NHS Greater Glasgow & Clyde

NHS Board Meeting

Mark White
Director of Finance

17 April 2018

Paper No: 18/21

NHSGGC – 2018/19 Financial Plan (Initial Draft)

Recommendation:-

The Board is asked to:

i) *Note* the assessment of the estimated 2018/19 financial challenge;
ii) *Approve* the high level 2018/19 Financial Plan (initial draft) and approach;
iii) *Approve* the 2018/19 Capital Plan; and
iv) *Approve* the proposition for the 2018/19 HSCP devolved budget allocation.

Purpose of Paper:-

The purpose of this report is to provide the April Board with an update of the Board's 2018/19 projected revenue and capital positions, and outline the plans in place to deliver the key financial targets.

Key Issues to be considered:-

This document is intended to provide the Board with an analysis of the financial challenge and the actions taken to address it. Further details of the Financial Plan will be presented to the Board in June 2018.

Also included within this report is the outline proposition for the 2018/19 Devolved Budget Allocation to Health & Social Care Partnerships (HSCPs). This has been agreed in principle between the Board and the Chief Officers and was approved by the Finance and Planning Committee of the 3rd April 2018.

Any Patient Safety /Patient Experience Issues:-

No

Any Financial Implications from this Paper:-

No

Any Staffing Implications from this Paper:-

No

Any Equality Implications from this Paper:-

No

Any Health Inequalities Implications from this Paper:-

No

Has a Risk Assessment been carried out for this issue? If yes, please detail the outcome:-

N/A

Highlight the Corporate Plan priorities to which your paper relates:-

Efficient use of Resources

Author – Mark White
Tel No – 0141 201 4210
Date – 9 April 2018

NHSGGC – 2018/19 Financial Plan
(Initial Draft)
Board Meeting
April 2018 (Paper 18/21)

Introduction

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Purpose and Format of Report

The purpose of this report is to provide the April Board with an update of the Board's 2018/19 projected revenue and capital positions, and outline the plans in place to deliver the key financial targets.

i) The revenue challenge for 2018/19 **(pages 4-11)**

ii) The 2018/19 planning process (revenue) **(pages 13-19)**

iii) The 2018/19 Capital Plan **(pages 20-24)**

A more comprehensive report was provided to the Finance and Planning Committee (F&P) of the 3rd April 2018. Whilst the detailed 2018/19 Financial Plan remains under development, this document is intended to provide the Board with an analysis of the financial challenge and the actions taken to address it. Further details of the Financial Plan will be presented to the Board in June 2018.

Also included within this report is the outline proposition for the 2018/19 Devolved Budget Allocation to Health & Social Care Partnerships (HSCPs). This has been agreed in principle between the Board and the Chief Officers and was approved by the Finance and Planning Committee of the 3rd April 2018. The proposition is presented for approval by the Board in conjunction with ratification through the Board's formal governance process and each Integrated Joint Board (IJBs).

As such, the Board is asked to:

i) ***Note*** the assessment of the estimated 2018/19 financial challenge;

ii) ***Approve*** the high level 2018/19 Financial Plan (initial draft) and approach;

iii) ***Approve*** the 2018/19 Capital Plan; and

iv) ***Approve*** the proposition for the 2018/19 HSCP devolved budget allocation.

Introduction

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Purpose and Format of Report

As part of the 2018/19 financial planning process, Internal Audit were invited to complete a high level review the planning process and provide assurance around the assessment of the underlying recurring deficit and the assumptions used in drafting the 2018/19 Financial Plan.

The final report is required for presentation and approval at the Audit Committee, however a draft was considered at the Finance and Planning Committee of the 3rd April 2018 in conjunction with this report.

The conclusion within the report states;

"Our review found that overall, the planning process has been undertaken with an objective of transparency and there is clarity over the key assumptions underpinning the 2018/19 cash efficiency challenge. These positive findings clearly do not detract from the extent of work that is now required to reduce that deficit."

The Revenue Challenge – Past and Future

The Underlying Financial Position

This section of the report highlights the underlying financial position

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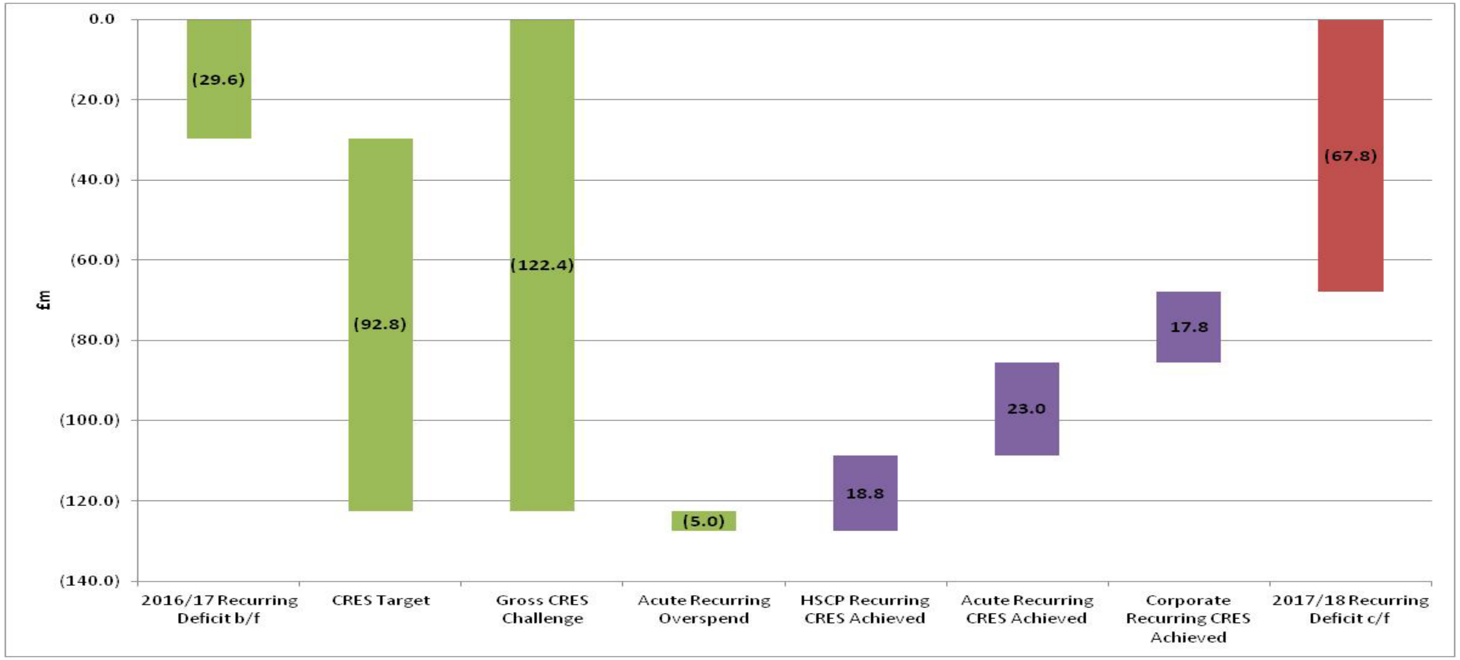
In order to fully understand the Board's financial position, the performance over the last financial year is analysed below. The chart below bridges from the 2016/17 out-turn to the projected deficit for 2017/18. Similarly, the 1.5% uplift (£31m) was offset by key pressures around pay (£20m), prescribing (£29m), rates revaluations (£11m) and the apprenticeships levy (£8m). Coupled with the £29.6m recurring gap brought forward, the in-year CRES challenge was £122.6m. However, this again is projected to be accentuated by an Acute "operational" overspend of £10m.

To mitigate, and as reported above, recurring CRES achieved is projected to be circa £65m (48%). It is projected the Board will finish the year and start 2018/19 with an underlying recurring deficit of £67.8m (Acute £37m; Corporate £23m; Partnerships £7.8m). It should be noted that the Partnership recurring deficit will be reduced upon formal acceptance of the 2018/19 devolved budget offer.



The Underlying Financial Position

This section of the report highlights an indicative 5 year projection

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In terms of financial flows to 2023, the table below highlights an indicative summary of the anticipated new resources that will be available and a forecast of the change in expenditure over the same period. It should be noted that these are indicative only and require further validation as part of ongoing work on the five year plan.

The projections include consistent levels of uplift and cost pressures based on 2017/18 and 2018/19.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m	£m
New Resources						
Baseline Increase	31.1	31.9	32.3	32.8	33.3	33.8
New Medicines Fund	(7.9)	1.0				
Uplift from Other Boards	2.4	6.1	6.1	6.1	6.1	6.1
Sub Total	25.6	39.0	38.4	38.9	39.4	39.9
less Uplift Allocation to IJBs	(23.7)	(12.4)	(12.5)	(12.7)	(12.9)	(13.1)
Total New Resources	1.9	26.6	25.9	26.2	26.5	26.8
Cost Pressures						
Recurring Deficit b/f	(29.6)	(67.8)	(60.9)	(61.9)	(61.9)	(62.5)
Pay Cost Growth	(20.0)	(42.5)	(41.7)	(39.6)	(39.6)	(39.2)
Prescribing - Acute	(21.0)	(18.0)	(18.3)	(20.1)	(22.1)	(24.3)
Prescribing - Primary Care	(8.5)	(9.4)	(9.9)	(10.6)	(11.3)	(12.0)
Supplies, PPP & Other Inflation	(12.0)	(10.1)	(9.4)	(9.1)	(8.9)	(8.7)
2017/18 Cost Pressures	(33.2)					
Miscellaneous Cost Pressures		(1.5)	(0.5)	(0.4)		
Provision for Future Developments			(10.0)	(10.0)	(10.0)	(10.0)
Cost Pressures	(124.3)	(149.3)	(150.7)	(151.7)	(153.8)	(156.7)
Financial Challenge	(122.4)	(122.7)	(124.8)	(125.5)	(127.3)	(129.9)
add back IJB Expenditure	22.1	21.2	21.7	22.4	23.1	23.8
Net Financial Challenge	(100.3)	(101.5)	(103.1)	(103.1)	(104.2)	(106.1)
Forecast Savings Achieveable (%)		*40%*	*40%*	*40%*	*40%*	*40%*
Forecast Savings Achieveable	32.5	40.6	41.2	41.2	41.7	42.4
Recurring Deficit c/f	(67.8)	(60.9)	(61.9)	(61.9)	(62.5)	(63.7)

The Underlying Financial Position

This section of the report highlights an indicative 5 year projection

The projection above also makes an assumption around the achievement of savings as circa 40% of the challenge (circa 2-3% of base budgets)– again, based on achievements in 2017/18. This clearly demonstrates the scale of the financial challenge, and that the recurring underlying deficit remains at a consistent level of circa £60m.

The steps to achieve short and medium term financial balance are outlined later in the report. The five year challenge will not be fully met through short and medium term interventions such as the Financial Improvement Programme (FIP). This will only be achieved through whole service redesign through the Transformation Programme (Moving Forward Together) and Regional Planning. This will require a longer term focus on outcomes, inclusion, accessibility and sustainable service design.

The organisation is working extensively on both these projects. The initial NHSGCC Moving Forward Together Plan is due for presentation to the June 2018 Board. A progress paper is provided to this Board.

The West of Scotland Health and Social Care Regional Delivery Plan remains work in progress for submission to the Scottish Government in the summer of 2018.

The 2018/19 Financial Challenge

2018/19 – The Budget

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This section of the report highlights the initial assessment of the 2018/19 budget

The budget was announced in the Scottish Parliament on the 14th December 2017. The following are the key areas:

i) Territorial Boards will receive a **cash terms uplift** of 1.5%;

ii) A Transformational Change Fund of £126 million to provide support to the regional delivery plans for implementation of new service delivery models, improved elective performance and investment in digital capability.;

iii) Primary Care Fund of £110 million to support transformation by enabling expansion of multidisciplinary teams for improved patient care, and a strengthened and clarified role for GPs as expert medical generalists and clinical leaders in the community;

iv) Territorial Boards transferring £350 million from baseline budgets to **Integration Authorities** to support social care (as in 2017/18 – no change);

v) Pay policy of:

- 3% pay increase for public sector workers earning £36,500 or less;
- A cap of 2% on the increase in the pay bill for staff earning more than £36,500;
- A cap on the pay increase for highest paid, with a maximum cash increase of £1,600 for those earning above £80,000;

vi) Renewed focus with additional investment in **alcohol and drugs** (£20 million) and **mental health** (£17m) increase in existing 2017-18 spending levels by NHS Boards and Integration Authorities ;

vii) An additional £5m commitment to **Trauma Centres**; and

viii) An additional £5m to **Cancer Care**.

In terms of **Capital**, Boards should assume an unchanged initial capital formula allocation.

2018/19 – The Financial Challenge faced by NHSGGC

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This section of the report highlights the financial challenge faced by NHSGGC in 2018/19

The Table below summarises the base uplift and additional sources of income for the Board in 2018/19.

NHSGGC receives none of the NRAC adjustment.

	All Boards	NHSGGC
	£m	£m
New Resources		
Baseline Increase @ 1.5%	136.9	31.9
NRAC Parity Adjustment	30.0	
	166.9	31.9
Uplift from Other Boards		6.1
Change in New Medicines Fund		1.0
Total New Resources		39.0
less Uplift Allocation to IJBs		(12.4)
Total New Resources		26.6

One difference from the initial 2018/19 projection presented to the February Board Seminar relates to the additional uplift for pay. The Scottish Government expect to receive Barnett consequentials resulting from the National Independent Pay Review Body and have provided an undertaking this will be passed straight to Boards. For NHSGGC we estimate this as £18.8m, albeit a proportionate share will be passed through to HSCPs (estimated £5.3m). As there remains an element of risk around this, it has been shown separately (in the table below) from confirmed sources of income.

2018/19 – The Financial Challenge faced by NHSGGC

NHS Greater Glasgow and Clyde

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This section of the report highlights the 2018/19 financial challenge

A summary of the projected savings carry forward, uplift, inflation and financial pressures is highlighted in the two Tables below.

	£m
Income Base b/f	3,130.5
Expenditure Base b/f	3,198.3
Recurring Deficit b/f	(67.8)
Confirmed New Resources	39.0
National Pay Award - Barnett Conseqentials	18.8
Total New Resources	57.8
Cost Pressures	
Pay Cost Growth	(42.5)
Prescribing - Acute	(18.0)
Prescribing - Primary Care	(9.4)
Supplies, PPP & Other Inflation	(10.1)
Miscellaneous Cost Pressures	(1.5)
Cost Pressures	(81.5)
Financial Challenge	(91.5)
Financial Challenge as % of Allocation	4.3%
add back IJB Uplift	(17.6)
add back IJB Expenditure	21.2
Net Financial Challenge	(87.9)

The table above highlights the key pressures to be funded from the £39m uplift. The pay uplift equates to an average of 2.3% of the total pay cost, with prescribing running at almost double digit increases (note the Primary Care number is shown net due to the likelihood of identified savings being achieved). Coupled with the recurring gap carried forward into 2018/19, it is clear the Board is facing an another year of significant identical challenge of circa 4.3% savings in-year against the £2.1bn baseline allocation from which savings can be made. Taking into account the timing of savings crystallisation, the full-year savings challenge is close to 5%.

The 2018/19 Planning Process

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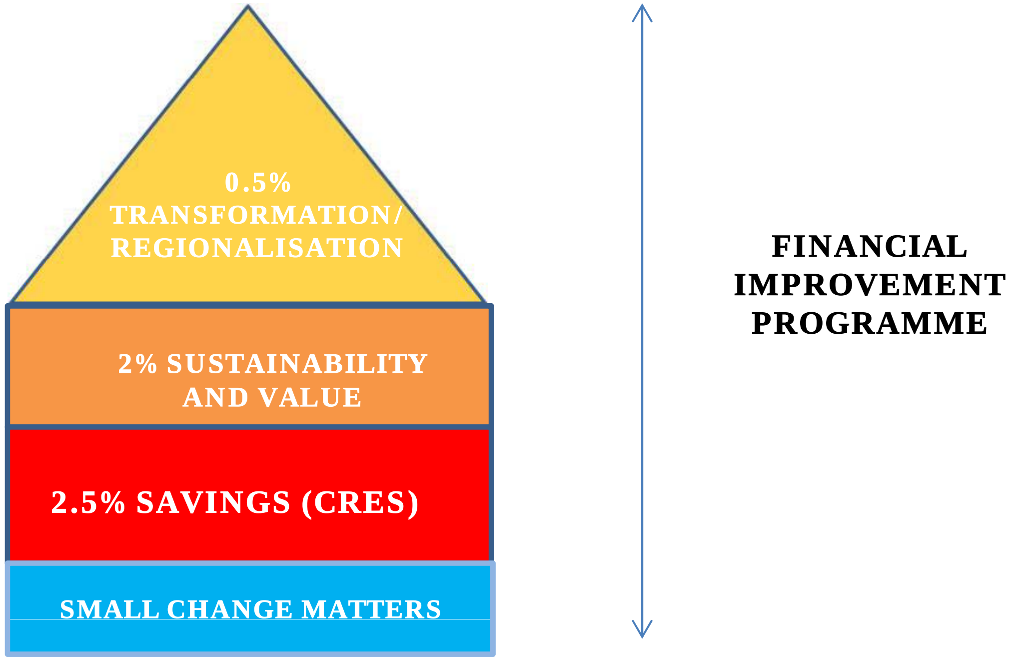
High level assessment of the 2018/19 Financial Plan

As outlined in previous reports, particularly the January 2018 Board Seminar, and highlighted above, the Board is facing another significant financial challenge in 2018/19, equating to circa 5% savings and efficiencies. The scale of the financial challenge and difficulty in identifying and achieving recurring savings necessitates a different approach to achieving financial balance going forward.

This approach must blend the extant short term approach to cost reduction with a more strategic approach to delivering medium and longer term financial sustainability. To make this work, the organisation will require a culture and behavioural shift, with greater focus, pace and ambition around financial grip, achievement of savings and embedding sustainability and value. As such, the proposed approach for 2018/19 can be summarised diagrammatically as follows :



2018/19 – Financial Improvement Programme

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High level assessment of the 2018/19 Financial Plan (Cont'd)

The financial planning process started in earnest in the Autumn –

i. Design and launch of the Small Change Matters initiative with the Communications Team to engage staff and promote buy-in and ownership of the financial challenge;

ii. CRES to be identified locally within each Acute Directorate and Corporate Division;

iii. Organisational wide savings schemes, including sustainability and value initiatives and supporting governance and delivery framework;

iv. Continued work and contribution to the Moving Forward Together Programme (MFT) and the West of Scotland Regional Delivery Plan; and

v. Continued work on and discussions with the HSCPs regarding the proposed delegated budgetary settlement for 2018/19.

Small Change Matters

Staff engagement and ownership is key to the achievement of financial balance. A programme was started with the Communications Team to create a series of new initiatives to ensure all staff are encouraged to contribute to achieving financial savings. This is intended to make the financial challenge "real" for all staff, ensuring buy-in and ownership of the need to reduce the cost base.

The current initiative, a campaign around "small change matters", contains a range of advice and initiatives for staff to contribute. The campaign is being rolled out through the traditional routes, and through a range of interactive workshops, with an electronic submission process currently under review.

Local CRES

Plans are in place to set challenging but achievable local CRES targets. Targets have been set of 4-5% for Corporate Departments and 2-3% for Acute Divisions.

2018/19 – Financial Improvement Programme

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High level assessment of the 2018/19 Financial Plan (Cont'd)

A programme of facilitated workshops has taken place throughout February and March to support each Department and Division to start identifying, drafting and implementing plans to support their local CRES targets. This is a tried and tested "bottom-up" process which has previously yielded recurring savings, albeit not at the required level over the last two financial years.

Organisational Wide and Sustainability and Value

In order to embrace the need for a different approach to tackling the scale of the financial challenge and achieving financial balance going forward, Executive Management have taken a number of actions.

The first step involved engaging a recently retired Director of Finance with experience of working extensively across the NHS in both Scotland and England. The remit was to complete a 10 day review of the Board's plans and approach to addressing the financial challenge, drawing on experience to identify areas of good practice and make recommendations for improvement. The review was completed on the 1st February 2018. The report contains a number of observations and recommendations. The Director of Finance has drafted an action plan, with a number of the recommendations acted on immediately.

One of the key actions was the need for more organisational wide and centrally driven savings and efficiency initiatives, many aligned to the Boards Corporate Objectives and National initiatives. In order to facilitate this approach, Executive Management have engaged external, temporary, expertise to drive the wider Financial Improvement Programme (FIP). This consists of an experienced NHS change management expert (an Improvement Director) and support, reporting to the Director of Finance and Chief Executive.

The primary objectives of the engagement are to provide leadership, and direct and drive the NHSGGC cost savings and sustainability and value programme. This involves working with NHSGGC management to devise and design the delivery of a Financial Improvement Programme (FIP) to deliver sustainable financial balance, and transfer skills and knowledge to NHSGGC management throughout the assignment.

This will bring more structure, more rigour and more dedicated resource to identify, manage and deliver a savings and efficiency programme. The Improvement Director will also provide expertise, challenge and new ideas.

2018/19 – Financial Improvement Programme

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High level assessment of the 2018/19 Financial Plan (Cont'd)

A robust and comprehensive documentation and governance process has been established to support the FIP. A Programme Management Office has been established (formerly the Sustainability and Value Group), with a dedicated full-time Programme Lead and a recruitment process for four to five dedicated project leaders.

The FIP has been running for several weeks. The initial process has involved a systematic and forensic analysis across every area of the Board to identify opportunities for savings and efficiencies. These have focused on areas of spend and working practices, identifying excess, waste and the potential for efficiency, as opposed to rationalisation and site closure.

To date, 13 separate workstreams have been identified with a total target saving of £93m, each led by an Executive sponsor, and allocated a cash savings target. Each workstream is supported by a series of substreams, supported with dedicated program resource, including a finance and clinical lead. Work continues to develop each workstream and further details will be presented to the June 2018 Finance and Planning Committee and Board.

Moving Forward Together and West of Scotland Regional Delivery Plan

The MFT Programme is NHSGG&C's transformational programme to deliver the National Clinical Strategy, Health and Social Care Delivery Plan and other associated National and Regional strategies and policies.

The aim of the Programme is to develop and deliver transformational change, aligned to National and Regional policies and strategies, and describe NHSGG&C's delivery plan across the health and social care services provided by our staff, which is optimised for safe, effective, person centred and sustainable care to meet current and future needs of our population. The programme is developing in parallel with the West of Scotland Regional Planning work. The NHSGGC senior Executive team continue to play a significant role in driving the Regional work forward.

The MFT Programme and West of Scotland Regional work, whilst fundamental elements of the Financial Improvement Programme and the Board's quest for underlying recurring balance, are regarded as medium to longer term projects for the Board. As such, it is not anticipated they will yield material savings for the Board in 2018/19.

2018/19 – Financial Improvement Programme

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This section of the report highlights potential opportunities to address the financial challenge

Achieving Financial Balance

The table below highlights an initial high level assessment of addressing the financial challenge in-year. Whilst the FIP identifies savings opportunities totalling £93m, it is likely many of these will not crystallise until the second half of the financial year, or carry beyond the financial year end. As such, the Board is again likely to require to use non-recurring funding to cash manage in-year to achieve break-even.

	£m	Risk Rating
Financial Improvement Programme		
Local CRES - corporate (4-5%)	10-15	Amber
Local CRES - acute (2-3%)	15-20	Amber/red
Sustainability and value (including Transformation)	25-30	Amber/red
	50-65	
Additional Allocations		
Non-recurring allocations	25-30	Green
Transformational Funding	0-5	Amber
Balance sheet management	5-10	Green
	80-110	
Financial Challenge	**85**	

2018/19 – HSCP Budget Process

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This section of the report highlights potential opportunities to address the financial challenge (Cont'd)

The Savings/FIP elements represent the core part of the Plan and have been explained above.

In terms of the remaining elements in the table:

i) Non-recurring allocations – this relates the additional ring fenced amounts allocated non-recurrently in 2016/17 and 2017/18. Indications are similar funding streams will be available again in 2018/19.

ii) Transformational Funding – as outlined above, a significant element of the Investment Funding announced in the 2018/19 Budget is for transformational change. It is imperative NHSGGC mobilises and applies for an element of this to underpin our change programme.

iii) Balance Sheet Management – based on historic financial performance, the Board identifies additional non-recurring sources locally or as part of national work.

A risk rating has been applied to each of the elements in the Table above to reflect the degree of certainty around achievement. The significant work currently underway in relation to the FIP is intended to turn each of the risk ratings to green.

The above analysis highlights an initial assessment of how the Board will address the 2018/19 financial challenge. Whilst the key objective is to return the Board to recurring financial balance, this will be a challenge to achieve in 2018/19, particularly due to the time to implement and crystallise the FIP, and as the impact of the West of Scotland Regional Planning work and the Moving Together Programme are not likely until 2019/20.

However, the analysis above indicates the Board has the potential to break-even in-year if the FIP is embraced, embedded and delivers in-year. As the workstreams are developed through April, the monitoring process will measure progress and risk, with regular reports and action to both the FIP Programme Board, Finance and Planning Committee and Board throughout the financial year.

2018/19 – HSCP Budget Process

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This section of the report outlines the process for the 2018/19 budget settlement with HSCPs

The 2018/19 “Indicative Allocation” letter from the Scottish Government re-iterates the commitment “that more than half of frontline spending will be in community health services by the end of this parliament. The funding in 2018-19 is designed to support a further shift in the share of the frontline NHS budget dedicated to mental health and to primary, community and social care.”

The letter also outlines the requirement for Boards to agree a budget settlement with IJBs by the 31st March 2018. As such, this is a major area of focus for the Board.

The Board has worked extensively with our HSCP colleagues to agree a proposed delegated budgetary settlement for 2018/19. As such, the F&P Committee is asked to approve the proposition for the 2018/19 HSCP budget settlement ahead of formal ratification at each IJB and the NHSGGC Board on the 17th April 2018.

Full details of the proposed delegated budgetary settlement are included at **Appendix 1.**

Capital

2018/19 Capital

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2018/19 Capital Plan

The Board has developed a Capital Plan which responds to our clinical strategy and prioritises investment. The planned Capital Funding for 2018/19 will include:

i) The Board's share of new national capital funding for 2018/19, which is made available on a formula basis to all NHS Boards;

ii) Ring-fenced funding for specific projects; and

iii) The capital (Net Book Value) element of those asset disposals where it has been agreed that the Board can retain proceeds for local use.

Capital Funding

The current forecast core capital resources available to the Board for investment in 2018/19 amount to just over £55.2m. This figure comprises a general allocation of £37.4m from SGHSCD in respect of core capital expenditure, ring-fenced specific funding amounting to £11.9m and an estimated amount of £5.9m in respect of Capital Receipts generated through property disposals.

The "ring-fenced specific funding" represents a direct allocation from SG. For 2018/19 this amount includes £5.9m in respect of the ongoing national Radiotherapy Equipment Replacement Programme, and is consistent with the latest plans agreed with SGHSCD in 2017/18, and includes the proposed replacement of a PET Scanner. Also included is an amount of £6m to be provided by SGHSCD for Cladding works at QEUH and RHC Hospitals.

The Board has agreed with SGHSCD that the capital element of property disposals planned for the next couple of years can be retained locally to support essential elements of its capital programme.

2018/19 Capital

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2018/19 Capital Plan (Cont'd)

Capital Expenditure

The following are the key highlights:

i) The programme of ward refurbishments continues at GRI with a £2.2m allocation being provided for an upgrade of Ward 30;

ii) At the QEUH campus, provision for £2.6m for various schemes at the Institute of Neurosciences (INS) and the Neurology Building, together with major work to upgrade the INS and Neurology Buildings' infrastructure;

iii) Completion of a £2m upgrade and redevelopment of the Intensive Care Unit at the RAH;

iv) Additional medium secure forensic Mental Health accommodation at Stobhill Hospital through extending the existing Rowanbank Clinic, estimated at £4m in-year;

v) An overall allocation of £5m in respect of Medical Equipment replacement – planned to be split between emergency replacement and a planned replacement programme;

vi) An earmarked amount of £3.7m for investment in e-Health priorities, including an allowance of £1.5m for the investment requirements associated with the development of Medicines Management (HEPMA);

vii) Provision of £2m for the Board's Hub Schemes that are either underway or under development. For 2018/19 this includes investment in subordinated debt for the proposed new Health Centres at Clydebank and Greenock.

The chart below highlights expenditure by type.

2018/19 Capital

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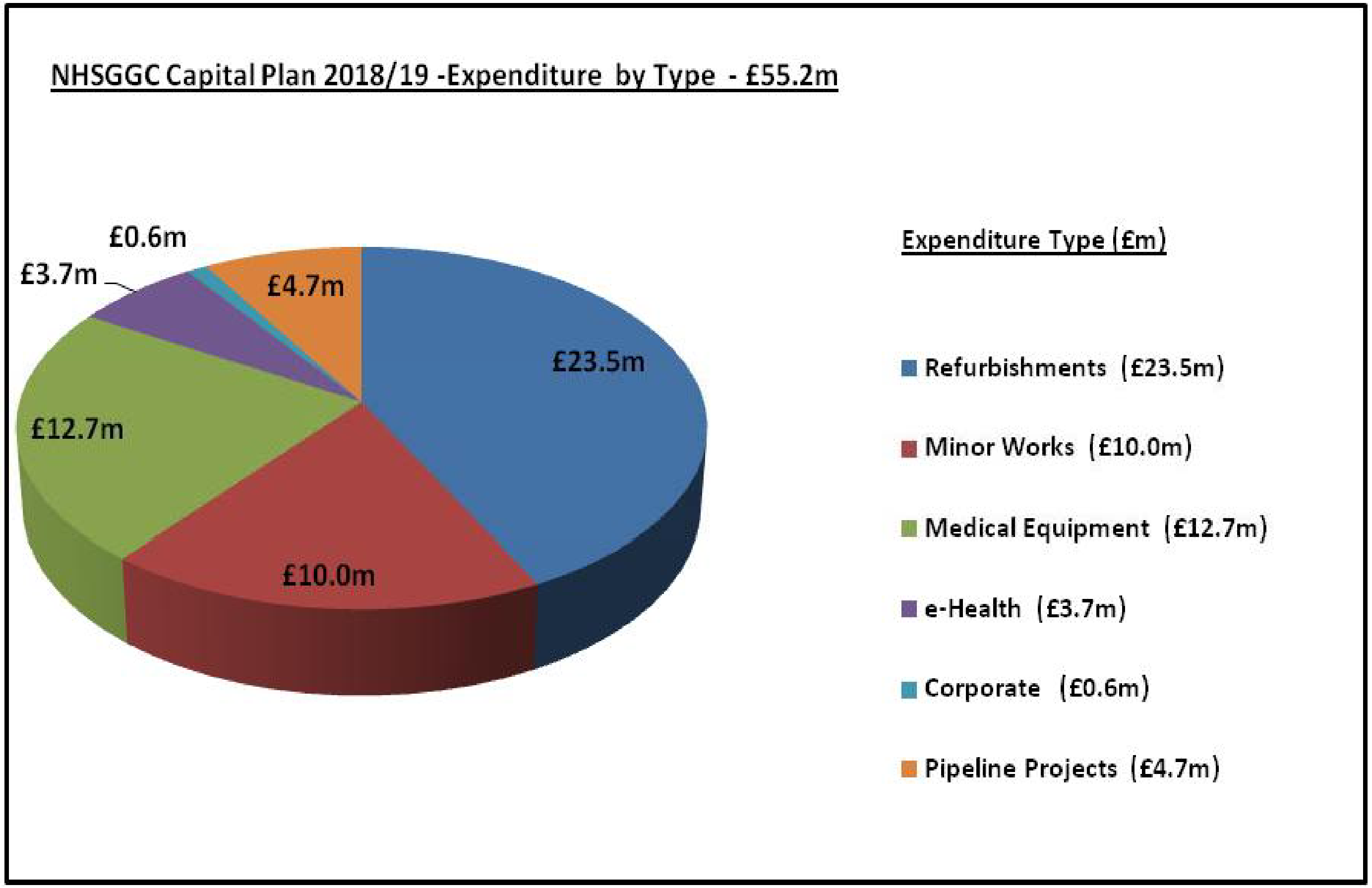
2018/19 Capital Plan (Cont'd)



2018/19 Capital

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2018/19 Capital Plan (Cont'd)

An amount £9m is currently included under Corporate schemes for local minor works projects. Similar to previous years, this allocation has been delegated to the Director of Property, Procurement and Facilities Management to address the top Building Infrastructure and Backlog maintenance priorities recorded in the Board's Estate Asset Management System (EAMS), in line with SGHSCD expectations.

The Plan currently includes £4.7m of funds allocated to pipeline projects. Senior Executive Management are currently prioritising from a range of potential projects and working up detailed specifications. These will then be added to the Plan when considered and approved by the Capital Planning Group and, where relevant, the Finance and Planning Committee.

Conclusion

Conclusion

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Conclusion

The purpose of this report is to provide the Board an update of the Board's 2018/19 projected revenue and capital positions, and outlines the plans in place to deliver key financial targets.

It is clear the Board is facing a continued significant and unprecedented financial challenge. The analysis of the 2018/19 outlook and indicative 5 year projection, it is evident there is a real requirement for further financial control, increased productivity and efficiency and service redesign, underpinned by transformational change. This will involve cultural change, difficult decisions, greater collegiate working within the Board and with IJBs, and embracing the MFT Programme and the Regional agenda.

Executive management has accepted and embraced this need for change, and taken action to adopt a more comprehensive, and rigorous approach supported by external expertise and dedicated internal resource. The FIP has been launched and workstreams with targets of £93m have been allocated to Executive sponsors.

Whilst the key objective is to return the Board to recurring financial balance, this will be a challenge to achieve in 2018/19, particularly due to the time to implement and crystallise the FIP, and as the impact of the West of Scotland Regional Planning work and the Moving Together Programme are not likely until 2019/20.

However, the analysis above indicates the Board has the potential to break-even in-year if the FIP is embraced and delivers in-year. As the workstreams are developed through April, the monitoring process will measure progress and risk, with regular reports and action to the FIP Programme Board, the F&P Committee and the Board.

In summary, the Board is asked to;

i) ***Note*** the assessment of the estimated 2018/19 financial challenge;

ii) ***Approve*** the high level 2018/19 Financial Plan (initial draft) and approach;

iii) ***Approve*** the 2018/19 Capital Plan; and

iv) ***Approve*** the proposition for the 2018/19 HSCP devolved budget allocation.

Appendices

Appendix 1

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Proposition on 2018/19 Devolved Budget Allocation to Health & Social Care Partnership

2018/19 Devolved Budget Allocation to Health & Social Care Partnerships

The Scottish Government expects NHS Boards to determine the budgets to be delegated / set aside for their Integration Joint Boards by the 31st March 2018. As you will be aware, we have been working with the six HSCPs across NHSGGC on this issue for a number of months.

Please find attached a briefing note for NHSGGC Board Members regarding the progress and position with the 2018/19 devolved budget allocation to our six HSCPs.

Please note this remains an indicative allocation pending formal approval by the Board through NHSGGC's formal governance process. (The indicative allocation was discussed and endorsed at the Finance and Planning Committee on 3rd April 2018 and will be recommended for approval at the Board meeting on 17th April 2018). In the meantime, each HSCP is presenting details of the latest version of the indicative allocation at their respective IJBs.

The proposition, which has been agreed in principle with Chief Officers, has been drafted around the following key areas:

Legacy Unachieved Savings

The budget allocation is made on the basis that each HSCP will deliver recurrently its agreed share of the unachieved HSCP savings from 2015/16.

Annual Uplift

The budget allocation includes a 1.5% uplift on 2017/18 base budgets and any proportionate full year effect additional pay, mental health and alcohol and drug funding uplifts from Scottish Government for 2018/19.

Appendix 1

Delivering better health

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Proposition on 2018/19 Devolved Budget Allocation to Health & Social Care Partnership (Cont'd)

Prescribing

As previously agreed in 2017/18, the prescribing risk sharing arrangement will terminate with effect from 1st April 2018. The HSCPs have worked on this basis in planning for 2018/19 and the prescribing budgets will be allocated on the existing basis to HSCPs.

The Board will work together with Chief Officers to mitigate this, and more widely reduce the costs of drugs, through a series of actions including collaborating with other HSCPs across Scotland to proactively engage with the Scottish Government with the clear aim of establishing plans to reduce overall drug costs in 2018/19. This will include a clear focus on testing how improved national procurement can generate a cost advantage in year; and consideration of drug availability in 2018/19 in Scotland / locally with the joint aim that patient need is met, patient safety assured, effectiveness and evidence are prioritised but costs are reduced.

Joint Working

Shifting the balance of care remains a key commitment of the Board and the Integration Joint Boards. As such, Chief Officers will continue to work with the Board's Executive and Senior Management teams to identify any plans for delivery in 2018/19 that will appropriately accelerate service redesign and change as part of the emerging Moving Forward Together Health and Social Care Transformation Programme.

This programme is centred on ensuring a balanced and effective future system of health and social care services. These changes must sensibly and pragmatically connect the policy intentions set out in the Scottish Governments National Clinical Strategy, Health and Social Care Delivery Plan, link to the emerging West of Scotland Regional Plan, to the emerging NHSGGC whole system Mental Health Strategy, to the implementation of the new GP contract and the local HSCP Primary Care Improvement Plans and to the NHSGGC Unscheduled Care Action Plan.

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Proposition on 2018/19 Devolved Budget Allocation to Health & Social Care Partnership (Cont'd)

The focus in 2018/19 is to deliver early gains in reducing unscheduled bed-days in hospital care by up to 10% to enable that shift in the balance of care and services, consequently shift resources into community based services, actively promote a more appropriate use of services, prevention and self care, and appropriately reduce demand on services and demand for prescribed drugs.

The Board will continue the current work to assist the Chief Officers in aligning their recent HSCP MSG returns with the Board's Corporate Objectives.

Set-aside Budgets

We will continue to work with Chief Finance Officers (CFOs) on the determination and management of set-aside budgets in line with the principles set out in the Integration Scheme. The current programme of work includes identifying both cost and activity of the in scope services within the set-aside budgets.

Mark White
NHSGGC Board Director of Finance
4th April 2018