

NHS LANARKSHIRE

FINANCIAL PLAN 2008/09 – 2012/13

1. Purpose of Report

This report is to provide the NHS Board with an overview of the NHS Lanarkshire financial plan for the five year period 2008/09 to 2012/13 and to seek approval for the allocation of funds accordingly.

2. Overview

Formal notification of the Revenue Resource Limit for 2008/09 was received from the Scottish Government Health Directorates (SGHD) on 8 February 2008. All NHS Boards across Scotland received a minimum uplift of 3.15%. In addition, NHS Lanarkshire received a further 0.37% parity uplift as recognition that current funding levels are below both the Arbuthnott and NRAC targets, in advance of any decision on the longer term implementation of the NRAC recommendations.

The total uplift of 3.52% equates to an additional £25.8m funding, of which £23.142m represents the general uplift of 3.15% and £2.696m which represents the parity adjustment. This brings the baseline allocation for 2008/09 to £760.490m. The table below provides a summary of the current plan for 2008/09.

Financial Plan 2008/09			
	Recurring £m	Non recurring £m	Total £m
Opening surplus	5.3		5.3
Additional resources			
Uplift	23.1		23.1
Arbuthnott / NRAC	2.7		2.7
Other	16.7	5.0	21.7
	42.5	5.0	47.5
Utilisation of resources			
Pay	14.0		14.0
Non Pay	5.4		5.4
Drugs	8.4		8.4
Local Priorities	3.0	7.3	10.3
National / Regional Priorities	7.5	0.7	8.2
Waiting Times	3.0	2.0	5.0
Other	5.8	0.1	5.9
	47.1	10.1	57.2
CRES	3.0		3.0
Forecast Surplus	3.7	(5.1)	(1.4)

Following a detailed review of the forecast outturn for 2007/08 and the likely recurring impact of this position, an estimate has been included within the financial plan in respect of existing budgets which are expected to be made available for reinvestment, particularly within the recurring prescribing budget as well as anticipated non recurring slippage on resource transfer. These have been included as 'other resources'.

In addition, there is an expectation that further allocations will be received from SGHD to support delivery of the 18 Week "Referral to Treatment" target for waiting times and the establishment of the HPV vaccination programme. The financial plan assumes this is equally matched with expenditure each year.

Appendix A summarises the overall plan for the five year period, highlighting the brought forward surplus, a breakdown of the additional resources of funding, planned utilisation of funding, and the CRES target for each year.

It should be noted that the level of additional recurring resources anticipated during the period is increasingly required to meet the likely uplifts for pay, prices and drugs, with the level of 'new money' available for investments and developments reducing over the period.

In addition, whilst there are in year deficits shown for a number of years, this is related to planned non recurring investment in Monklands Hospital and other 'non added value' premises developments within Primary Care of c. £9m and is achievable through the use of the cumulative surplus.

3. Planning Assumptions

3.1 Income

SGHD uplift

All mainland NHS Boards across Scotland have received a standard uplift of 3.15% for 2008/09. This equates to £23.142m for NHS Lanarkshire.

As a Board currently below our Arbutnott and NRAC targets, we have received a further 0.37% (£2.696m) in recognition of our move toward parity and our target share of the NHS Scotland budget. This equates to a total of £25.8m additional resources for the coming financial year.

Thereafter the plan assumes a standard uplift of 3.2%, and full implementation of NRAC over the period 2009/10 to 2012/13.

The affordability of the financial plan, in particular the ability to maintain *recurring* balance, is predicated on the level of funding assumed through NRAC.

3.2 Expenditure - Uplifts

Pay issues

A net pay increase of 3% has been assumed, to cover both pay awards and the ongoing impact of Agenda for Change. The impact of incremental drift will require to be managed within these resources, as well as the impact of the unsocial hours agreement and any further movement on the level of nursing backfill in line with national guidance. There remains a degree of uncertainty on the outcome of Agenda for Change reviews and the recurring impact of those successful. It is likely to take at least 18 months to complete the review process and until such time as the process is complete, an assumption will be required on the potential recurring impact and non recurring provision required to cover any arrears due.

Within the existing budget baseline, there is funding set aside for the new contract for Non Consultant Career Grade doctors. This has been supplemented by a further £0.1m in the financial plan for 2008/09, bringing total funding available to £0.45m. Recent estimates from SGHD have identified a cost of £10.2m across Scotland. Any impact beyond the funding available will require to be managed.

Non pay uplift

A supplies uplift of 1% has been applied to non pay budgets. Specific funding has also been allocated to cover the impact of the PFI Contracts, energy costs and the additional revenue costs associated with investment in new equipment. Where there is pressure on supplies budgets from activity funding is prioritised from local investment.

In view of the potential for minor capital works and refurbishments to be classified as revenue expenditure rather than capital expenditure, additional recurring funding of £1m has been set aside for 'non-added value' capital expenditure, increasing the recurring budget to £2m per annum.

Drugs

Based on current spending trends and the anticipated costs of new drugs across both primary and secondary care, a total of £8.4m has been set aside for further investment in hospital and GP prescribing.

At present, this investment represents a 3.3% uplift on GP prescribing and an 18.16% uplift on hospital drugs (including primary care hospital expenditure).

Horizon Scanning for GP prescribing indicates there are no new medicines (with significant cost impact) to be launched in 2008/09, with the uplift reflecting volume growth only.

This is markedly different for hospital drugs with major additional costs anticipated for Cancer, Anti TNF and Ophthalmic drugs.

It is anticipated that this trend will continue and the financial plan reflects a continuing differential in level of uplift between GP prescribing and hospital drugs spend.

3.3 Expenditure – NHS Lanarkshire

Local Investment – Acute and Primary Care

A prudent estimate of the ongoing impact of cost pressures at a local level has been included. This is required to cover, for example, the impact of the negotiated settlements at both Wishaw General and Hairmyres General Hospitals; the establishment of a local chronic pain service and stoma nursing costs.

From 2009/10 onwards a notional sum of £0.5m for both Acute Services and Primary Care has been included. This supports the ongoing management of costs pressures within acute services, and specifically within Primary Care recognises the need to fund the revenue costs of capital investment required in GP owned premises. This investment will bring all GP practices to the minimum space requirement if the necessary capital investment can be delivered in the timeframe included in the Financial Plan.

Capital Programme

Work is now underway on a number of capital developments. Outline Business Cases have been prepared and approved for Airdrie Resource Centre, Carlisle Resource Centre, Coatbridge Dental and Integrated Resource Centre, and the Adults with Complex Needs developments at Caird House and Coathill. In addition, work is ongoing with plans for the Learning Disability Assessment and Treatment Centre.

Financial modelling has been undertaken to provide an assessment of the recurring revenue impact of the associated capital investment and provision is included in the financial plan to support these developments. This supports a significant element of the wider investment across Primary Care and Mental Health.

An allowance of £5.0m capital investment in Monklands General Hospital and the associated revenue implications have been included each year from 2010/11 onwards. This must be set in the context of the overall prioritisation of all capital schemes, including those mentioned above.

Further work is required to assess and consider the potential for non recurring investment in Monklands, particularly in relation to 'non added value' capital expenditure, which is treated as revenue expenditure. An initial allowance of £9m across 2008/09 – 2009/10 has been recognised in the financial plan. No account has been made of any 'transitional' or double running costs associated with the capital programme.

Investment in Staffing

Recognising the need to enhance medical and other clinical staffing numbers in light of MMC and the A&E Review, funding of £3.2m has been set aside over the next 3 years.

The initial priorities for recruitment include acute physicians, critical care practitioners and advanced neonatal nurse practitioners.

The planned use of this resource also needs to be considered in conjunction with the service improvement and redesign models which will need to be established to support waiting times. It is anticipated that additional support for anaesthetics, surgery and orthopaedics may also need to be met from these funds.

Mental Health

In order to deliver the legislative requirements of the Mental Health (Care and Treatment) (Scotland) Act 2003, an investment programme has been planned covering a range of priority areas across Lanarkshire. This includes Child and Adolescent Mental Health services; Old Age Psychiatry; Adult Inpatient and Community services; Substance Misuse services; Psychology services and Crises Intervention Teams.

An additional recurring growth in funding of £0.5m has been set each year from 2009/10 onwards, in addition to the revenue set aside to support the capital investment programme in mental health facilities.

Long Term Conditions

The Long Terms Conditions strategy was developed to support delivery of the Better Health, Better Care Action plan. This includes service changes within the Community Nursing service, with increased capacity and capability within Localities to implement a Care Management Model; provide the management of people with long term conditions; enhanced levels of screening and anticipatory care; and the development of expert patient models to enhance patients' abilities to self-care.

The final tranche of investment (£1m) has been set aside in the financial plan from 2009/10.

Palliative Care

The Palliative Care strategy was developed during 2007 and was presented to the NHS Board in August 2007. At that time the A&E review was underway and as such the strategy was not formally approved. The financial plan for the next five years includes the proposals within the draft strategy and covers areas such as the joint development with the Kilbride Hospice Appeal; specialist palliative care beds at St Andrews Hospice and the roll out of Liverpool Care Pathways. There is c. £0.5m additional recurring funding set aside within the draft financial plan to support the development of the Palliative Care strategy.

3.4 National & Regional Priorities

Where information is available on the likely investment required to meet national and regional priorities, this has been included in the draft financial plan. A variety of finance

networks have been established over recent years, and these, in addition to the National Directors of Finance Group and Regional Planning Group provide a useful mechanism to share knowledge where there are financial planning implications.

Within the current five year plan, funding has been allocated on a recurring basis for the *Rowanbank Medium Secure* facility in Glasgow, which opened in 2007 and was supported through non recurring resources. This is included within Mental Health. There is a wider issue regarding the provision of *forensic mental health* services. At present, a considerable amount of expenditure is required in the independent sector (as previously reported to the NHS Board through the routine financial reports).

No additional funding has been allocated in the draft financial plan for forensic mental health, although this area has historically seen high levels of overspend. It is anticipated that in the longer term the Rowanbank facility and the Caird House development will address the level of service provision required, although there remains an ongoing financial pressure which will require to be managed on a non recurring basis next year.

In relation to *cancer services*, the ongoing impact of the Bowel Cancer and Breast Screening Programmes have been included as well as the final stage of West of Scotland Cancer Centre investment.

The Outline Business Case for the *new Southern General and Childrens Hospitals* has recently been submitted to the SGHD by NHS Greater Glasgow and Clyde. Whilst there is an indication that the revenue shortfall will be supported from within the existing resources of these hospitals, a sum of money has been set aside in year five of the current plan in recognition of the risks associated with this for NHS Lanarkshire and the uncertainty of the impact on the cross boundary flow both into and out of Glasgow, as well as the resultant effect on activity in our own hospitals.

During 2007/08 a number of issues arose in relation to the level of funding required for the *Lothian Acute service agreement*. This reflected changes in activity over a number of years which had not previously been funded. Provision has been made within the draft financial plan to recognise the recurring impact of these changes.

4. CRES

Delivery of a CRES target across the organisation is a key component in achieving a balanced financial plan. At this time, a recurring target of £3m has been set for the coming year representing 0.75% on budgets, with this percentage remaining consistent through to 2012/13.

It is essential that recurring savings are released from existing budgets. There is an inevitable trade off necessary between the funding of developments / service pressures and the delivery of savings.

A series of meetings are underway with the Corporate Departments to set a target for the next few years. This will supplement the ongoing work within the Acute Division and across the CHPs, which has been in place for a number of years.

5. Efficient Government

In addition to the need to make recurring savings to support the overall affordability of the financial plan, the SGHD has set a national efficiency target of 2% which equates to c £15m for 2008/09.

Initial work to identify savings which meet the Scottish Government's criteria for efficiency has been undertaken. In each year, this target includes savings which are reinvested for local use on both a recurring and non recurring basis. In addition, any capital receipts achieved through property disposals are eligible for inclusion against the target. However, where savings are only delivered on a non recurring basis, these must continue to be achieved in future years. In essence, this means that by 2010/11 there is an expectation that savings of £47m will have been achieved.

A number of areas have already been identified against the 2008/09 target, although much further work will be required to establish plans for 2009/10 onwards. Appendix B provides further detail.

6. Cumulative Position

At this stage initial plans for the use of the cumulative surplus (estimated to be in the region of £11.9m) include further investment in premises, particularly in primary care and Monklands Hospital, with an allowance of up to £9m across the first two years of the planning period. A separate non recurring plan is required to recognise the options available for this 'non added value' investment. In addition, the likely 'transitional' or double running costs associated with the overall capital programme will require to be supported.

This is a crucial area for the Corporate Management Team and Board to consider and may provide 'flexibility' in the financial plan over the next few years. This will be brought back to a subsequent Board meeting.

7. Risks

Whilst every effort has been made to ensure all likely cost pressures and national, regional and local priorities have been incorporated into the five year plan at this time, a number of risks remain.

These include

- Capital investment programme
 - Transitional / double running costs
 - Revenue impact of capital investment

- Timing of developments
- New Children's Hospital in Glasgow
- Prescribing, including the treatment of the category M savings and the loss of prescription income
- Waiting times funding, particularly the £90m available nationally for the 18 week referral to treatment target
- Agenda for Change
- Pay and prices, in particular new drugs and utilities
- Impact of Modernising Medical Careers and the new contract for Non Consultant Career Grade doctors
- Ongoing achievement of CRES / Efficient Government targets
- Uplift / NRAC funding
- Availability of non recurring slippage from 2007/08
- Impact of IFRS, particularly in relation to the accounting treatment of PFI schemes
- Release of delayed discharge funding from the local authorities

Appendix C sets out a high level risk assessment for these issues. Many of these are common across the NHS in Scotland and it is essential that we work closely at a local, regional and national level to mitigate these where possible.

8. Conclusion

The Board is asked to approve the financial plan for 2008/09 – 2012/13, noting

- *The forecast in year deficit of £1.5m for 2008/09, reducing the cumulative surplus to £10.5m;*
- *Recurring balance is maintained throughout the five year planning period, with a recurring surplus of £1.7m at the end of 2012/13;*
- *NRAC funding of £5m is required annually from 2009/10 in order to sustain recurring balance and to deliver the planned investment programme;*

Susan Goldsmith
Director of Finance

20 March 2008

**NHS LANARKSHIRE
FINANCIAL PLAN 2008/09 - 2012/13**

	2008/09			2009/10			2010/11			2011/12			2012/13		
	Rec £m	Non-Rec £m	Total £m	Rec £m	Non-Rec £m	Total £m	Rec £m	Non-Rec £m	Total £m	Rec £m	Non-Rec £m	Total £m	Rec £m	Non-Rec £m	Total £m
Recurring Surplus / (Deficit) brought forward	5.3		5.3	3.7		3.7	0.9		0.9	0.8		0.8	1.4		1.4
ADDITIONAL SOURCES OF FUNDING															
Scottish Government Uplift	23.1		23.1	24.3		24.3	25.2		25.2	24.5		24.5	25.4		25.4
Arbuthnott / NRAC	2.7		2.7	5.0		5.0	5.0		5.0	5.0		5.0	5.0		5.0
Reinvestment of existing budgets - various	3.4	3.0	6.4												
Reinvestment of existing budgets - prescribing															
- Category M	5.4		5.4												
- GP prescribing	2.2		2.2												
- Acute	0.8		0.8												
Waiting Times	3.0	2.0	5.0	3.0		3.0	3.0		3.0						
HPV Vaccination	1.9		1.9	0.1		0.1	1.0		1.0						
Total Additional Funding Available	42.6	5.0	47.6	32.3		32.3	34.2		34.2	29.5		29.5	30.4		30.4
PLANNED UTILISATION OF FUNDING															
Uplifts															
- Pay	(14.0)		(14.0)	(14.4)		(14.4)	(14.8)		(14.8)	(15.3)		(15.3)	(15.7)		(15.7)
- Non Pay	(5.4)		(5.4)	(4.5)		(4.5)	(4.5)		(4.5)	(4.4)		(4.4)	(4.5)		(4.5)
- Acute Drugs / GP Prescribing	(8.4)		(8.4)	(7.7)		(7.7)	(8.1)		(8.1)	(7.6)		(7.6)	(8.1)		(8.1)
NHS Lanarkshire															
- Acute Services	(1.1)		(1.1)	(0.5)		(0.5)	(0.5)		(0.5)	(0.5)		(0.5)	(0.5)		(0.5)
- Primary Care Services				(0.5)		(0.5)	(0.5)		(0.5)	(0.5)		(0.5)	(0.5)		(0.5)
- Revenue Consequences of Capital Programme	(0.5)	(7.3)	(7.8)	(1.4)	(5.8)	(7.1)	(2.3)	(2.4)	(4.7)	(2.4)	(0.5)	(2.9)	(1.6)	(0.5)	(2.1)
- Investment in Staffing	(1.4)		(1.4)	(1.5)		(1.5)	(1.2)		(1.2)						
National & Regional Priorities															
- Cancer Services	(1.4)		(1.4)	(0.9)	(0.0)	(0.9)									
- Childrens Services	(0.1)	(0.1)	(0.1)												
- Health Improvement	(0.2)		(0.2)												
- HPV Vaccination Programme	(1.9)		(1.9)	(0.1)		(0.1)	(1.0)		(1.0)						
- Long Term Conditions	(0.0)	(0.6)	(0.6)	(1.0)	(0.1)	(1.1)		(0.0)	(0.0)						
- Mental Health	(1.5)		(1.5)	(0.5)		(0.5)	(0.5)		(0.5)	(0.5)		(0.5)	(0.5)		(0.5)
- National / Regional Issues	(2.3)		(2.3)	(1.0)		(1.0)	(1.0)		(1.0)	(1.0)		(1.0)	(2.0)		(2.0)
- Palliative Care	(0.1)	(0.1)	(0.2)	(0.5)	(0.1)	(0.6)		(0.1)	(0.1)						
- Waiting Times	(3.0)	(2.0)	(5.0)	(3.0)		(3.0)	(3.0)		(3.0)						
Other															
- IM&T				(0.0)		(0.0)									
- Other	(0.4)	(0.1)	(0.5)	(0.8)		(0.8)									
- Withdrawal of Category M drugs savings	(5.4)		(5.4)												
Total Additional Expenditure Commitments	(47.1)	(10.1)	(57.3)	(38.3)	(5.9)	(44.2)	(37.4)	(2.5)	(39.9)	(32.2)	(0.5)	(32.7)	(33.3)	(0.5)	(33.8)
CRES															
Target	3.0		3.0	3.1		3.1	3.2		3.2	3.2		3.2	3.2		3.2
In year Surplus / (Deficit)	3.7	(5.1)	(1.5)	0.9	(5.9)	(5.1)	0.8	(2.5)	(1.7)	1.4	(0.5)	0.9	1.7	(0.5)	1.2
Cumulative position (assuming 07/08 c/f of £11.9m)			10.5			5.4			3.8			4.6			5.8

NHS LANARKSHIRE
EFFICIENT GOVERNMENT TARGET 2008/09 - 2010/11

	2008/09			2009/10			2010/11		
	Rec £m	Non-Rec £m	Total £m	Rec £m	Non-Rec £m	Total £m	Rec £m	Non-Rec £m	Total £m
Recurring savings b/f			0.000	11.002		11.002	14.132		14.132
CRES Programme	3.000		3.000	3.130		3.130	3.153		3.153
Pay and prices funding reinvestment	2.345		2.345			0.000			0.000
Prescribing	2.950		2.950			0.000			0.000
Other drugs	1.992		1.992			0.000			0.000
Capital receipts		2.000	2.000		2.000	2.000		2.000	2.000
Resource Transfer delays		2.208	2.208			0.000			0.000
Other reinvestment	0.715		0.715		14.775	14.775		27.821	27.821
Total Planned Savings	11.002	4.208	15.210	14.132	16.775	30.907	17.285	29.821	47.106
Cumulative Target			15.210			30.907			47.106

**NHS LANARKSHIRE
FINANCIAL PLAN 2008/09 – 2012/13
RISK ASSESSMENT**

Key Assumptions / Risks	Risk rating / Impact
<p>Resources</p> <p>Reliance has been placed on the availability of additional funding from SGHD, with an assumed 3.2% increase per annum.</p>	<p>Medium / High</p> <p>There is a risk that the standard uplift applied throughout the five year financial plan is not confirmed by SGHD. For every 0.5% movement in standard uplift per annum, there would be a £16m impact over the five year financial plan.</p>
<p>NRAC</p> <p>An assumption has been made that an additional £5m per annum, from 2009/10 until the end of the five year planning period, will be available recurringly, through the introduction of the NRAC formula.</p>	<p>Medium / High</p> <p>Any changes to the NRAC formula for other NHS Boards have a subsequent impact on the funding available for NHS Lanarkshire. If this funding does not materialise, this would equate to a reduction of £20m recurring funding over the five year plan.</p>
<p>Prescribing / New Drugs</p> <p>Detailed work has been undertaken to review expenditure on both GP and hospital prescribing during 2007/08. Estimates of likely spend in 2008/09, and onwards, have been made through the local Prescribing Management Board.</p> <p>In addition, funding has been set aside in recognition of the SMC horizon scanning for cancer drugs, with an impact on expenditure in other Board areas, in particular Greater Glasgow through the Beatson Oncology Centre.</p>	<p>Medium / High</p> <p>There is a risk that the financial provisions made within the plan may not fully cover the actual costs. A 0.5% increase in prescribing costs equates to a £3.6m impact over the five year financial plan.</p>

<p>The savings arising on Category M drugs are assumed as an additional source of income in 2008/09, with a corresponding 'hit' in expenditure, in anticipation of an allocation deduction.</p> <p>Loss of prescription income has been assumed to be neutral, with any loss of funding to be met through an additional allocation in year.</p>	
<p>Waiting Times</p> <p>Additional funding has been set aside to meet the costs associated with the ongoing delivery of waiting times, specifically the 18 week referral to treatment target. It is assumed that this investment will be fully funded by an additional recurring allocation</p>	<p>Medium / Medium</p> <p>Any changes to national targets and the availability of central SGHD funding will have an impact on the overall financial position.</p>
<p>Pay Uplifts (including Agenda For Change and other associated pay issues)</p> <p>A basic pay inflation of 2.5% has been assumed, with a further 0.5% available recurrently to support the ongoing impact of Agenda for Change including incremental impact and unsocial hours. In addition, provision has been set aside for the Consultants Contract (seniority payments) and Modernising Medical Careers.</p>	<p>Medium / High</p> <p>There is a risk that the financial provisions made within the plan may not fully cover the actual costs, particularly when the outcome of pay negotiations are not known. A full 'zero based budget' exercise was completed for 2007/08 in light of AfC, however due to the high level of reviews which have been submitted by staff and the uncertainty of 'incremental drift', it is difficult to predict the longer term recurring impact of AfC implementation. Provision has been made for the reviews in the 2007/08 year end position. A movement of 0.5% in overall pay costs equates to c. £1.8m per annum.</p> <p>A further risk relates to the funding required to implement the new contract for Non-Consultant Career Grade Doctors. Funding of £0.450m has been set</p>

	<p>aside, although initial estimates from SGHD place the total cost at £10.2m for Scotland. The relative share of this across each NHS Board requires further clarity. Movement beyond the funding available will require to be managed.</p>
<p>New Children's Hospital</p> <p>Whilst current work on the OBC for the new Southern General and Children's Hospital in Glasgow indicates that any gap in funding will be covered through efficiencies, there remains a risk to NHSL in terms of both the level of funding that is provided for cross boundary activity and the potential local impact if any activity is repatriated as a result.</p>	<p>Medium / Medium</p> <p>The business case is being progressed within NHS Greater Glasgow and Clyde but has not yet been formally approved by the NHS Board or the SGHD. Until such time as there is greater certainty and clarity of costs and funding assumptions, it is deemed to be prudent to recognise a potential 'hit' in expenditure terms. An estimate in the region of £1m for NHS Lanarkshire has been included in the current five year plan.</p>
<p>Capital Investment Programme</p> <p>In light of ongoing work to develop the business cases for a number of primary care and mental health premises investments, estimated completion dates for each of these projects has been used as the basis for the phasing of the revenue impact. Considerable work has been undertaken over the last 12 months to improve and develop capital planning, including the assessment of capital inflation, optimism bias and cost certainty for projects within the overall 'bundling' programme.</p> <p>Early assumptions on the level of capital investment required for Monklands Hospital have been included in the five year financial plan. This investment assumes £5m capital spend each year during 2010/11 – 2012/13. In addition, it is likely that a high level of non added value investment will be required. An initial allowance of £9m</p>	<p>Medium / High</p> <p>Whilst every effort is being made to assess the likely level of capital investment required for the priority schemes, there remains uncertainty within the construction industry due to the level of activity nationally (including a number of major capital programmes across other NHS Board areas, not to mention the 'Olympic' or 'Commonwealth' factors).</p> <p>Additional infrastructure investment Monklands is essential and the ability to deliver a carefully planned programme whilst maintaining services on an ongoing basis is critical. The financial impact will be seen across both the capital and revenue plans and detailed</p>

<p>has been included across the first two years of the planning period. Further work is required to firm up on these plans as well as the impact of any double running or transition costs.</p>	<p>work will be required to assess the extent to which the planned programme of investment will 'add value' to the estate and thus incur recurring revenue costs through capital charges.</p>
<p>Impact of IFRS</p> <p>The roll out of International Financial Reporting Standards across the NHS in Scotland will impact from 2009/10 onwards. As one of the key components of this is the accounting treatment of PFI or PPP hospitals, there is likely to be an impact on the financial position within NHS Lanarkshire.</p>	<p>Medium / High</p> <p>Initial modelling work has been undertaken to assess the financial impact of bringing Wishaw General and Hairmyres General 'on balance sheet'. A decision has not yet been made by Treasury on this, but in terms of the NHS Lanarkshire financial plans, any likely impact is assumed to be fully funded by Treasury.</p>
<p>CRES / Efficiency</p> <p>A recurring target of 0.75% has been included from 2008/09 onwards. Work is underway to establish the extent to which the 2% efficiency target can be achieved in year</p>	<p>Medium / Medium</p> <p>Delivery of recurring savings year on year is essential and can be seen as a trade off against the funding of premises developments and other service pressures. The two areas are not mutually exclusive and savings must be released from existing budgets to free up the funds for future investment across the system.</p>