Golden Jubilee using monies currently supporting the mobile unit | Funded by the Golden Jubilee using monies currently supporting the mobile unit |
| Ophthalmology mobile unit – 3 days | £1.343m until the new expansion is operational | £1.343m until the new expansion is operational |
| Ultrasound development | £102k recurring | £102k recurring |
| Ophthalmology mobile unit – 1 additional day | £297k until the new expansion is operational (£169k staffing and £128k mobile hire) | £437k until the new expansion is operational (£254k staffing and £183k mobile hire) |
| Endoscopy | £343k for staffing until the new expansion is operational | £343k for staffing until the new expansion is operational |
| General Surgery | £222k for staffing until the new expansion is operational | £333k for staffing until the new expansion is operational |
| Foot and Ankle | £33k for staffing until the new expansion is operational | £49k for staffing until the new expansion is operational |
| CT | £483 recurring funding subject to business case | £483 recurring funding subject to business case |
| Cath Lab capacity pressures | £1.186m funding subject to support for development | £1.186m funding subject to support for development |
| **Total** | **£4.550m** | **£4.817m** |

Note the areas shaded in the above are included within a funding bid to Scottish Government and not yet confirmed.

**(e) Golden Jubilee Conference Hotel**

The Golden Jubilee Conference Hotel 2020 strategy has been approved by the Board and reflected a planned growth in income year on year. These assumptions have been incorporated within the financial plan.

The financial plan also acknowledges the financial pressures within the Conference Hotel and some of these are not dissimilar from the hospital; including rising pay costs as a result of pay as if at work, review of the band 1 roles and unsocial hours. Specific to the Conference Hotel is the additional challenges of the current economic environment within the hotel industry particularly during 2017/18 with the impact of additional Hotel conference and bedroom development within Glasgow and the West region. This has impacted on bedroom and conference business sales due to increased market choice.

The challenges also impacting on the Golden Jubilee Conference Hotel relates to the requirement to upgrade the facilities and generate income to support this investment. A three year investment plan has been approved by the Board and the financial plan assumes the planned surplus generated will continue to support this investment on the basis of a minimum surplus threshold.

The Golden Jubilee Conference hotel income plan also considers the National collaboration approach on maximizing the use of NHS conference facilities owned by the both the National and Territorial Boards in implementing a once for Scotland approach. The Board is leading on this Events work-stream and a 4 tier process for arranging conference events has been approved. Subject to applying this 4-tire instruction, work has commenced with a secondment in place to assess the financial impact of this proposal, across all the National Boards.

**(f) Financial Implications of the Board Research Strategy**

The Board vision of ‘leading Quality, Research and Innovation’ continues in line with the implementation of our approved research strategy. The key objectives of our Research strategy is to

* Expand a commercial research programme focussed on medical device development;
* Continue expansion of academic research programme;
* Development of a Gait lab and deliver the income projections within this approved business case;
* Development of biologic capability and experience;
* Development of data science programme potentially including new forms of clinical trial;
* Scope out advantages and disadvantages of controlled trials of investigational medicine products (CTIMP) sponsorship; and
* Development of research led by Nursing and other clinical groups

The financial implication of our research work has had a favourable impact on the Board to date with significant reinvestment in our research staffing and infrastructure to deliver our increased research activities.

The approved investment in a gait and motion lab facility now operational from 2016/17 had the aim to generate income for further investment in research and support Board priorities. This is now being realised with the financial implications of this assumed within this financial plan and there is further work ongoing to convert interest noted from external stakeholders into additional income opportunities.

Recurring Funding approved by the Chief Scientist Office has also been assumed within this plan including the recurring increase from 2017-18 for additional Research nurses, with the planned growth in activity reflected within the Research Strategy.

**(g) Implications of delivering the eHealth National and Regional agenda**

The Board approved a refreshed version of the eHealth Delivery Plan in December 2016 in response to the NHS Scotland eHealth Strategy 2011-2017. The strategy recognises the outcomes based approach to delivery and uses the three ambitions of the Quality Strategy and the six outcomes set out in the National Strategy.

The plan is reviewed on an annual basis by the Scottish Government Health and Social Care Directorates (SGHSCD) to ensure that it support national priorities.

A new Digital Health and Social Care strategy is expected to be published in April 2018 which will outline the key aims for digital transformation of Health and Social Care services.

The Board plan incorporates the aims of the Quality Strategy and reflects the approval in 2017/18 on the business case to implement an Electronic Patient Record (EPR) across the hospital. This supports exploring and facilitating the sharing of information across NHS Board boundaries to support patient pathways.

A number of initiatives were delivered in 2017/18 that have or will contribute to our efficiency and productivity scheme in 2018/19 and beyond. The focus of these has been on benefits realisation including cash savings and releasing time to care productivity savings.

A summary of the key plans for 2018/19 that will impact on the Board financial plan through either investment and efficiencies through benefits realisation are:

* A renewed focus on benefits measurement and realisation, stakeholder engagement and risk management, this is in recognition of the tight financial climate and the requirement to fully scrutinize all investments against a limited funding envelope
* An ongoing and sustained commitment to compliance with the new General Data Protection Regulations (GDPR) which come into force in May 2018, in parallel with the ongoing developments of mobile working and patient access to health information through the patient portal
* An increased focus on cyber resilience ensuring compliance with the Scottish Government’s Public Sector Action Plan for Cyber Resilience by the required timescales in 2018
* At pace implementation of a fully functioning electronic patient record delivering the quality and efficiency improvements which have been assumed within this plan. This commenced from January 2018 with key appointments to implementation lead roles and the creation of an EPR operational group which reports into the EPR Implementation group, chaired by and Executive Director and the senior sponsor.
* Further exploitation of our clinical portal and development of our patient pathways to reduce variation and improve quality, this work has progressed significantly within Orthopaedic services and will be spread to other clinical specialties.
* Enhancing medicines management capability costs and savings have been assumed within this plan
* Partnership with regional and special health board colleagues to ensure opportunities for regional and shared services are maximised

The national and local funding to deliver this strategy is assumed within the financial plan, however 2018/19 recognises the proposed change in this funding model with a separate in-year allocation and a 5% reduction for the Once for Scotland Agenda.

The updated national funding model is included as follows:

|  |  |
| --- | --- |
| **Fund Type** | **Assumed each year over the 3 years** |
| Applications fund | £120,032 |
| Strategic fund | £284,938 |
| Infrastructure fund | £66,502 |
| Total | £471,472 |
| Once for Scotland 5% reduction | (£23,574) |
| **New Model Total** | **£447,898** |
| Support for National eHealth lead Group | £65,000 |

A significant level of benefits realisation from the ehealth developments have been assumed over the 3- 5 years of this financial plan.

## (h) Pharmacy Issues

Given the Boards position in delivering a national and regional service, the impact of pharmacy financial pressures is not as significant as other territorial boards. There are however some specific pharmacy assumptions included within the plan.

In discussion with our interim Director of Pharmacy and horizon scanning these are:

* We anticipate an increase of SMC approved medicines and whilst there are not specific areas identified from our horizon scanning we have assumed a cost pressure of circa £100k from 2018/19 onwards.
* We have not assumed any impact from the New Medicines Fund as these are either unlikely to occur within the Board or are managed by the patients host Health Board
* We have not assumed any financial impact of the Prescription for Excellence but will monitor this closely as we implement our local action plans
* We have assumed a 8% inflationary uplift on our current costs recognising volume and price increases
* We have not assumed a cost for the implementation of HEPMA from 2018/19 , we are aware of the ongoing discussions regarding this
* We fully support the work of the Sustainability and Value programme andhave actions in place to deliver the recommendations from the Effective Prescribing programme. Specifically these include:
  + A review of our Drugs and Therapeutics Committee (D&TC). Given the nature of our Board as primarily a national and regional referral centre we have limited input into the local Board(s) formulary compliance and thereby more difficult to impact on prescribing practices. However we have committed to review our compliance and mechanisms for new medicines within our Board and this will be led by the D&TC
  + Our use of biologics is very limited with very tight compliance controls in place, however this is being reviewed on an ongoing basis
  + We are an active member of the regional Director of Pharmacy group and contribute to a number of the national groups
  + Given our patient group we are fairly low risk in relation to repeat medications and polypharmacy, but will be monitored through the D&TC

## (i) The Development of the Boards role in leading and supporting innovation

The Board has committed to develop and implement innovation across its services and has in place a number of innovation programmes delivering this. In addition the Golden leads on the National Innovation Fund for NHS Scotland. This work has continued to progress at pace.

The financial implications of delivering a local innovation programme have been assumed within this financial plan including the continued investment in innovation bids. This is assumed over the next five years.

In relation to the national innovation fund, this is managed through the Boards endowment funds and fundraising strategy work and therefore no specific assumption has been made in this financial plan for income projections. It is assumed any donation will be matched with cost expenditure.

Ongoing income generation for the innovation fund includes Café Latte the GJF’s not for profit coffee shop and fundraising events undertaken by patients, families and friends.

We continue to support the open innovation programme led by Scottish Government and Scottish Enterprise and this also is being managed through our charity and therefore no impact on Board expenditure or income.

In order for the Innovation fund to support projects with a high expectation of improvement delivery, the fund requires to be maintained and enhanced by ambitious fundraising activities. This is supported and driven forward by our Director of Strategic Partnerships and Global Development and this work is progressing well. The income targets and projections from the work and expertise of this post is aimed to support innovation both locally and across Scotland and has potential to raise significant funds for NHS Scotland.

The work plan for this post is shown below including supporting the development of a (self funding) team with earmarked funds to pump prime this have been assumed within the financial plan, with this supported by increasing income . The key areas of work are:

* Quality framework commercialization
* Enhance MDAT activities
* Drive Gait Lab – with the increased Income assumed in the financial plan as per the business case
* Build strategic partnerships
* Longer term raise investment for a Research and Development and Innovation Centre of Excellence – no financial assumptions have been assumed within this financial plan

**(j) Once for Scotland Approach – Work with the National Health Boards**

Integral to the work compiled as part of the National Boards delivery plan submission by end of march 2018, the Golden Jubilee has reviewed work programmes in progress relating to each of the 4 Agreed National Board priorities shown below:

* National Evaluation, improvement and Transformation Service
* Digital Innovation
* Sustainable Workforce
* Underpinned by Financial Sustainability

With this in bids presented for inclusion to the Scottish Government Transformation Fund in relation to

* the roll out of the Orthopaedic telehealth clinics implemented at Golden Jubilee Hospital for remote and rural Boards for outpatient reviews and New patients
* the Elective centre expansion to provide valuable additional capacity (for all of NHS Scotland and the West) for Orthopaedic, Ophthalmology, General Surgery and Endoscopy activity
* to the NSTEMI improvement project
* and the establishment of an assessment centre to roll out Values based recruitment

have been submitted to the National Board Programme Board for inclusion within the National Board bids. No specific funds have been included within the financial plan at this stage, pending the outcome of the bidding process.

During 2017/18 adopting the ‘Once for Scotland’ approach, National Health Boards have worked collaboratively aiming to standardised and share services reducing the operating costs of Special Boards by a target £15m. This was funding during 2017/18 with a mix of recurring and non recurring support, with a total of £1.6m contributed by the Golden Jubilee.

From 18/19 the £15m has been deducted on a recurring basis with the final split by Board to be agreed. All Boards have made assumptions in their contribution to this with the aim to reduce costs to support this. This financial plan has made an assumption that £1.6m of further non recurring support could be provided in 2018/19 with pace required in delivering cost reductions on a recurring basis.

**(k) Structural Heart Disease Programme**

On 6th November, the Scottish Government accepted a recommendation to extend TAVI provision to the patient group at a high surgical risk and to extend the service, currently located within NHS Lothian, to a two centre model at the Golden Jubilee - to increase capacity and improve access for patients.

The GJNH financial plan reflects work underway to implement a West of Scotland (WoS) Transcatheter Aortic Valve Implantation (TAVI) service at Golden Jubilee from April 2018.

Discussions with West of Scotland Directors of Finance have agreed a cost neutral principal to the service activity transferring from NHS Lothian to the Golden Jubilee with planned annual activity in 2018/19 of 84 cases.

It is also noted that there are opportunities for national procurement price negotiations through volume incentives which are being explored in collaboration with NHS Lothian Board. In addition, as the service develops we will closely monitor the impact on the surgical resources as anticipated high risk surgical patients will transfer to TAVI. This should reduce costs within ICU, ward beds and Theatre time.

**(l) Introduction of Robotics in Thoracic Surgery**

As part of the Boards commitment to leading innovation and quality during 2017/18 the Board has approved and supported a case to introduce Robotics within Thoracic Surgery to improve both our patients’ safety in addition to clinical outcomes. The Robot procurement is planned to take place by March 2018 with service implementation modeled from April 2018 on a phased transition from Video Assisted Thoracic Surgery (VATS) activity to Robot-assisted thoracic surgery (RATS). Robot-assisted thoracic surgery is recognised as the next step in developing minimally invasive lung lobectomy.

The Capital purchase for the Robot has been supported within the Boards overall 2017/18 Capital plan and the additional recurring revenue costs accounted for within the financial plan from 2018/19 will be offset by the long term benefit of both ward and HDU length of stay reductions as well as a decrease in pain management drugs.

This available bed capacity will support the Boards ability to accommodate other Scottish Health Boards to achieve their Thoracic activity pressures similar to the additional provision during 2017/18 for Grampian and also Highland Health Boards. In addition to this, this available capacity will create valuable scope to develop and accommodate the Boards Thoracic cancer strategy.

The 3 years financial summary for the Robot investment case as described within the approved business case has been assumed within this financial plan.

**(m) Finance Vision and Values**

The delivery of the financial plan is supported by an experienced finance team who has agreed a common set of vision and values. These fully support the delivery of all aspects of this financial plan over the next five years. The vision for the finance function is

*We are one united Finance team where we set out to solve finance issues together and we will be known for continually improving our approaches to devise more innovative and efficient ways to deliver solutions.*

*We are the voice of expertise for all financial management and accounting matters in order to support the Board to deliver the Board vision of delivering quality, research and innovation.*

*We will proactively partner with and enable clinicians and managers to make informed choices to promote and develop high quality and innovative world class services.*

The finance team also works within an agreed core set of values required to ensure this is delivered.

This finance team has actively been involved national collaboration work and the provision of financial information supporting this in puts the finance team in a strong position to ensure the successful delivery of this financial plan.

## 3 Efficiency Savings 2018 and beyond

This ongoing financial review identified continuing financial pay pressures specifically within both Medical and Nursing and this combined with non-pay pressures require additional recurring efficiency savings to achieve a balanced financial budget.

There is further work required to change the focus from an element of non recurring support and productivity based savings to real cash releasing savings and a more sustainable recurring position with work continuing to focus on demonstrating quality improvements, redesign and productivity benefits.

The Board is currently anticipating an increase in costs over the next three years

of approx 4%-6% per annum. The additional pressures are well rehearsed and include increased pay costs, the requirement to invest in new technologies, increased complexities and morbidity of patients, management of risks relating to infection control and non recurring and transitional costs resulting from the Golden Jubilee expansion.

The Boards efficiency agenda reflects the very tight financial position in relation to funding uplifts and recurring cost pressures. In addition it is also recognised that all Boards should deliver improvements and increased efficiencies on an annual basis.

The table below describes our income forecasts over the three year period and the

% target based upon the base RRL income.

This is shown in the table below.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Financial Year**  **2018/19**  **£000** | **Financial Year**  **2019/20**  **£000** | **Financial Year**  **2020/21**  **£000** |
| **Income** | **£141,242** | **£144,521** | **£148,230** |
| **Cost baseline** | **£145,448** | **£148,631** | **£153,994** |
| Income split as: |  |  |  |
| Total RRL funding (core and non-core) | £79,314 | £81,260 | £84,147 |
| Other including regional and national income | £61,928 | £63,261 | £64,083 |
| Total | £141,242 | £144,521 | £148,230 |
| **Efficiency savings required over the 3 year period** | **£4,206m** | **£4,110m** | **£5,764m** |

**Savings Plans**

|  |  |  |  |
| --- | --- | --- | --- |
| Efficiency savings required to cover the in year cost pressures | **£4.2m – 3.15% of expenditure** | £4.11m – 3.0% of expenditure | £5.7m –  4.1% of expenditure |
| Efficiency Plans identified to date – as at 9th March 2018 | **£2.7m to date**  **(65% of plan identified** | £850k  (20% of plan identified | £1.1m  (15% of plan identified) |
| Efficiency Schemes still to be developed | **£1.5m**  **(approx 35% of total savings)** | £3.25m | £4.6m |

We have modelled a best, likely and worst position in relation to our financial planning forecasts for 2018/19 and this was submitted in our interim plan on the 9th March. This has been updated and reflected in the table above.

The likely position is as shown in the table above with efficiency savings required of £4.2m in 2018/19 against savings identified at this stage of £2.7m. However work is in progress to meet with budget managers to develop further schemes and meetings will take place in the early stages of March and if the Boards unidentified balance is not minimised this will be managed further into the beginning of financial year 2018/19.

It is important to also note that £800k - £1.2m of the savings plans included within the previous years’ savings plans whilst were historically deemed non-recurring in nature they have been achieved on a recurring basis in the same service heading over 3 years and have now been rebadged as recurring savings. This relates to procurement savings.

The 18/19 plan is to ensure that the remaining 35% efficiency schemes are in place by early into the new financial year to manage the gap.

In doing this the following will be actioned:

* The Director of Finance with the support of the Assistant Director of Finance will meet with the all budget holders to review spend categories and develop further schemes as required, parallel meetings with the management team have been put in place to ensure visibility and commitment to drive forward these schemes.
* There are a number of schemes on the plan that have yet to be quantified – with some service areas meetings yet to be held including a session with our Partnership Forum, this has proven very supportive in the past and has identified potential schemes.
* Some savings and/or additional income may be achieved by the work of the National Boards collaboration and both National and Regional delivery plans
* Review our ‘investment’ assumptions included within the plan for 2018/19

Taking into account this further work, a stable financial position and a breakeven

outturn is forecast recognising the efficiency schemes that require to be delivered.

The already agreed efficiency plans for 2018/19 in the main related to service and quality improvement schemes across inpatient and outpatient services this includes productivity increases, such as the Robotics benefits and the acceleration of the DOSA programme and a more efficient use of the workforce. In addition we continue to achieve significant savings from procurement schemes (with particular focus on reducing variation), ehealth projects through benefits realisation on both document scanning and electronic patient records and energy efficiencies.

There are no anticipated high risk schemes relating to clinical care.

The schemes for 2018/19 have been split into the nationally agreed categories below. A full detail of these schemes will be presented to the Senior Management Team.

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Efficiency Savings**  **2018/19**  **£000** | **Likely savings**  **2019/20**  **£000** | **Likely savings**  **2020/21**  **£000** |
| Service redesign | 167 | There are approx £1m savings generated per annum as part of ‘business as usual’ schemes. The finance templates assumes a split of these | |
| Workforce | 161 |
| Drugs and Prescribing | 33 |
| Procurement | 1,800 |
| Infrastructure | 200 |
| Other | 49 |
| Financial Management/Corporate | 296 |  | |
| Unidentified schemes | 1,500 | 3,250 | 4,600 |
| Total | 4,206 | 4,110 | 5,760 |
| Note current efficiency gap as schemes in future years are considered |  | Approximately 80% of schemes have still to be developed | Approximately 80% of schemes have still to be developed |

**2018 and beyond**

It is important to note from the table above, the current efficiency gap in the years 2019 and 2020. Plans will be worked up over the next year to ensure this gap can be covered, with specific work looking at improved productivity and service improvements that can continue to deliver high quality at a lower cost in line with previous years and driving forward the National collaboration and delivery plan benefits. There are a number of Board initiatives that we know will aim to support this including the implementation of the electronic patient record, Robotic Surgery benefits and income generated from the gait lab.

The Board has in place an efficiency and productivity group including all key Executive Directors and senior managers within the organisation. The committee is chaired by the Director of Finance and reports to the Boards Performance and Planning Committee. A 3-5 year work plan has been developed with key managers identified in taking schemes forward.

During 2017/18 the group has reviewed the efficiency & productivity score card that is used to measure and quantify some of the benefits from the efficiency agenda. This group Links into the NHS Efficiency and Productivity Framework through the Quality and Efficiency Support Team which is also established, in addition to the work of the Sustainability and Value Programme Board.

The 2017/18 work plan focused on the following key areas and will be extended into 2018/19:

* Implementing the benefits of Telehealth
* A more robust and monitoring process for Job planning including a more efficient use of waiting list initiative payments to cover gaps
* Income generation opportunities
* Benefits realisation from ehealth initiatives
* Radiology and Laboratory services review and implementation of 24/7 working
* Training academy benefits
* Innovation initiatives
* Workforce planning including e-rostering, supplementary staffing review and implementation of waiting list payment policy
* Capacity Planning and scheduling including a review of work from the patient flow programme
* Procurement lost opportunities and reducing variation
* Closer monitoring of quality bid investment and benefits realised
* Benchmarking and best practice initiatives

## 4 Capital Planning 2017/18 and beyond

A capital planning process for the capital allocation is established with a capital group meeting fortnightly to consider the capital requirements in relation to the Boards strategic planning objectives, discuss proposed capital projects and approve and monitor capital expenditure.

In addition the work included in the property and asset management strategy is used to inform the capital plan. We have also established a PAMS Steering group that considers all strategic property and asset issues.

It was identified that over the life of the plan there was significant pressure on capital funding therefore takes account of prior year discussions with SGHSCD regarding capital funding.

This work identified that there are key points over the next 5 years where the likely expenditure could be significant. The outcome from this work is summarised below and is included in the finance plan:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Area** | **2018/19**  **£000s** | **2019/20**  **£000s** | **2020/21**  **£000s** | **2021/22**  **£000s** | **2021/22**  **£000s** |
| Property | 861 | 1,460 | 1,400 | 1,400 | 1,400 |
| Medical Equipment | 4168 | 2098 | 2,525 | 1,478 | 3,281 |
| IM&T | 350 | 330 | 280 | 580 | 500 |
| **Formula** | **5,379** | **3,88** | **4,2665** | **3,518** | **5,241** |
| Projects | 4,000 | 19,500 | 32,500 | 11,000 | 20,000 |
| **Total** | **9,379** | **23,388** | **40,765** | **15,674** | **25,241** |

The plan is based on planned replacement of equipment at the end of life, known developments and outcome from the Property and Asset Management Strategy.

Following the submission of the plan and the final level of funding is known the capital group will ensure that all areas are prioritised to make use of available funding after the projects which have been agreed are funded.

The formula capital allocation planned for 2018/19 is identified in the table below as £2.691m and assumed to increase to reflect the medical equipment replacement programme which peaks abnormally as a result of the Heart and Lung move. This includes property, medical equipment and IM&T as noted in the table above. It has been agreed with SGHSCD that we can include a separate line to identify that actual requirements of the Board above the £2.691 of formula capital, this equates to £2.688, additional funding requested.

This plan for 2018/19 is split as follows:

£k

Property Equipment replacement £861k

Medical Equipment £4,168k

IM&T essential replacement programme £350k

Formula Allocation £2,691k

Additional formula required £2,688k

Project funding £4,000k

Total £9,379k

This request for additional formula capital has been discussed with SGHSCD and the presentation in the template has been agreed although acknowledging this has not been approved. The capital group in March will review the priority list, working with the Medical Equipment Group and ensure the overcommittment can be managed if the additional capital cannot be supported by Scottish Government. No key risks have been identified at this stage

The NWTCB 5 year capital plan is included in the templates within the financial plan. This now currently reflects the actual capital requirements of the Board but recognises the risk of limited formula funding. In previos years where we are aware of a known pressure for capital we have initiated revenue to capital transfers. This is likely not to be feasible in this financial year, but will be reviewed following the detailed forecast at Month 4-6.

There are a number of other key strategic schemes included within this 5 year plan including the

* The hospital expansion as described earlier in the plan
* Medical equipment rolling replacement programme and
* Ongoing building projects including a water source heat pump

## 5 Summary

This financial plan has described how the Board will achieve financial balance in 18/19, including the key issues and assumptions included within this. The finance templates attached provide the detail to be monitored on a monthly basis, including the key risks and the efficiency savings progress. Ongoing work in continually delivering improved efficiencies provides both challenges and opportunities. The plan describes how we will continue to manage these challenges and maximise our opportunities.

The key risks are as follows:

* Delivery of the Boards efficiencies to deliver the breakeven target especially from 2018 onwards.
* Continued increased patient demands
* Ongoing pay and non pay pressures
* Pressures on formula capital investment

The management and monitoring of these are described within the plan.

## 6 Financial Plan Templates and Assumptions

The attached financial templates have been completed and are attached.