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Item Number x



**BOARD/2019
BOARD MEETING
25 APRIL, 2019**

THREE YEAR FINANCIAL PLAN

1. Actions Recommended

The Board is asked to:-

- i. review and endorse the three year finance plan covering the period to 31 March 2022, and
- ii. scrutinise and challenge the finance in terms of forecast out-turn in each financial year and development of actions to address the savings required.

2. Strategic Context

Finance targets

The Board is required to achieve three financial targets:-

- Operating within Revenue Resource Limit;
- Operating within Capital Resource Limit, and
- Operating within Cash Requirement.

The Board has committed to achieving a position of financial balance by 31 March, 2022, and the three year finance plan sets out the trajectory and actions that will be implemented to deliver this outcome.

Assurance and Advisory Group

The Assurance and Advisory Group issued its final update report in February 2019 and commented as follows:-

- The Board has made substantial improvements in controlling and reducing expenditure, with the monthly overspend reducing by over 20% from £1.9m per month between April and June to an average of £1.5m from July 2018 to January 2019¹.
- Contributory factors include: a reduction in the use of agency nursing staff; efficiency and productivity improvements in both elective and unscheduled care; the achievement of planned savings in primary and secondary care medicines and successful delivery of savings programmes in procurement, corporate services, estates and facilities. These imperatives were sought in the recommendations of our original 2017 Staging Report.
- NHS Tayside has also been able to reduce reliance on non-recurring savings measures and the level of recurring savings has increased from 36% in 2017-2018 to 44% in 2018-2019.

¹ In the last quarter of the financial year this reduced further to £1.1m per month.

3. Key matters relevant to the recommendation

In terms of the key matters for consideration, the detailed finance plan is attached. The following highlights the key points in relation to the three year finance plan.

The steps taken by the Board during 2018/19 to stabilise the financial position have had a positive impact and the following benefits will be carried forward into 2019/20:-

- reduction in the monthly overspend of close to £1.0 million;
- reduction in the recurring deficit by £6.0 million through increasing the level of recurring savings;
- addressed historic reliance on earmarked slippage, and
- open, transparent and timely reporting.

These benefits to the financial position have been delivered at the same time as improving performance against a number of the key Scottish Government targets, including elective waiting times in line with the improvement plan implemented by the Board.

The financial plan anticipates further significant progress during 2019/20 and the two following years; including:-

- an improved position regarding performance against the national access standards for in-patients, out-patients, diagnostics, cancer and CAMHS in line with agreed trajectories, and
- a further reduction in the recurring deficit to £17.8 million

The three year finance plans sets out the actions that will be taken to achieve financial balance, which will be underpinned by:-

- Transforming Tayside and the ambitions to improve the quality, safety and sustainability of clinical services across the region, including those services delivered by the Health and Social Care Partnerships;
- improved productivity and efficiency across all services, and
- the support of all staff in continuing to deliver annual cost savings in line with levels delivered in the previous three year period.

4. Responsible Executive Director and contact for further information

If you require any further information in advance of the Board meeting please contact:-

Responsible Executive Director

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Contact for further information

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Additional supporting information

Three Year Finance Plan