NHS Greater Glasgow & Clyde

NHS Board Meeting **19th February 2019**

Paper No: 19/08

Mr Mark White
Director of Finance

Revenue and Capital Report

Recommendation

Board members are asked to:

i) **Note** the revenue position at month 9 and the projection to 31st March 2019.
ii) **Note** the progress and current position with the Financial Improvement Programme.
iii) **Note** the month 9 capital position.

Purpose of Paper

The purpose of this report is to provide the Board with an update of the Board's current and projected financial position, including the progress and position of the Financial Improvement Programme (FIP).

Key Issues to be Considered

The Board has reported a deficit of £19.3m for the 9 month period to 31st December 2018. The Board is currently forecasting a year end deficit of £2.5m which is a considerable improvement from previous forecasts.

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.

No.

Highlight the Corporate Plan priorities to which your paper relates

Use of resources.

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Date	**11th February 2019**

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NHSGGC – Revenue and Capital Report

NHS Board

February 2019(Paper 19/08)

Purpose and Format

Purpose and Format of Report

The purpose of this report is to provide the Board with an update of the Board's current and projected financial position, including the progress and position of the Financial Improvement Programme (FIP).

The format of the report covers ;

i) The month 9 revenue position (pages 4 to 10)

ii) The month 9 FIP position (pages 11 to 16);

iii) The revenue projection to 31 March 2019 (pages 17 to 22);

iv) The month 9 capital position (pages 23 to 25).

Members are asked to ;

i) **Note** the revenue position at month 9 and the projection to 31 March 2019.

ii) **Note** the progress and current position with the FIP.

iii) **Note** the month 9 capital position

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Introduction

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Introduction

At 31st December 2019 the Board is reporting expenditure levels £19.3m over budget. This compares to £19.5m overspent at the previous month end but is better than the initial trajectory forecast of £40.0m.

The Financial Improvement Programme (FIP) Tracker currently records projects totalling circa **£56.3m on a FYE and £39.6m 0n a CYE.** Taking into account the need for a contingency to cover the pressures within the Acute Division and the use of non-recurrent funds to support the in-year financial challenge, the Board is now predicting it may be possible to achieve a breakeven position for 2019/19 (Month 7 prediction - £17m).

As such, the challenge and focus remains;

i) On converting all Gateway 1 projects to Gateway 2 and delivering the benefits;

ii) Identifying further projects towards the £93m savings target.

The Scottish Government recently announcement that Boards are now required to break-even over a three-year period, however the NHSGGC executive management NHSGGC still believe the primary objective remains to break-even each year. A such, work has continued to address this forecast deficit, particularly around achievement of savings, containing costs (known and emerging) and maximisation of non-recurring sources.

The Board also remains in discussion with the Scottish Government around the financial position and potential action to address. The key area of difference from 2017/18 remains the £8m additional in-year funding for beds to support unscheduled care and £5m of additional in-year Access monies received that underpinned that year break-even.

The month 9 Revenue Position

month 9 Position

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Financial Performance – month 9

This section of the report provides analysis of the financial position at 31 December 2018.

Area	Gross Position £m	Non Recurring Relief £m	Final Reported Position £m
Acute	(35.7)	0.0	(35.7)
Partnerships	2.7	0.0	2.7
Corporate Departments	(10.5)	0.0	(10.5)
Corporate Adjustments (non recurring)	0.0	24.2	24.2
Gross/Net Financial Position at 31 December 2018	**(43.5)**	**24.2**	**(19.3)**

At 31 December 2018 the Board is reporting expenditure levels £19.3m over budget.

The Board has factored in £24.2m of non recurring relief to support the financial position. This represents a relative portion of the prudent estimate of the available total.

Details of the financial performance of individual areas are shown below. This includes analysis of the key pressure areas.

month 9 Position – Acute Services

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Financial Performance – month 9 (Cont'd)

The Acute Division is reporting an expenditure overspend at month 9 of £35.7m. Of this deficit £31.9m is related to unachieved savings, £2.0m is related to pay and £1.4m is associated with non-pay. The balance is an income under recovery of £0.4m.

Income / Expenditure by Directorate	Annual Budget £m	YTD Budget £m	YTD Actuals £m	YTD Variance £m
South Sector	373.9	292.1	298.5	(6.4)
North Sector	199.4	152.3	157.0	(4.7)
Clyde Sector	184.1	141.3	145.5	(4.2)
Diagnostics Directorate	188.2	142.2	142.7	(0.5)
Regional Services	285.4	218.4	218.7	(0.3)
Women & Childrens Services	197.5	149.4	153.4	(4.0)
Acute Directorates	**1,428.5**	**1,095.7**	**1,115.8**	**(20.1)**
Acute Divisional Services	(16.1)	(21.0)	(5.8)	(15.2)
Total Acute Expenditure	**1,412.4**	**1,074.7**	**1,110.0**	**(35.3)**
Acute Income	(531.6)	(397.7)	(397.3)	(0.4)
Total Acute	**880.8**	**677.0**	**712.7**	**(35.7)**

month 9 Position – Acute Services

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Financial Performance – month 9 (Cont'd)

The main pressures in pay are associated with medical (£3.1m) and nursing (£2.4m) salaries due to the inherent cost of providing certain services in particular geographical locations, service demands and the requirement to cover sickness / absence and vacancy via bank and agency spend. Medical and nursing pay budgets are a key focus for cost containment initiatives.

Income / Expenditure by Directorate	Pay Variance £m	Non Pay Variance £m	FIP Variance £m	Total Variance £m
South Sector	(1.3)	(0.5)	(4.6)	(6.4)
North Sector	(1.9)	0.0	(2.8)	(4.7)
Clyde Sector	(1.3)	(0.2)	(2.7)	(4.2)
Diagnostics Directorate	1.8	(0.7)	(1.6)	(0.5)
Regional Services	1.8	0.3	(2.4)	(0.3)
Women & Childrens Services	(1.1)	(0.3)	(2.6)	(4.0)
Acute Directorates	**(2.0)**	**(1.4)**	**(16.7)**	**(20.1)**
Acute Divisional Services	0.0	0.0	(15.2)	(15.2)
Total Acute Expenditure	**(2.0)**	**(1.4)**	**(31.9)**	**(35.3)**
Acute Income				(0.4)
Total Acute	**(2.0)**	**(1.4)**	**(31.9)**	**(35.7)**

month 9 Position – Corporate Directorates

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Financial Performance – month 9 (Cont'd)

Corporate Directorates are reporting an expenditure overspend at month 9 of £10.5m.

Expenditure is running below budget for pay and non pay across all Directorates however there is a shortfall of £12.3m against FIP savings targets hence the overall position of £10.5m overspent at 31 December 2018.

Corporate Director Summary	Annual Budget £m	YTD Budget £m	YTD Actual £m	YTD Variance £m
Board Medical Director	43.7	31.9	31.6	0.3
Centre For Population Health	1.3	0.9	0.9	0.0
Chief Executive	0.3	0.2	0.1	0.1
Corporate Affairs	3.6	2.8	2.6	0.2
Corporate Communications	0.8	0.6	0.6	0.0
Director of Finance	14.2	8.7	8.6	0.1
Director of eHealth	66.5	47.0	47.0	0.0
Director of Human Resources	13.3	9.9	9.6	0.3
Director of Nursing	6.5	4.8	4.6	0.2
Director of Public Health	18.6	13.6	13.8	(0.2)
HQ Accommodation Costs	0.4	0.3	0.3	0.0
Other Corporate Expenditure	75.7	31.8	38.0	(6.2)
Estates and Facilities	236.5	175.1	180.4	(5.3)
Total Corporate Expenditure	**481.4**	**327.6**	**338.1**	**(10.5)**

month 9 Position - Partnerships

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Financial Performance – month 9 (Cont'd)

Partnerships are reporting an expenditure underspend at month 9 of £2.7m against their NHS budgets for delegated services. The IJBs tend to adopt the local authority reporting convention which mainly focuses on the out-turn forecast position for the year. Any underspends on the health budgets at the year end can be carried forward as either general or earmarked reserves depending on the nature of the underspend. At this stage it is expected that all IJBs will achieve a breakeven position on the health budget for 2018/19. A number of IJBs are reporting in year overspends in social care but these will be covered from reserves resulting in a forecast breakeven at 31 March 2019 across all partnerships.

Income/Expenditure by Partnership	Annual Budget £m	YTD Budget £m	YTD Actuals £m	YTD Variance £m
Citywide	45.1	28.4	28.5	(0.1)
Glasgow City - North East	162.3	121.3	120.3	1.0
Glasgow City - North West	185.1	136.4	136.7	(0.3)
Glasgow City - South	177.7	133.5	132.4	1.1
Resource Transfer To Local Authority	134.4	133.4	133.4	0.0
Glasgow HSCP	**704.6**	**553.0**	**551.3**	**1.7**
East Dunbartonshire	86.8	63.2	62.8	0.4
East Renfrewshire	72.5	53.6	53.6	0.0
Inverclyde	89.4	64.7	64.7	0.0
Renfrewshire	170.3	129.4	128.8	0.6
West Dunbartonshire	95.0	66.1	66.1	0.0
Non Glasgow HSCPs	**514.0**	**377.0**	**376.0**	**1.0**
Total HSCPs	**1,218.6**	**930.0**	**927.3**	**2.7**
Other Partnerships Budgets	48.3	33.7	33.7	0.0
Total Partnerships Expenditure	**1,266.9**	**963.7**	**961.0**	**2.7**
Total Partnerships Income	(60.0)	(44.8)	(44.8)	0.0
Net Expenditure	**1,206.9**	**918.9**	**916.2**	**2.7**

month 9 Position - Partnerships

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Financial Performance – month 9 (Cont'd)

An overall analysis of Partnership NHS expenditure by care group/service is shown below. The main areas of overspend are within mental health and specialist children's services in particular within adult inpatient services where there are increasing costs for patients who require special observation. At this stage primary care prescribing is being reported at a breakeven position by 4 of the 6 HSCPs, based on the seven months expenditure data available for the year to date. This remains the most likely financial pressure area for HSCPs due to potential price increases related to emerging short supply issues which is likely to cause an increasing cost pressure in the second half of the year.

Care Group	Annual Budget £m	YTD Budget £m	YTD Actual £m	Variance £m
Administration & Management	34.7	17.3	17.1	0.2
Adult Community Services	63.6	46.8	46.7	0.1
Alcohol + Drugs - Community	13.3	9.9	9.1	0.8
Alcohol + Drugs - Hosted	22.0	14.4	14.2	0.2
Child Services - Community	33.2	24.3	24.3	0.0
Child Services - Specialist	38.5	28.6	28.7	(0.1)
Fhs - Gms	175.0	129.6	129.6	0.0
Fhs - Other	178.8	132.7	132.7	0.0
Fhs - Prescribing	233.0	175.1	175.4	(0.3)
Hosted Services	34.8	26.1	25.0	1.1
Integrated Care Fund	5.8	2.7	2.8	(0.1)
Learn Dis - Community	7.2	5.4	5.2	0.2
Learn Dis - Inpatient/other	9.3	6.8	6.8	0.0
Men Health - Adult Community	31.8	23.5	22.7	0.8
Men Health - Adult Inpatient	53.6	39.9	41.1	(1.2)
Men Health - Central	16.5	12.6	12.8	(0.2)
Men Health - Elderly Services	44.6	33.1	33.0	0.1
Men Health - Specialist Services	12.5	9.1	8.9	0.2
Oral Health	10.7	8.0	7.6	0.4
Other Services	1.7	2.1	1.9	0.2
Planning & Health Improvement	10.9	7.5	7.2	0.3
Resource Transfer - Local Auth	223.7	199.5	199.5	0.0
Sexual Health Services	11.7	8.7	8.7	0.0
Expenditure	**1,266.9**	**963.7**	**961.0**	**2.7**

Financial Improvement Programme (FIP)

Financial Improvement Programme

NHS Greater Glasgow and Clyde

The Financial Improvement Programme (FIP)

Organisational Wide and Sustainability and Value

As outlined in previous reports, to both the F&P Committee and the Board, management recognised the need for more organisational wide and centrally driven savings and efficiency initiatives. The Financial Improvement Programme (FIP) is a comprehensive programme to support the Board to return to recurring financial balance.

The programme, supported by external expertise, is based on a proven methodology, and is underpinned by a robust and comprehensive governance process. This includes a Programme Board led by the Director of Finance with both the Chief Executive and Employee Director as members. A Programme Management Office has been established (formerly the Sustainability and Value Group), with a dedicated full-time Programme Lead (internal transfer) and four dedicated project leaders.

Previous reports have included details of the governance process and the comprehensive supporting documentation.

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Progress to Date

The FIP has been running in earnest since mid February 2018. The 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 waste and the potential for efficiency improvements.

To date, 12 separate Workstreams have been identified, each led by an Executive sponsor, and allocated a cash savings target (totalling £93m). Each Workstream has a series of substreams, supported with dedicated program resource, including a finance and clinical lead (where relevant). A 13th Workstream has also been identified which relates to the 5 MSG targets and each is led by an HSCP Chief Officer.

In addition, a range of cost containment initiatives have also been developed. Although they do not represent recurring savings, they have been included within the FIP to ensure the same rigour in terms of methodology, delivery and monitoring.

The Financial Improvement Programme (FIP)

Gateway Review Process

The Gateway process is a key element of the FIP. In order to present the current progress of the FIP, it is important to outline the key elements the process.

There are 2 key stages;

i) Gateway 1 captures all the key elements of the project – resources, personnel, outline scope, benefits and risks;

ii) Gateway 2 captures more detail - ensuring the project is properly scoped, viable and will deliver the required benefits through a detailed project plan, risks and issues log, phasing of benefits and KPIs.

In line with previous years, savings schemes were identified within the Board and allocated a "risk rating" (green, amber or red) in terms of;

i) achievability/likelihood;

ii) accuracy of the projected saving;

iii) extent of impact and consequences;

iv) requirement for Board approval / public consultation.

Schemes allocated blue have been delivered and savings recognised in the financial ledger.

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Financial Improvement Programme

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The Financial Improvement Programme (FIP)

As outlined above, a detailed Programme Tracker report captures the progress with the FIP, both on a project and individual Workstream lead basis, together with a "league table" presentation. These various tables associated with the Tracker are presented in Appendix 1 and 2 to this report.

At the time of drafting this report (28 January 2019) the following is a summary of the position:

	NHSGGC FIP Position 28/01/19 - Gateway 2		
	Project Totals FYE £m	**Risk Rating**	**Project Totals CYE £m**
	26,168	Blue	22,811
	5,486	Green	4,178
	8,305	Amber	4,993
	4,791	Red	2,704
	44,750		34,685
	NHSGGC FIP Position 28/01/19 - Gateway 1		
	Project Totals FYE £m	**Risk Rating**	**Project Totals CYE £m**
	-	Blue	-
	-	Green	-
	-	Amber	-
	11,595	Red	4,869
	11,595		4,869
TOTAL	56,345		39,554

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Financial Improvement Programme

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The Financial Improvement Programme (FIP)

The table above highlights the total projects split between those at Gateway 1 and those at Gateway 2. Also shown is the RAG scheme rating, with the in-year and full year effect financial benefit. It highlights that progress is **£56.3m on a FYE and £39.6m 0n a CYE.**

As part of the Mid-year Financial Review a comprehensive review of all the FIP schemes, known and emerging cost pressures, sources of income and non-recurring funds and the Balance Sheet, was undertaken. Together with an assessment of the risks and issues across each Workstream in conjunction with the PMO and our external advisors, a number of schemes were realised in the ledger, moved to Gateway 2 or had their risk rating amended.

Despite the progress made to date, the overall recurring savings achieved and predicted is still expected to be significantly short of the £93m target. It is also clear that progress is variable across all the Workstreams. Drugs, Non pay controls and Income have/will exceed the allocated targets, whilst Other Staffing, Outpatients and Estates and Facilities have made good progress.

Other Workstreams such as Medical and Nursing Workforce have made significant progress in improving processes and procedures, and whilst the progress to date has manifested itself in containing costs (refer above), recurring savings should be achievable towards the end of 2019/19 and into 2019/20.

A number of other Workstreams, such as the Acute operational schemes around Theatres, Beds and Diagnostics have all made good progress in amending and improving underlying systems and processes. Real savings are always harder to achieve in these operational areas due to the link to actual income and the impact of any changes on performance. However, the focus remains on making sustainable improvements to our effectiveness and efficiency, and therefore as always expected, these Workstreams will yield benefits in the medium to longer term.

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Financial Improvement Programme

The Financial Improvement Programme (FIP)

In terms of current effort, the key focus remains on;

i) Managing risks, improving delivery and converting all Gateway 1 projects to Gateway 2 and delivering the benefits;

ii) Identifying further projects up to the £93m target set at the inception of the FIP.

In addition to the above, we are now working closely with our external advisors to build on the learning from the FIP and identify and work up further Organisational wide initiatives to form the foundation of the Programme into 2019/20 and beyond. The current areas under review include;

i) To develop our efficiency and productivity capability, create a defined benchmarking and efficiency tool at service level to support the identification of financial improvement opportunities including unwarranted / unjustified variation (the "Model Hospital"). This will include a recognised capacity and demand model.

ii) Design and implement a comprehensive workforce redesign programme.

iii) Identification of innovative initiatives to control diagnostic demand.

This work includes an assessment of how these areas fit with the Board's Moving Forward Together Programme, and the Government's Waiting Times Improvement Programme.

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Projection to 31 March 2019

2019/19 – Financial Projection

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This section of the report highlights the current projected financial position

The table below highlights the current assessment of the projected 2019/19 financial position and out-turn. The initial financial assessment, outlined in the Operational Plan submitted to the Scottish Government in February 2019, highlighted a potential financial gap of £49m. The previous iteration of this Financial Plan presented to the Board in April 2019 highlighted the financial landscape and the requirement to utilise non-recurring funds to cash manage in-year.

As previously reported to the Board, that expected gap has reduced as the anticipated savings from the FIP have been increased, as certain initial assumptions have been updated and as certain costs have been funded and/or contained.

As outlined above, the Finance team recently completed the comprehensive Mid-year Review. This assessed all the FIP schemes, known and emerging cost pressures, sources of income and non-recurring funds and the Balance Sheet.

Progress with the FIP has been outlined above. Finance have also reviewed each Workstream and assessed the risks and challenges and taken that into account in the year end projection. In terms of the other key elements of cost pressures and non-recurring income, the following are the current key points ;

<u>Cost Pressures</u>

i) The water issue at the QUEH campus has created a projected revenue pressure of £1.5m.

ii) The fire at Stobhill will require £1.5m of demolition costs.

iii) The Scottish Government have allocated £2.1m towards Winter. An additional (up to) £4m has been accounted for within the revised Financial Plan.

iv) Compensation claims are excessive in year. An additional £2.2m has been accounted for within the revised Financial Plan.

2019/19 – Financial Projection

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This section of the report highlights the current projected financial position

In addition, the impact of the temporary closure of the Cowlairs Decontamination Unit and the potential settlement of paid-as-if-at-work claims are still being quantified and are not included within the current year end projection.

Income

i) The National New Medicines Fund is expected to yield £2m more than anticipated.

ii) An additional discount clawback and rebates of £1.5m is expected in relation to Acute prescribing .

Non-recurring Income / Accounting Adjustments

i) The capital charges budget is anticipated to be less than originally budgeted.

ii) The CNORIS costs are expected to be less than expected.

iii) The delay in major capital schemes such as Rowanbank creates scope for some transfer to revenue.

iv) The sale of the former Johnstone Hospital site is anticipated in the final quarter.

v) Our accrual within the 2017/18 Accounts for road traffic income, as instructed by Audit Scotland, will require to be increased in-year following further analysis and more information.

Taking all the above into account, the amount of non-recurring income was prudently assessed at the beginning of the year and has not changed from the assumptions used throughout the year of £45m. However, additional cost reductions and income sources have been identified and have impacted favourably on the projected financial gap in recent months.

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2019/19 – Financial Projection

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This section of the report highlights the current projected financial position

Taking all of the above into account, the Board is currently predicting a £2.5m deficit at 31 March 2019.

	CYE £m
Overall Savings Challenge - FIP Target	93.0
Assessment of potential in year cost pressures	9.0
Financial challenge	**102.0**
Potential non recurring income sources (original estimate)	(45.0)
Additional cost reduction measures/income	(14.5)
FIP identified to date	(40.0)
Projected in year gap for 2018/19	**2.5**

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The Scottish Government recently announced that Boards are now required to break-even over a three-year period, however the NHSGGC executive management still believes the primary objective remains to break-even each year. A such, work remains to address this forecast deficit, particularly around achievement of savings, containing costs (known and emerging) and maximisation of non-recurring sources.

The Board also remains in discussion with the Scottish Government around the projected out-turn and potential action to address. The key area of difference from 2017/18 remains the £8m additional in-year funding for beds to support unscheduled care and £5m of additional in-year Access monies received that underpinned that year break-even.

2019/19 – Financial Projection

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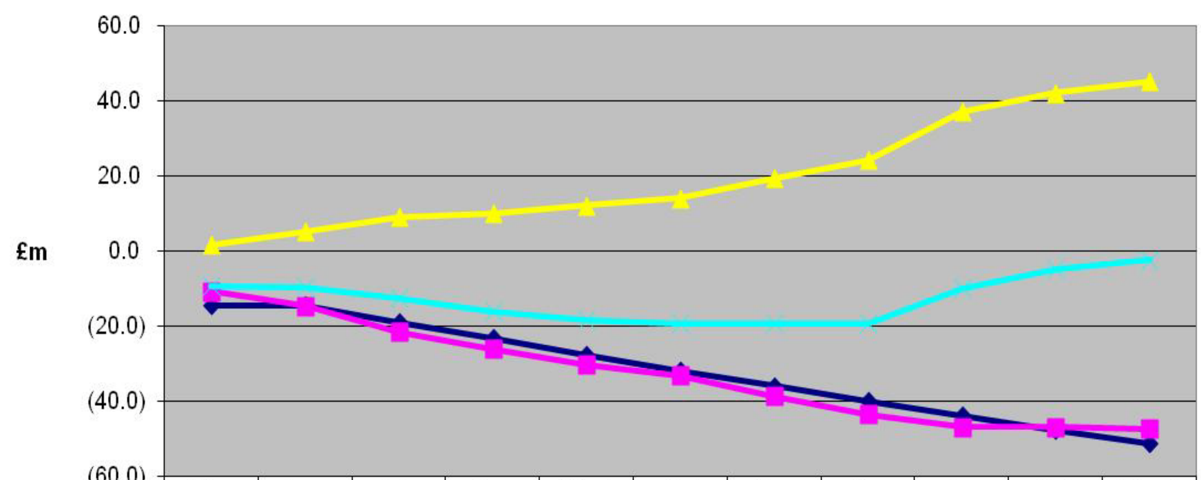
This section of the report highlights the current projected financial position

Monthly Trajectory 2018/19



	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
Original Forecast	(14.5)	(14.5)	(19.0)	(23.4)	(27.7)	(31.9)	(36.0)	(40.0)	(43.9)	(47.7)	(51.4)
Operational & CRES Deficit	(10.9)	(14.7)	(21.7)	(26.3)	(30.5)	(33.3)	(38.8)	(43.5)	(47.0)	(47.0)	(47.5)
Non Recurring Support	1.5	5.0	9.0	10.0	12.0	14.0	19.3	24.2	37.0	42.0	45.0
Net Position	(9.4)	(9.7)	(12.7)	(16.3)	(18.5)	(19.3)	(19.5)	(19.3)	(10.0)	(5.0)	(2.5)

Original Forecast — Operational & CRES Deficit — Non Recurring Support — Net Position

2019/19 – High Level Financial Plan

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Current projected financial position

Moving Forward Together (MFT) 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 divided into four phases. Reports have been presented to recent Board meetings and an update is being provided to this Board.

In tandem with the MFT Programme is the West of Scotland Regional planning work. This extensive programme has been on-going for almost 12 months, with key NHSGGC Executive Managers playing leading roles.

The Scottish Government published in Mid October their National Financial Framework which projected forward the funding landscape for Health and Social Care up to 2023/24. This Framework included a range of assumptions around Barnett consequentials, future levels of funding and demographic changes.

Capital Position

Capital Position

The 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 includes:

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

ii) Ring-fenced funding for specific projects;

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 £59m. This figure comprises a general allocation of £37.4m from SGHSCD in respect of core capital expenditure, ring-fenced specific funding amounting to £17.2m and an estimated amount of £3.8m in respect of Capital Receipts generated through property disposals. Since the start of the financial year a small amount of revenue funded capital expenditure, amounting to £0.6m has also been recognised.

The "ring-fenced specific funding" represents a direct allocation from SG. For 2018/19 this amount includes £2.6m in respect of the ongoing national Radiotherapy Equipment Replacement Programme, and is consistent with the latest plans submitted to SGHSCD. Also included is an amount of £6m to be provided by SGHSCD for Cladding works at QEUH and RHC Hospitals, together with £4.8m for investment in specific items of medical equipment, which includes £4.6m that was received in November for investment in Diagnostic Imaging Equipment. Other areas of ring-fenced funding include £1.6m to enable additional Minor Works schemes across various sites, £1.5m for investment to support Energy Efficiency schemes at GRI, and £0.7m enabling funding in respect of projects being undertaken through the Hub Initiative.

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. The disposal programme is reviewed regularly, and the Capital Plan updated accordingly, to reflect the latest forecast position.

Capital Position

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Capital Expenditure Highlights

i) The programme of ward refurbishments continues at GRI with a £2m allocation being provided for an upgrade of Ward 30.

ii) At the QEUH campus, provision for £2.2m for various Buildings' infrastructure upgrade schemes at the Institute of Neurosciences (INS) and the Neurology Building.

iii) A £2.1m in year allocation to complete the £4.5m 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. It is forecast that the majority of the initial in-year allocation of £4.2m will be reprofiled into 2019/20 to reflect the latest programme of work that is being developed as part of completing the Full Business Case, following completion of a national review of pathways for women through Forensic Mental Health services.

v) An overall allocation of £5m in respect of general Medical Equipment replacement –split between emergency replacement and a planned replacement programme. This amount is in addition to specific replacement programmes for Radiotherapy Equipment and major Diagnostic Imaging Equipment.

vi) An earmarked amount of £4m for investment in e-Health priorities.

vii) Provision of £2m for the Board's Hub Schemes that are either underway or under development. This includes investment in subordinated debt for the proposed new Health Centres at Greenock and Clydebank which are forecast to reach financial close during 2018/19 and 2019/20 respectively. This amount also includes provision for the initial equipping requirements for Woodside Health Centre which is forecast to be handed over early in 2019/20.

viii) An amount of £10.6m is currently included under Corporate schemes for local minor works projects. Similar to previous years, this allocation has been delegated to the Director of Estates and Facilities 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.

ix) The Plan currently includes £1.7m of unallocated capital. It has been agreed with the Scottish Government that this balance, together with any increase arising from reprofiling expenditure on extant schemes, will remain under the control of the Board to be used to optimise the overall financial position for 2018/19.

Conclusion

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The purpose of this report is to provide the Board with an update of NHSGGCs 2019/19 month 9 revenue position, the progress and position with the FIP and the projected revenue out-turn at 31 March 2019.

The month 9 financial position is £19.3m over budget, ahead of the initial trajectory of £40.0m. The majority of the deficit is attributable to unachieved savings. Whilst there has been evidence of cost containment, the medical and nursing budgets remain in deficit and a range of cost pressures within Estates and Facilities have emerged in-year.

To mitigate this, the FIP has been launched, embedded and is receiving a significant amount of dedicated senior time and focus. Progress has been good to date, with the FIP Tracker currently recording projects totalling **£56.3m on a FYE and £39.6m 0n a CYE.** However, current progress needs to be improved.

The challenges required for success need to continue to be managed, with the challenge and focus remaining on;

i) Converting all Gateway 1 projects to Gateway 2 and delivering the benefits;

ii) Identifying further projects to the £93m target.

The Scottish Government recently announced that Boards are now required to break-even over a three-year period, however the NHSGGC executive management still believes the primary objective remains to break-even each year. A such, work remains to address this forecast deficit, particularly around achievement of savings, containing costs (known and emerging) and maximisation of non-recurring sources.

The Board also remains in discussion with the Scottish Government around the out-turn and potential action to address.

In summary, Members are asked to;

i) **Note** the revenue position at month 9 and the projection to 31 March 2019.

ii) **Note** the progress and current position with the FIP.

iii) **Note** the month 9 capital position.

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