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

**Three Year Financial Plan**

**(Draft)**

**April 2017 - March 2020**

**Golden Jubilee Foundation**

# Financial Plan for the three year period ending March 2020

Financial Planning is an integral part of the Local Delivery Plan (LDP) process. The Board has to submit its draft LDP to Scottish Government by 31st March 2017 with final LDP’s submitted by 30 September 2017.

The Health and Social Care Delivery Plan sets out the actions to reform and further enhance health and social care services. This financial plan will identify 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 three years.

The nature and scale of the challenges that the NHS faces, 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. The financial plan recognises that we need to prioritise investment in transforming our healthcare services to meet the needs of the future and delivering the 2020 vision. Specifically for this Board and reflected in this three 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 three years
* Adopting a ‘Once for Scotland’ approach work with other special Boards (and other territorial Boards) 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 and
* Also 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 how we can maximise employment and economic growth in the local area including how working together we can generate efficiencies across a range of services

**Financial Planning**

There is recognition that within the Health and Social Care Delivery Plan, the requirement for establishing strong and effective population regional planning and delivery is a fundamental aspect of this plan. Within our Board LDP we will set out the practical steps we are taking to ensure we are prepared to co-operate fully in regional planning and delivery of services during 2017/18. In the final LDP submitted in September it is anticipated this will be further developed. Financial planning to support this is key and this three year plan describes the financial assumptions in how we achieve this.

The Board is required 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.

In adopting the ‘Once for Scotland’ approach, Special Health Boards are required to work together to identify ways to standardise and share services, with a target to reduce the operating costs of Special Boards by £15m in 2017/18, so this can be returned for reinvestment in frontline NHSScotland priorities. The financial plan describes the plans in place, agreed by all Special Boards, in how we can deliver this.

In addition to the plans to reduce costs to return out contribution to the £15m, the Board is still required to deliver ongoing efficiency savings. How we do this will be a key feature of this financial plan. They are necessary to not only enable our Board to meet our financial targets through offsetting cost pressures but also crucially to ensure we are continually improving the quality and productivity of our services. This ensures sustainability and delivers best value, duplication and variation. Aside from the £15m contribution all savings from these efficiencies continue to be retained by the Board.

This financial plan will therefore clearly articulate

* the savings required to meet the Board cost pressures,
* the productivity and non cash savings efficiencies required to ensure sustainability and best value
* the savings as part of the Board contribution to the £15m target and
* the savings generated by this Board that are realised by the territorial Boards in our role as a national Board in delivering their efficiency and productivity agenda

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. In addition internal reporting will be enhanced to ensure the efficiency savings retained by the Board for reinvestment are clearly distinctive from the Board contribution to the £15m target to avoid ‘double counting’.

Delivery of the Local Delivery Plan and the three year 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 continues to be a challenge and how we plan to achieve this is described in this three year 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 2016/17
2. The key finance issues for the Board over the next three years, recognising the ongoing financial pressures this includes a specific sections on the development of the Golden Jubilee expansion, the Board contribution and planning to the £15m target and the requirement to deliver ongoing sustainability and value
3. The efficiency and productivity workplan required to deliver the finance targets over the next three years
4. Details of the proposed five year capital plan recognising the 2020 vision and requirement to increase elective capacity
5. A summary including the key risks
6. Completion of the financial templates in line with the financial planning guidance issued.

## 1. Review of Financial Year 2016/17

As at month 10 the year to date position reflects a breakeven position against our core position. The Board is forecasting at year end a break-even position in line with our financial plan.

The Board continues to deliver a very rigorous efficiency saving programme and over the years have successfully delivered in excess of our targets. This has allowed us funds for investment in quality initiatives to continue to improve the quality of services provided to patients through specific redesign projects, e-health initiatives and innovation in medical technologies.

The planned outturn for 2016/17 has been achieved by the delivery of efficiency savings, as at month 10, in the region of £3.6m against a target of £3.1m.

The cost pressures identified during 2016/17 are as follows:

* High usage of waiting list initiative payments covering both hard to fill vacancies and absences required to deliver an intensive 24/7 clinical service with increased patient activity
* Increased costs of nursing through pressures in supplementary staffing including overtime, bank and excess.
* Costs due to cancellations in both cardiac surgery and general surgery
* Increased costs in consumables due to case mix changes and impact of increasing complexity and patient co-morbidities

At varying levels these continue to be a theme throughout this 3 year plan.

## 1.1 Income

As at month 10 the Board is predicting a fairly stable income position with all variation accounted for with relatively low risks. This is anticipated at this stage in the financial year

## 1.2 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.

During 2016/17 we continue to use the benefits of this model to support Health Boards through delivering increased capacity at weekends, redesign of our ophthalmology model and full year impacts of ophthalmology expansions.

## 1.3 Capital Planning Process

The total capital allocation for 2016/17 is £4.947k including an agreed in year revenue to capital transfer of £2.256k.

This is split as follows:

£k

Property expenditure £390

Medical equipment expenditure £3.841

IM&T £717

Total £4,947

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. This group agrees the equipment prioritisation and replacement programme linking to clinical priorities and risks having now been in place for the entire financial year.

The 2016/17 capital plan is currently forecasting a break-even position.

No impairment has been assumed for 2016/17.

## 2. Key Finance issues for 2017/18 and beyond

A similar review of financial issues was completed in previous years and the following table updates and highlights the continuing financial pressures/issues identified against these themes. The implications of these have been incorporated where possible within the three year financial plan. Any significant risks associated with these planning assumptions are described in the risk management strategy.

|  |  |
| --- | --- |
| **Theme** | **Finance issues** |
| Achievement of Local Delivery Plan | * Absence management * Delivery of the e-health strategy * Healthcare Associated Infection and development associated with this * Workforce planning * Sustainability including energy utilisation * Shared Services * Reduction in costs as part of Special Boards collaboration |
| 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 |
| 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 * Impact of the band 1 review |
| 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 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 may have 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. Continued delivery of the Scottish National Advanced Heart Failure Strategy and the likelihood of additional activities including the impact of the OCS developments
3. Workforce planning issues and ongoing pay pressures
4. Financial assumptions from the development and plans for the Golden Jubilee hospital expansion
5. Continued expansion of waiting times work including the short-medium term initiatives before the new elective treatment centre is opened
6. The implementation of the Golden Jubilee Hotel 2020 strategy and the financial implications including risks and opportunities to deliver this
7. The financial implications of the Board Research Strategy
8. Implications of delivering the Board eHealth Strategy including national and regional developments
9. The implications of pharmacy developments and implementation of the national effective prescribing programme
10. The continued development of the Boards role in leading and supporting innovation
11. The actions by the Board in response to the Sustainability and Value Programme
12. The assumptions on the once for Scotland approach for the Special Health Boards and the impact on the Board contribution to the £15m target
13. Finance Vision and Values in supporting the delivery of this plan

**2.1 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 recognise its national status in supporting Territorial Boards and indeed other Special Boards in delivering their efficiency and productivity agenda.

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

Specifically this includes

* Redesign of our patient pathways which has resulted in the reduction in the marginal costs 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. Taking into account the further redesign plans for 17/18 we would anticipate a similar price reduction in 18/19 and this has been assumed in the financial plan.
* Additional out of hours and weekend activity for Radiology services currently delivered ‘free of charge’ to all Health Boards
* Additional MRI capacity that will be 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.
* Additional orthopaedic and ophthalmology expansions of which the Board funded the non recurring costs of these in 2015/16 and 2016/17 and has supported a share of the recurring costs – to a value of £600k per annum
* 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 see and treat services across orthopaedics and ophthalmology resulting in savings in new outpatient attendances for Boards across Scotland of 7,212 orthopaedic patients and 8,000 ophthalmology patients in 2016/17
* The implementation of the NSTEMI project in 2016/17 and potentially 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;
* We are developing a proposal to provide solutions for structural heart disease including TAVI procedures at the Golden Jubilee this would improve the patient pathway for West of Scotland patients and potentially avoid the unnecessary duplication of tests and outpatient appointments currently undertaken in NHS Lothian. This service will also maximise the buying power and gain procurement opportunities from the now significant volume of these patients

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

**2.2 Continued deliver of the Scottish National Advanced Heart Failure strategy and the financial impact of the National Organ Retrieval Strategy**

The Scottish National Advanced Heart Failure service is a national service based within the Board. Extensive work was undertaken during 2010/11 to set out the forward vision for the service. This strategy was approved by the Cabinet Secretary in December 2010. The approved strategy then recognised the additional costs of the developing service including an increase in transplants and assisted ventricular devices. The financial profile of the strategy identified a recurring increase in costs of £1.1m per annum and this recurring funding has been agreed by NSD and is assumed within the financial plan.

The success of this strategy has resulted in an increase ‘above plan’ for the number of transplants which, from a cost perspective, has been offset by a reduction in the number of Ventricular Assisted Devices. However it has been recognised that this is likely to increase further over the next 3-5 years and additional investment is likely. National Services Division set up a Commissioning Transplant to 2020 group to consider the implications of this and this group has reported back on its findings with a forecast of 18 transplants per annum by 2020.

An updated financial model has been completed and is dependent upon significant redesign to remain within the agreed funding profile. To date any increase in transplants continues to be offset against a reduction in Ventricular Assisted Devices. It is assumed within the plan that any unavoidable increase in transplant activity and costs will be fully funded.

As discussed and agreed with NSD, the service commissioners, we have commissioned a scoping exercise to assess the impact of setting up a lung transplant centre in Scotland, based at the Golden Jubilee, currently we are the only Heart Transplant centre that does not undertake heart and lung transplants, and growing evidence has shown that a lung transplant service can support additional transplant activity and would allow for further redesign of the whole service. Patients currently travel to Newcastle for lung transplants and any transfer would have associated transferred funding to support this. This issue was also raised at our Annual Review and feedback on the scoping exercise will be discussed with NSD and Scottish Government. At this stage no income or expenditure assumptions have been assumed within this three year financial plan.

During 2015/16 the National Organ Retrieval Systems Review (NORS) commissioned by NHS Blood and Transplant (NHSBT) which was implemented in 2016/17 has resulted in an increase in costs and budget on a recurring basis of approximately £567k pa. This has been invested in additional staff to cover a larger geographical area incorporating Newcastle and there is an increased commitment to the retrieval service in terms of activities and call-outs. Consumable costs and funding will vary in line with activity but contracted on the basis of 21 retrievals per quarter.

The financial plan assumes this income will continue at this level on a recurring basis with no financial pressures identified.

The other development that has taken place within this service relates to the development of the Organ Care System for Donation after Circulatory Death (DCD) and marginal Donation after Brain Dead (DBD), this model is based on the assumption that the cost base for transplant patients will reduce with specific reductions in mechanical circulatory support, reduction in costs of heart failure treatment with the ability to increase the number of usable donor hearts and thereby reduction in length of stay in ICU and the ward. Activity is small but the cost per case is high. The total investment is in the region of £200k per annum with savings of up to £100k in the early stages. A proposal for a non recurring investment as a pilot project in advance of recurring funding from NHSBT was agreed by the Board in 2016/17. Due to timing of training and set up this pilot is due to be implemented in 2017/18 pending the agreement on the business case approved for recurring funding.

This service has been in place in NHS England for the last few years and NHSBT submitted their business case to the four UK Health departments in September 2016. It is likely most Health department will seek funding from NHSBT and therefore the final business case has yet to be approved. DCD heart retrieval is not currently a commissioned service and at this stage there is no guarantee of future funding to support this service on an ongoing basis.

The development of the service in GJNH is in line with other Boards in the UK and with NHSBT guidance. The financial plan assumes using non recurring monies and savings to fund this in 2017/18. In 2018/19 and 2019/20 it is assumed this service is funded from a mix of non recurring monies, savings and/or investment from NHSBT.

**2.3 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 compared to total Board activity

Interesting however when you compare this growth against the total activity growth this shows that there are increasing pay costs with activity slightly less aligned over the last 2 years. The work to review for example our waiting list initiative payments and our workforce planning processes should begin to see the impact of this and reduce pay costs. Case complexity discussions could also be impacting on this.

Taking into account the continued financial pressures we continue to see through incremental drift, increased cost of absence including increased costs of paid as if at work, unsocial hours, overtime and waiting list payments, there is still further work to be done and this continues to be reflected within the efficiency and productivity plans described within this financial plan.

During 2017/18 there has been overspends against budget across a range of nursing areas and medical staffing reflecting these pressures.

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

* From Nov 2016 this is the 3rd year review period for auto-enrolment which reverts all staff back to the automatic enrolment with opt-out required. The additional cost of this assuming all staff remain within the scheme is approx £200k per annum and has been assumed within the financial plan
* The apprenticeship levy comes into effect from the 1st April 2017 and is a tax levy of 0.5% of the paybill paid by employers. This equates to £406k 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 vacancies in Ophthalmology and Anaesthetics due to national shortages. We will develop new models for some if not all of these staff groups in 2017/18 and efficiency savings have been identified relating to this. In addition we are finalizing a waiting list initiative policy to ensure a fair and consistent use is applied across our Board. This is assumed to be implemented in 17/18.
* The full year financial impact of the extended role of band 1 posts has been assumed within the financial plan.

The financial impact of pension reforms has also been assumed in 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 stage.

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

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.

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
* Have implemented the e job planning system to record and manage consultant job plans including work to develop capacity analysis and productivity in 17/18
* Plans to implement e-rostering during 2018/19 with a Board wide rostering policy being finalized for review and consultation in 2017/18
* We have 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 to support our changing workload across all our clinical services recognising patient dependency, increased complexity and existing nurse roles. It is anticipated this will result in a more efficient and effective workforce model to meet our future demands
* Have in place a Board Workforce Planning and Education Group to horizon scan and develop longer term strategies and including to ensure alignment to the financial planning process

**2.4 Plans to create additional elective capacity through a Golden Jubilee expansion**

Over the last 2 years the management team have been working with Scottish Government and other NHS Boards to undertake a detailed capacity and demand analysis exercise 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 planned objectives of this investment are as follows:

* To create sufficient elective capacity for the West of Scotland region to meet the predicted need for elective care by 2035
* To provide innovative patient centred models of care that are both efficient and sustainable
* Reduce or eliminate routine use of the private sector
* Reduce the chances of cancellation of elective surgery
* Enable delivery of current and future Government guarantees on inpatient / day case waiting times on a sustainable basis
* To deliver increased efficiency and productivity, adopting the principles of Better Care, Better Health and Better Value as set out in the Scottish Government “Health and Social Care Delivery Plan” published in December 2016.

**2.4.1 Programme**

The programme of work to support this will be in two phases:

Phase 1 – delivery of additional ophthalmology and general surgical elective care capacity and

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

A programme plan has been developed 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:

**Phase 1**

Design Development July 2017-May 2018

Approval of Outline Business Case September 2017

Approval of Full Business Case June 2018

Phase 1 Construction Period August 2018-August 2019

**Phase 2**

Design Development July 2017-May 2018

Approval of Outline Business Case 3rd quarter 2017

Approval of Full Business Case 2nd quarter 2018

Phase 2 Construction Period 3rd quarter 2018-early 2021

**2.4.2 Capital and Revenue Assumptions (Phase 1 and Phase2)**

The updated costs for the hospital expansion excluding equipment are £70m although this includes refurbishment costs of £24m (not all included in the £37.5m previous estimate). For the purpose of the 5 year capital plan this assumes the £46.5m build cost for phase one and phase two of the project. Detailed work on the refurbishment costs and plans, with some required as a result of the new build, still needs to be completed. The final costs will be clearly defined in the Initial Agreement and the OBC for each stage. For the purposes of the capital plan an estimate of phasing for the refurbishment costs has assumed £10m in 19/20 and then £7m each year thereafter.

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 £46.5m (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 as the theatres are opened and become operational. The split of the £46.5m into phase 1 and phase 2 (for planning purposes at this stage) have been assumed as £6.5m for phase 1 and £39.9m as phase 2.

Phase 1 spend of £6.5m is planned to commence from August 2018-August 2019 and the plan has assumed £5m in 2018/19 and £1.5m in 2019/20.

Phase 2 spend of £39.9m (is planned to commence from 3rd quarter 2018-early 2021and the plan assumes £10.5m in 2018/19, £21.9m in 2019/20 and £7.5m in 2020/21.

Whilst the equipping will take place over the 10 years there will be a requirement to include a level of this from opening in phase 1 in 2019/20 and some in 20/21, this has been estimated as £1m in 2019/20 and £1.25m in 2020/21..This is in addition to the £46m in total as noted above.

In terms of additional revenue this had been estimated at £56m recurring at the end of the 10 year expansion and would be phased depending on the opening of the theatres. Approx £6m of this revenue would be associated with the capital and equipment infrastructure and the remaining £50m on the recurring revenue costs of the additional activity including staff and supplies.

**2.4.3 Financial Impact within this Financial Plan period 2017-2020**

The project plan assumes phase 1 will be operational by October 2019 and phase 2 operational by June 2021.

The financial assumptions of this build project within this financial plan is as follows:

* Approx £250k of capital spend in 2017/18 in developing the design to support the outline and full business case,
* Estimated capital spend for build costs for the combined projects is anticipated as £15.498m in 2018/19 and £23.450min 2019/20 and £7.5m in 2020/21 (all costs are inclusive of irrecoverable VAT).
* In addition to the above costs refurbishment cost of £24m have been included in the plan.
* Equipment costs will be phased over the 10 year life from 2019-2029 and would anticipate a share of the £12.5m would be allocated in the first two years of operation in 2019/20 and 2020/21. The capital plan assumes £1m in the year 2019/20 (for equipment infrastructure related to phase one) and £1.250m in 2020/2021 and then £1m thereafter. The phasing of the equipment spend would be correlated with the opening of elements of the building
* Within our capital plan we have assumed other enabling works associated with the build of approx £0.5m over the next two years commencing in 2017/18 years.

In addition to the above Scottish Government have funded £5m of capital to put in place 2 additional MRI machines and an ophthalmology unit (phase 1 described above) to create additional MRI and elective capacity from 2017 onwards. The assumptions for this spend of this are detailed below:

* During 2017/18 spend of £3.283m to support the 2 MRI machines is assumed and
* The balance of £1.717m to support the ophthalmology development is included within the phase 1 costs above. This is specified within the capital plan.

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 2016/17 we requested a revenue carry forward of £250k into 2017/18 for the project team and for 2017/18 we have included an additional £500k to cover design development costs. This has increased to £1m for both 2018/19 and 2019/20 as the work progresses and includes transitional and double running costs and enabling moves.

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 have been included within the revenue forecasts.

**2.5 Continued Expansion of the Waiting Times Work**

As the project as described in section 2.4 is developing it is necessary to consider interim arrangements to ensure delivery of the TTG targets across NHS Scotland. There are a number of key developments taking place during 2017 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, is being implemented in 2 phases during 2017/18. These are:
  + The first MRI is due to be operational by November 2017 with the associated revenue costs funded by Scottish Government. The revenue costs assumed within 2017/18 are £206k. This is part year with full year annual costs of £412k rising to £541k in 2018/19 (and recurring thereafter) and the capital assumptions are noted above in section
  + The second MRI (a business case is being developed for this) is planned to be purchased and in place by 3 or 4th quarter 2017/18. The revenue costs will be funded by the Golden Jubilee as currently supporting the mobile van (this activity will transfer to the new MRI) with the capital costs described in section 2.4.3 above
* The implementation of the ophthalmology mobile unit to support phase 1 of the hospital expansion. This is due to be operational from mid April 2017 (for financial planning assumed full year costs in 2017/18) with the staffing of £508k pa and the mobile Theatre hire of £835k pa funded by Scottish Government and the marginal costs of £995k funded by the Health Boards through the annual SLA process.
* All other ophthalmology and orthopaedic expansions (previous to 2017/18) are included 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.

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

|  |  |  |
| --- | --- | --- |
| **Development** | **2017/18 impact** | **Full year recurring impact 2018/19 onwards** |
| MRI – 1 | £206k | £541k recurring |
| MRI -2 | Funded by the Golden Jubilee using monies currently supporting the mobile unit |  |
| Ophthalmology mobile unit | £508k staffing  £835k rental of mobile theatre  Total £1.343m  (note the marginal costs of £995k will be funded by the referring Boards) | £1.343m until the new expansion is operational |
| Ultrasound development | £102k | £102k recurring |
| **Total** | **£1.651m** | **£1.986m** |

**2.6 Golden Jubilee Conference Hotel**

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

The financial plan also recognises the financial pressures within the Conference Hotel and 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, in addition to the challenges of the current economic environment.

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 support this investment.

**2.7 Financial Implications of the Board Research Strategy**

The Board vision of ‘leading Quality, Research and Innovation’ continues with the approval and implementation of our research strategy. The key objectives of this 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 implications 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.

During 2015/16 we also approved the investment in a gait lab which also aims to generate income for further investment in research and support Board priorities. The financial implications of this business case have been assumed within this financial plan.

Funding approved by the Chief Scientist Office has also been assumed within this plan, with the planned growth in activity reflected within the Research Strategy.

**2.8 Implications of delivering the eHealth National and Regional agenda**

The Board approved the ehealth strategy 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.

The Board plan incorporates the aims of the Quality Strategy and continues to move towards an Electronic Patient Record across the hospital and exploring and facilitating the sharing of information across NHS Board boundaries to support patient pathways.

A number of initiatives were delivered in 2016/17 that have or will contribute to our efficiency and productivity scheme in 2017 and beyond. The focus of these have been on benefits realisation including cash savings and releasing time to care productivity savings.

**2.8.1 Plans for 2017/18**

A summary of the key plans for 2017/18 that will impact on the Board financial plan through either investment and efficiencies through benefits realization are:

* A renewed focus on benefits measurement and realization, 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 Information Security Policy Framework in parallel with the ongoing developments of mobile working and patient access to health information through the patient portal
* At pace implementation of a fully functioning electronic patient record delivering the quality and efficiency improvements which have been assumed within this plan.
* Further exploitation of our clinical portal and development of our patient pathways to reduce variation and improve quality
* 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. In particular the national funding included is as follows:

|  |  |
| --- | --- |
|  | **Assumed each year over the 3 years** |
| Applications fund | £120,032 |
| Strategic fund | £284,938 |
| Infrastructure fund | £66,502 |
| Total | £471,472 |
| Support for National eHealth lead Group | £18,000 |

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

## 2.9 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 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 £150k from 2017/18 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 assumed a cost for the implementation of HEPMA from 2018/19 onwards of approx £200k per annum but as an offset have assumed efficiencies resulting from this through improved quality, better data and reduction and variation from 2018 onwards.

## We fully support the work of the Sustainability and Value programme and have 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

## 2.10 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 Jubilee has been asked to lead on the National Innovation Fund for NHS Scotland. This work has been progressing at a 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 three years.

In relation to the national innovation fund, this will be 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.

We are also supporting 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.

We have secured funding and appointed a 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 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

**2.11 Actions in response to the Sustainability and Value Programme**

In support of the Sustainability and Value Programme (S&V), Chief Executives identified 4 workstreams as areas for potential efficiencies and savings being effective prescribing, shared services and procurement, workforce and clinical transformation. The Board is actively involved in the programme with members of the executive team involved in a number of the workstreams.

The Board has in place an efficiency and productivity group and the reports from the S&V programme are shared with this group and progress updates provided. The output from this work has been assumed within the financial plan as summarized in the table below:

|  |  |
| --- | --- |
| **S& V workstream** | **Actions to progress and financial assumptions within the** |
| Effective Prescribing | The actions supporting this work are summarized in section 2.9 of the financial plan. Savings opportunities from rolling out HEPMA have been assumed. |
| Shared Services and Procurement | A number of opportunities have been assumed within the financial plan relating to this workstream. These include   * Sharing and standardizing services in collaboration with territorial and special Boards * Significant procurement savings have, as in previous years, been delivered with plans in place to deliver more over the next three years * Savings resulting from a move to transfer the laundry services to NHS GG&C has been assumed with the financial plan * A review of dining room services and hospitality has commenced with savings assumed from this workstream |
| Productive opportunities | The programme of work from the theatres workstream has been fully supported by the Board and savings specifically relating to the £5m NHS Scotland target have been included within the Board efficiency schemes for 2017/18.  The plan to support realistic medicine has been developed by the Medical and Nurse Director.  A programme of work to develop patient level costings, in tandem with developing patient pathways is aimed to reduce variation and improve efficiencies. At this early stage efficiency plans for 18/19 have been assumed and this work is progressing well. |
| Workforce | The Board usage of agency has reduced over the last 12 months and further reductions have been assumed within the plan. The use of medical locum (through an agency) is currently low spend |

**2.12 Once for Scotland Approach – Work with the National Health Boards**

Special Health Boards have been tasked to work together to identify ways to standardise and share services with a target to reduce the operating costs of Special Boards by £15m in 2017/18 so that this can be reinvested in frontline NHSScotland priorities. Since this was first identified in December 2016 the Boards CEO and DoFs have been working closely with a focus to describe the planning and delivery of this

The work in delivering the target has therefore focused on four key workstreams:

1. Focus on clinical transformation (although recognising this is likely to be a18/19 and beyond issue) to deliver quality improvements and efficiencies across NHS Scotland

2. Delivery of reduced operating costs through a critical review of support services to deliver sustainable savings

3. Delivery of cash releasing efficiency savings for territorial Boards in 17/18

1. Management of non recurring spend to deliver the target in 17/18 whilst the workplans in 1 and 2 deliver more sustainable quality improvements and reduced costs

The financial implications of this work across all Special Boards is summarized on the table below:

|  |  |  |  |
| --- | --- | --- | --- |
| **Workstream** | **Impact in 2017/18**  **(part year)** | **Impact in 2018/19 and beyond**  **(full year)** | **Notes** |
| 1. Transformation supporting the Health and Social Care Delivery Plan | Unlikely to have a financial impact in this year | Savings impact will be quantified within the Nationals Delivery Plan | Plans will progress at pace but more likely to impact from 2018/19 onwards. |
| 2. Delivery of reduced operating costs within support services (in the first instance) | £3.7m | £9.3m - £15m | This is across all special Boards within the workstreams identified. The full year impact will be reviewed as the programme develops. A detailed paper with a programme of work has been developed |
| 3. Delivery of cash releasing savings for territorial Boards in 17/18  *Note this has been acknowledged as a benefit to Territorial Boards but not assumed within the £15m target* | *£1.7m plus extra from NSS for ISD and Programme Management* |  | A cost reduction in the Golden Jubilee with a cash releasing impact in 17/18 for Territorial Boards. In addition NSS will support ‘regional and territorial’ Boards in delivering value for money data analytical support and programme management |
| 4. Management of non recurring spend to deliver target in 2017/18 | £7.593m |  | Contributions on this have been agreed by all Boards. The Golden Jubilee share of this is £1m. |
| Balance of £15m.  This has been committed by all Boards  A stock-take position on this will take place in August/Sept 2017 | £3.7m (non recurring) |  | This will be progressed through   1. acceleration of workstream 1 and 2 2. Further review of non recurring funds 3. Collaborative opportunities in sharing posts, vacancy management and 4. Procurement collaboration |
| **Total** | **£15m** | **£15m** | Recurring savings |

The specific assumptions for our Board assumed within this financial plan is as follows:

* £1m of non recurring funding earmarked for 2017/18
* £1.7m reduction in income as a result of the reduction in the marginal prices for orthopaedics and ophthalmology in 2017/18
* At this early stage there is no assumption within this financial plan in 2017/18 for any cash releasing savings from this Board for the review of support services
* From 2018/19 it is assumed that any reduction in income will be offset against a corresponding reduction in expenditure as a result of the implementation of the initiatives summarized in the table above.

**2.13 Finance Vision and Values**

The delivery of the financial plan is supported by a finance team who have agreed a common vision and values. These fully support the delivery of all aspects of this financial plan over the next three 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 have also agreed a core set of values required to ensure this is delivered.

This puts the finance team in a strong position to ensure the successful delivery of this financial plan.

## 3 Efficiency Savings 2017 and beyond

The areas noted in section 2 above have been forecast within the financial plan

and a detailed analysis of forecast costs and income has been completed over the three year period. This has driven out the requirement to generate efficiency savings year on year both cash releasing savings to match the increased costs and productivity savings to deliver against the increased demands of patient care including complexity, activity increases and the requirement to continually invest in technology and improved quality initiatives.

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

of approx 5% per annum. The additional pressures in this period relate to

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.

In developing the Boards financial plan and recognising the very tight financial

position in relation to funding uplifts and ongoing cost pressures, the Board

has forecast the predicted level of efficiency savings, both cash releasing and

increased productivity, it is required to deliver over the next three years. In additional it is 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. However due to our regional and

National services our Board income is significantly higher than the RRL income and this is reflected in our efficiency plans identified and the savings required to

breakeven.

This is also shown in the table below.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Financial Year**  **2017/18**  **£000** | **Financial Year**  **2018/19**  **£000** | **Financial Year**  **2019/20**  **£000** |
| **Income** | **£134,800** | **£134,753** | **£135,462** |
| **Cost baseline** | **£139,282** | **£139,611** | **£140,736** |
| Income split as: |  |  |  |
| Total RRL funding (core and non-core) | £74,799 | £74,453 | £75,017 |
| Other including regional and national income | £60,001 | £60,300 | £60,446 |
| Total | £134,800 | £134,753 | £135,463 |
| **efficiency savings required over the 3 year period** | **£4,482m** | **£4,858m** | **£5,274m** |

**Savings Plans**

|  |  |  |  |
| --- | --- | --- | --- |
| Efficiency savings required to cover the in year cost pressures | **£4.5m – 3.2% of expenditure** | £4.8m – 3.4% of expenditure | £5.3m –  3.7% of expenditure |
| Efficiency Plans identified to date – as at 13th March 2017 | **£4.1m to date**  **(90% of plan identified** | £1m  (20% of plan identified | £1.m  (20% of plan identified) |
| Efficiency Schemes still to be developed | **£400k**  **(approx 10% of total savings)** | £3.8m | £4.3m |

We have undertaken a best, likely and worst position in relation to our financial planning forecasts for 2017/18 and this was submitted in our interim plan on the 28th February, 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 £4.5m in 2017/18 against savings at this stage of £4.1m. Work is ongoing to develop further schemes and this will take place in the early stages of the new financial year of 2017/18 for the unidentified balance of £400k. It is important to also note that £1.2m of the savings plans included within the £4.1m are deemed at this stage as non recurring.

The plan is to ensure there are the further 10% of efficiency schemes in place by early into the new financial year to manage the gap. In doing this the following will be actioned:

* 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.
* The Director of Finance with the support of the Assistant Director of Finance will meet with the remaining budget holders to review spend categories and develop further schemes as required, additional support and input from the management team will be put in place if deemed necessary.
* Some savings and/or additional income may be achieved by the work of the Special Boards collaboration
* Review our ‘investment’ assumptions included within the plan for 2017/18

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

forecast recognising the efficiency schemes that require to be delivered,

will be achieved over the next three years.

**Efficiency Plans for 2017/18**

The efficiency plans for 2017/18 in the main related to service and quality improvement schemes across inpatient and outpatient services this includes productivity increases 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 realization on document scanning and electronic patient records and energy efficiencies.

In relation to 2017/18 schemes to date a total of 70 schemes have been identified which if delivered will achieve efficiency savings of £4.1m per annum further demonstrating a continued focus on improving efficiency and productivity across the Board. Further work as described above has been agreed to increase these plans by a further £0.4m to deliver the requirement to manage our existing cost pressures and allow for investment.

There are no high risk schemes relating to clinical care.

The schemes for 2017/18 have been split into the national categories below. A full detail of these schemes will be presented to the Senor Management Team.

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Efficiency Savings**  **2017/18**  **£000** | **Likely savings**  **2018/19**  **£000** | **Likely savings**  **2019/20**  **£000** |
| Service and clinical productivity | 2,173 | There are approx £1m savings generated per annum as part of ‘business as usual’ schemes. The finance templates assumes a split of these | |
| Shared services | 0 |
| Workforce | 683 |
| Drugs and Prescribing | 118 |
| Procurement | 1,018 |
| Support Services (non clinical) | 98 |
| Estates and Facilities | 22 |
| Unidentified schemes | 386 | £3,858 | £4,274 |
| Total | £4,498 | £4,858 | £5,274 |
| Note current efficiency gap as schemes in future years are considered |  | Approx 80% of schemes have to be developed | Approx 80% of schemes have still to be developed |

**3.2 2017 and beyond**

It is important to note from the table above, the current efficiency gap in the years 2018 and 2019. 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. There are a number of Board initiatives that would aim to support this including the implementation of the electronic patient record, implementation of HEPMA and income generated from the gait lab.

The Board has agreed the following approach in the development and delivery of the efficiency and productivity agenda:

* managers are requested to identify efficiency and productivity plans for their respective areas.
* dept managers must engage with their staff and consider the impact of funding reductions through a formal risk assessment to determine the impact across the organisation of any proposals
* A standard template and approach should be used to ensure all impacts are risk and equality assessed
* A proactive approach to understanding best practice across worldwide healthcare settings
* The requirement to ensure the Board continually invests in resources to deliver improved patient care

The Board has also agreed a set of key principles that must be enacted within all the proposed schemes. These are:

* We need to agree any workforce schemes or those that could impact on staff within partnership working
* We need to protect frontline services but need to deliver these services as efficiently as possible
* We need to achieve productivity and efficiency gains without compromising quality
* We need to have engagement and ownership amongst the staff delivering the services

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 2016/17 the group has implemented an efficiency & productivity score card that will be used to measure and quantify some of the benefits from the efficiency agenda. Links into the NHS Efficiency and Productivity Framework through the Quality and Efficiency Support Team have also been established, and the work of the Sustainability and Value Programme Board will also feed into this group.

The work plan focuses on the following key areas:

* 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
* Prescribing including roll out of electronic drug cupboards and the savings associated with these
* 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

In picking up some of this work the following points are highlighted:

* A clinical and management team visited India to the most efficient and high quality ophthalmology service in the world. A number of good practice initiatives have been identified and work is progressing to further increase efficiency in this service
* The Board is rolling our human factors training to every employee, this is aimed to increase patient safety and improve quality across every service and identify quality improvements
* The leadership framework for the Board which aims to provide skills and accountability to every employee to identify and deliver quality improvement.
* Day of surgery admittance (DOSA) programmes have been imbedded within both Orthopaedic and Thoracic surgery patient groups and there is work in progress to expand the achievement within these services further throughout 2017-18. In addition the board is rolling out DOSA within Cardiac Surgery also which aims to improve the quality aspect of the patient experience through a reduced length of stay.
* The Board has successfully rolled out its quality framework which has delivered efficiency schemes and contained cost pressures. This will be further developed during 2017/18 with a remaining 130 indicators being added to the Board dashboards

**Quality Bid Investment**

The Board has to date embarked on a very rigorous efficiency saving programme which has successfully delivered in excess of our targets for the last few years. This is also supported by improved cost control through all levels of costs including staffing levels and procurement. This has allowed us funds for investment in over the last three years, which focuses on quality initiatives to continue to improve the quality to patients.

The following investments have been made

|  |  |  |
| --- | --- | --- |
| Year | Quality bid investment | Total Projects |
| 2012/13 approval with full year impact in 2013/14 | £0.8m | 12 projects including for example  Additional medical staff in ICU out of hours  New technology valves  Weekend cover for pharmacy and rehab  Additional staff in laboratories, cardiac physiology and administration |
| 2013/14 approval with full year impact in 2014/15 | £1m | 25 projects including for example  Additional housekeeping resources  Establishment of a training academy in Radiology  Out of hours cover in haematology  New technologies for orthopaedics management of infections |
| 2014/15 approval with full year impact on 2015/16 | £2m | 30 projects including for example  A theatre training academy  Advanced care practitioners in ICU  Occupation health support for staff for MSK problems  Health intelligence analyst to support complex data analysis  Further investment in housekeeping resources  Improved shift pattern in labs to support quick decision making and discharge |
|  | £3.8m |  |

A total sum of £3.8m has been invested over the last three years with further investment hoped for 2017/18 if the efficiency savings can be delivered.

In addition to the above the Board is committed to undertaking benchmarking and redesign to ensure efficiencies are being progressed at all levels. A strategic projects group has been established that has the remit to ensure redesign and efficiency projects are progressed throughout the organisation. It is anticipated a number of future efficiency schemes will emerge from this process. The use of the CHKS and discovery system will allow robust reviews of benchmarking data especially focusing on facilities out-with Scotland to provide greater opportunities for innovation and shared learning.

The Board has also set up regular management and partnership forum workshops which are used to keep partnership forum up to date with the current schemes progress and more importantly any future schemes being considered. A dedicated session also takes place that allows partnership colleagues to identify efficiency and productivity schemes. This has been useful in previous years and has generated some excellent projects. Partnership forum are supportive of the approach taken to date.

## 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** | **2017/18**  **£000s** | **2018/19**  **£000s** | **2019/20**  **£000s** | **2020/21**  **£000s** | **2021/22**  **£000s** |
| Property | 711 | 2,350 | 6,600 | 5,000 | 5000 |
| Medical Equipment | 1,500 | 5,861 | 2,323 | 2,530 | 1,924 |
| IM&T | 480 | 350 | 130 | 600 | 500 |
| **Formula** | **2,691** | **8,561** | **9,053** | **8,130** | **7,424** |
| Projects | 3,533 | 19,598 | 34,450 | 15,750 | 8,250 |
| **Total** | **6,224** | **28,159** | **43,503** | **23,880** | **15,674** |

The plan is based on planned replacement of equipment at the end of life, known developments and outcome from PAMS. 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 2017/18 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.

This plan for 2017/18 is split as follows:

£k

Property Equipment replacement £711k

Medical Equipment £1,500k

IM&T essential replacement programme £480k

Formula Allocation £2,691k

Project funding £3,533k

Total £6,224k

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 future years where we are aware of a known pressure for capital we will investigate the potential of future revenue to capital transfers, as we have demonstrated previously.

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

The three year financial plan assumes the planned achievement of all key financial targets whilst continuing to work in a challenging financial environment. 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.

It is also critical that a tighter financial environment requires tighter control on expenditure and more emphasis on redesign and delivery of savings for internal investment this is being progressed through the boards management teams and working in partnership with the Boards partnership forum.

The key risks are as follows:

* Delivery of the Boards efficiencies to deliver the breakeven target especially from 2017 onwards.
* Continued increased patient activity resulting in additional unfunded sessions required to meet the waiting times
* 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