

Greater Glasgow NHS Board

**Board Meeting
Tuesday, 18th May, 2004**

Board Paper No. 04/30

Chief Executive, GGNHSB

BALANCING THE FINANCIAL POSITION IN 2004\05

Recommendation: The Board is asked to:

- i) receive this progress report on balancing the financial position in 2004\05;**
- ii) approve the steps proposed in further developing and in implementing sections of the plan, as described in the paper;**
- iii) agree that significant changes in services proposed within the paper should be the subject of formal consultation;**
- iv) note that the Corporate Management Team and the Performance Review Group will review urgently investment proposals which currently sit within the financial plan for 2005\06.**
- v) approve the arrangements for the submission of regular reports to the Performance Review Group and to the NHS Board itself.**

1. Background

1.1 At its April meeting, the Board received and approved the updated Local Health Plan 2004\07, including the Financial Plan for 2004\05. That paper set out the major financial challenges facing the Board in order to ensure that the over-commitment of £58.8 million described for 2004\05 could be addressed in a maximum of 2 years through the delivery of the Corporate Recovery Plan to ensure that financial balance was restored. In viewing this recovery as a 2 year programme, the Board was particularly mindful of the need to ensure that the bulk of the over-commitment should be pulled back during this financial year in order to avoid the double risk which would be created by the carry-forward into 2005\06 of both a year-end overspend and an element of recurring deficit: any year-end overspend would be a first deduction on the following year's allocation.

1.2 A summary of the key elements of the Corporate Recovery Plan formed part of the Local Health Plan update. They showed savings targets of £22 million identified thus far for 2004\05. They identified also potential additional income of £10 million due from West of Scotland Boards. In the discussion at the April meeting, Members asked for a further report in May on the progress with the key elements of the plan. They sought assurances that the contributions to the Plan from non-clinical services should be maximised and that further details of the changes proposed in clinical services should be provided so that the Board could determine what further processes of engagement and, when necessary, consultation should be put in place.

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1.3 This paper picks up the further work of developing and implementing the Corporate Recovery Plan and gives a summary update also of each of the key clusters of work within it. It seeks the Board's approval to a range of actions within the plan; identifies how the plan will be developed through further work with staff partners and other interests; and highlights specifically where formal consultation is required on proposed changes to service delivery. The paper concludes with a set of further proposed steps, including ongoing monitoring of progress in implementing the actions within the plan.

2. How is Balancing the Financial Position Being Taken Forward?

2.1 There are two main strands to this work. The first, crucially, involves a continuation of the tight budgetary control measures which were adopted in response to the financial pressures which developed during 2003\04. It seems likely that the financial out-turn for 2003\04 will have come within the lower estimates submitted to the Board and its Performance Review Group during the second half of last year. The year-end out-turn was helped by the release of a non-recurrent allocation by the Minister to NHS Boards in the latter part of the year. It is vital, therefore, that across NHS Greater Glasgow, the budgetary controls on manpower and on non-pay expenditure continue to be applied with the sensitive rigour applied last year. We should look particularly at the scope for stepping up this effort though planned summer bed closures. After a period of several years in which the Board was a "gainer" in terms of the level of general resource allocation awarded, the Board has now moved to a position wherein it has received, for 2004\05, the minimum level of uplift awarded.

2.2 Allied to the need to continue to constrain expenditure within core budgets, the Board has been developing a Corporate Recovery Plan whose aim is to reduce expenditure across the spectrum of the Board's responsibilities, through planned changes, to a position which sees NHS Greater Glasgow able to return to a position of financial balance within a maximum of two years. The next sections of this paper describe how the Corporate Recovery Plan is being further developed.

3. Developing the Next Steps in the Corporate Recovery Plan

3.1 In reflecting on the discussions of the Plan within the Board's Performance Review Group, the Corporate Management Team agreed to test the reliance and durability of the Plan in a half-day workshop which was facilitated by the Board's External Auditors, PricewaterhouseCoopers. That workshop was important from three perspectives. First, it was based on the use of technology which was time-efficient; secondly, it provided a secure environment, in maximising the anonymised submission of "ideas" which might shape the Plan, but with the safeguard that the subsequent prioritisation of ideas by all Team Members would test the validity of "outlier" proposals; thirdly, it was of wider relevance in the scope of its application to work with other key stakeholders – such as the Partnership Forum and Groups of Clinical Leaders – in testing out and developing the wider Corporate Recovery Plan or key elements within it. These further sessions will be arranged for dates in late May\early June.

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- 3.2 There were two other important outputs from the workshop. The generation of “ideas” from the brainstorming session – and their subsequent ranking – added some further actions to the Corporate Plan. Significantly also, it was agreed that a more rigorous approach should be adopted to the development, implementation and monitoring of the Plan. Thus, for each of the “projects” which comprise the Plan a common set of project documentation will be prepared which identifies the Project Lead; describes the key objectives of the Project; and sets out the milestones and timescales for delivery in a way which allows consistent reporting of the project outputs and outcomes. A Project Manager has been identified who will co-ordinate the work of the individual projects and support the Chief Executive and the Corporate Management Team in executing this Plan.
- 3.3 The preparation of this project documentation (which will be completed for all projects within the next two weeks) will provide the base-point against which progress in implementing the Plan will be reported routinely to the Performance Review Group and, through it, periodically to the Board itself.

4. Taking Action in Moving the Plan Forward

- 4.1 Beyond the ongoing steps which budget-holders are taking in order to keep expenditure close to the levels of budgets set for 2004\05, there are several clusters of actions which comprise the current Recovery Plan. These are:

- Introduction of pan-Glasgow reviews and arrangements in:
 - Finance and supplies
 - Human Resources
 - Pharmacy
 - Laboratories
 - Catering
 - Medical Illustration
 - Management costs

Each of these areas is a “project” within the Corporate Plan: Board Members will be aware that a substantial part of the Recovery Plan is directed towards services which largely are not involved in delivering direct patient care.

- 4.2 Benchmarking acute services and identifying potential to reduce capacity.

This heading comprises a range of proposals. They include plans to implement now the decisions - taken following an earlier public consultation exercise – to concentrate all in-patient Dermatology in a single centre at the Southern General Hospital; and in-patient Gynaecology for North-East Glasgow within Glasgow Royal Infirmary. They involve also consideration of closing the in-patient beds at the Homoeopathic Hospital and continuing the service through day and out-patient services: this proposal will be the subject of a consultation exercise carried out during the next two months. Alongside the acceleration of the acute services plan a review will be carried out of “stand-alone” rehabilitation sites. If these reviews conclude that integration within a major adult acute site is feasible and desirable, those proposals would then become the subject of formal consultation alongside proposals for the future use of any affected sites.

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4.3 A detailed study in which the performance of the adult acute hospitals in Greater Glasgow is benchmarked against an extensive range of comparator hospitals across the UK has been commissioned from CHKS, the leading UK consultancy in this field. The initial output from this work suggests that there is significant scope for achieving greater efficiency in the use of beds in several acute specialties. Discussion of the report will be taken forward rapidly with the appropriate lead clinicians so that changes can be introduced as early as possible.

4.4 In addition to this scrutiny of general acute beds, the Yorkhill Division has been analysing the potential to reduce beds in areas where occupancies are relatively low. We expect to have definitive proposals in the next 2\3 weeks.

4.5 **Reviews of Elderly Continuing Care and Mental Health Beds and Day Hospitals**

The Planning Groups responsible for leading the work on these services are close to concluding their reviews. The conclusion from these pieces of work will be reported shortly through the project monitoring arrangements described in section 3 of this paper.

4.6 A financial recovery target will be set for each of the projects within the Plan. The detailed modelling of options developed within the Plan will be explored with the Performance Review Group. That Group also will review, with the Corporate Management Team, investment proposals which currently sit within the financial plan for 2005\06, as agreed in the Board's discussion of the Local Health Plan update at its April meeting.

5. Engagement with Key Interests in Taking Forward the Plan

5.1 Two initial sessions have been held with staff partners (one with full-time officials; one with the staff side members of the Area Partnership Forum). A programme of monthly meetings with these two groups together has been set for the rest of this calendar year. Engagement at this level will be underpinned by the dialogue within each Local Partnership Forum and through the direct involvement of staff and staff partners in the work of the individual project teams. The recent Staff News magazine carried as its major item the challenges of financial recovery.

5.2 An initial meeting has taken place also with members and officers of the Health Council to discuss particularly the service changes proposed within the Plan. A further, early meeting with the Council has been agreed. A meeting with MSPs will be offered. Discussions on the implications of the Plan are being taken forward with local authority partners through the Local Health Plan Steering Group and the local, council-based planning structures.

6. Next Steps

The key priorities for continuing to work towards achieving financial balance and strengthening the Corporate Recovery Plan are as follows:

- Maintain tight system of budgetary controls already adopted across all organisations;
- Introduce the rigour of project management into the further development, delivery and monitoring of the Corporate Recovery Plan;
- Alongside the review of year-end financial out-turn, review urgently the provision required from year-end reserves; review urgently also investment proposals which currently sit within the financial plan for 2005\06;
- Prepare a consultation paper on Homoeopathic Services to allow full debate during the next two months;
- Report progress in detail to each meeting of the Performance Review Group and to the NHS Board itself.