

NHS 24 BOARD MEETING		22 JUNE 2023 ITEM NO 11.2 FOR ASSURANCE	
M2 – FINANCE PERFORMANCE REPORT			
Executive Sponsor:		John Gebbie, Director of Finance	
Lead Officer/Author:		Neil Logan, Head of Financial Planning and Reporting	
Action Required		The Board is asked to take assurance from the M2 Finance Report which shows the financial position of NHS 24 to May 2023.	
Key Points for this Committee to consider		This paper highlights: <ul style="list-style-type: none"> • A breakeven financial position at month 2. • Funding is anticipated at this point as the allocation letter has still to be received. • Pays are underspent due to vacancies. • Non Pays are overspent. • Savings targets have been phased in, but no achievement has been actioned as yet. 	
Governance process		Financial updates are given to EMT, the Board and the Planning & Performance Committee.	
Strategic alignment and link to overarching NHS Scotland priorities and strategies		This paper demonstrates progress against the NHS 24 organisational priority of meeting its financial targets and delivering best value through resource allocation. This paper demonstrates how the NHS 24 is on track to meet its statutory financial goals.	
Key Risks		The main risk at this point is the anticipation of funding, however, SGHSCD colleagues have not highlighted any concerns over our funding assumptions.	
Financial Implications		This paper details the financial position of NHS 24 and that the finance plan is being achieved to date	
Equality and Diversity		The services NHS 24 provide is in line with its operating plan which have all been assessed in line with the appropriate requirements in relation to equality and diversity.	

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Finance monthly report

Month 2

April 2023 – May 2023

Finance Report – Main Points

• External Factors

- Scottish Government (SG) has indicated funding across NHS Scotland will again be challenging in 2023/24.
- No funding allocation letter is expected before the end of June, however NHS 24 have assurance of the baseline position of £89.9m
- The Scottish Government have advised NHS 24 will receive funding to cover the pay award for Agenda for Change staff of 7.5% and this is also expected within the first allocation letter.

• Internal Factors

- NHS 24 is overall showing a breakeven position against its Year To Date budget.
- £0.63m underspend in salaries due to vacancies. Pay budgets have been uplifted for the 2023/24 pay award.
- £0.15m overspend in non pay mainly due to inflationary pressures. Non pay budgets have yet to be uplifted for inflation.
- Savings pressure of £0.48m as savings have yet to be released to Directorates.
- Opportunities to meet 100% of 2023/24 savings have been identified and are being progressed.

Month 2 Financial Overview



Key NHS 24 financial information

Revenue Position

Breakeven

Capital Expenditure

£0.001m

Efficiency Savings
Included in YTD Financial
Position

£0.48m

Key Points

Financial Position

- Full year allocation is expected to be £121.8m
- NHS 24 is showing a breakeven year to date position
- Funding position across NHS Scotland expected to remain extremely challenging going forward.

Capital Expenditure

- Funding of £0.269m anticipated as part of SG Capital Formula Allocation
- Further £0.2m included within high level plan to SG

Efficiency Savings

- Efficiencies of £2.87m required in 2023/24
- Opportunities to achieve the full £2.87m of efficiency savings have been identified and are being worked through via the relevant managers.

Allocations

NHS 24

Summary of Total Funding Position as at 31 May 2023

Description	Budget (£)
Initial Baseline Allocation	83,188,500
Baseline Uplift - Letter	1,778,770
Baseline Uplift - Agenda for Change 22/23	5,000,000
RUC	15,410,000
Pay Award 2023-24	3,943,519
Pay Award 2023-24 - One off payments	843,000
Mental Health cCBT	470,000
Mental Health Hub	6,902,975
Enhanced Pathway	1,368,555
SARCS	756,674
2022/23 Underspend c/f	795,000
PCDS	305,000
Anticipated additional depreciation	308,953
ICT - eHealth Allocation	128,877
Easter & Winter Marketing	85,000
Lead AHP	20,782
Realistic Medicine	50,000
Implement Health & Social Care	39,061
Excellence in Care	33,846
Open University	20,000
Vaccine Funding	35,000
Six Essentials	150,000
Winter Planning	150,000
Anticipated Funding as at 31 May 2023	121,783,512

Allocations



Forecast RRL

£121.8m

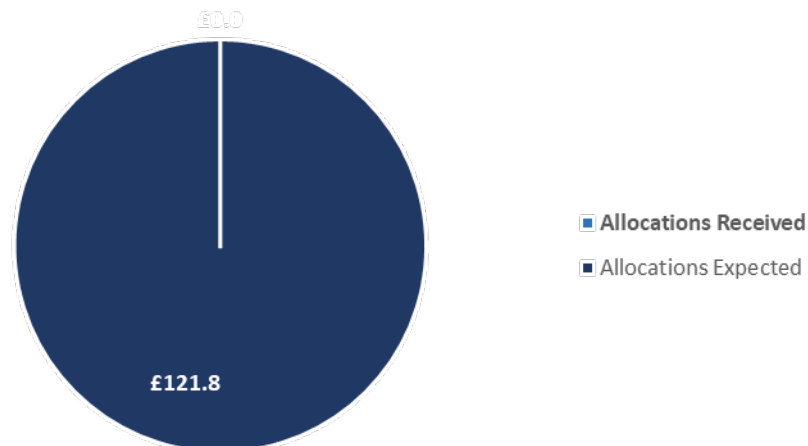
Received to Date

£0.0m

Anticipated

£121.8m

Allocation Status £m



Allocation Letter

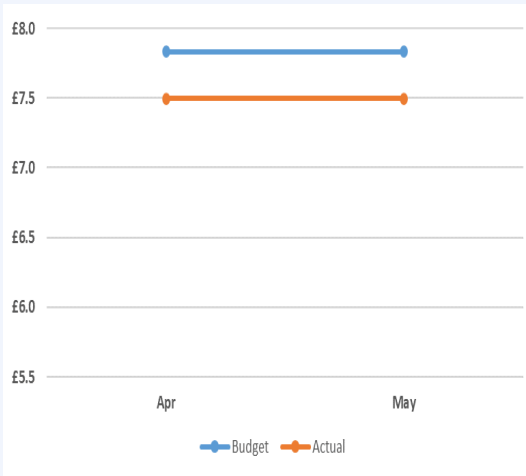
The Scottish Government are not due to issue an allocation letter until the end of June, therefore no allocations have been formally received to date.

However, NHS 24 have email confirmation from SG that the £83.2m baseline and £1.8m and £5.0m baseline uplifts will all be included within the initial allocation.

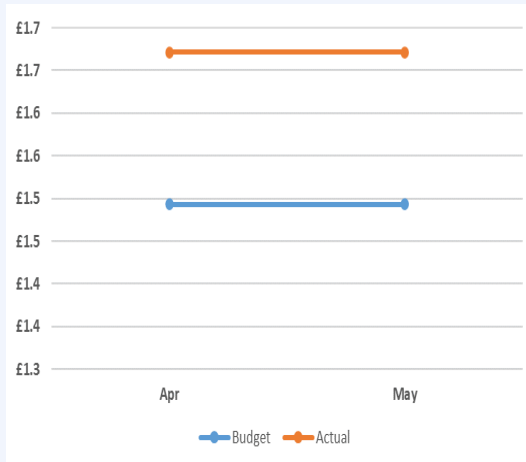
Financial Position



Pay Cost (£m)



Non Pay (£m)

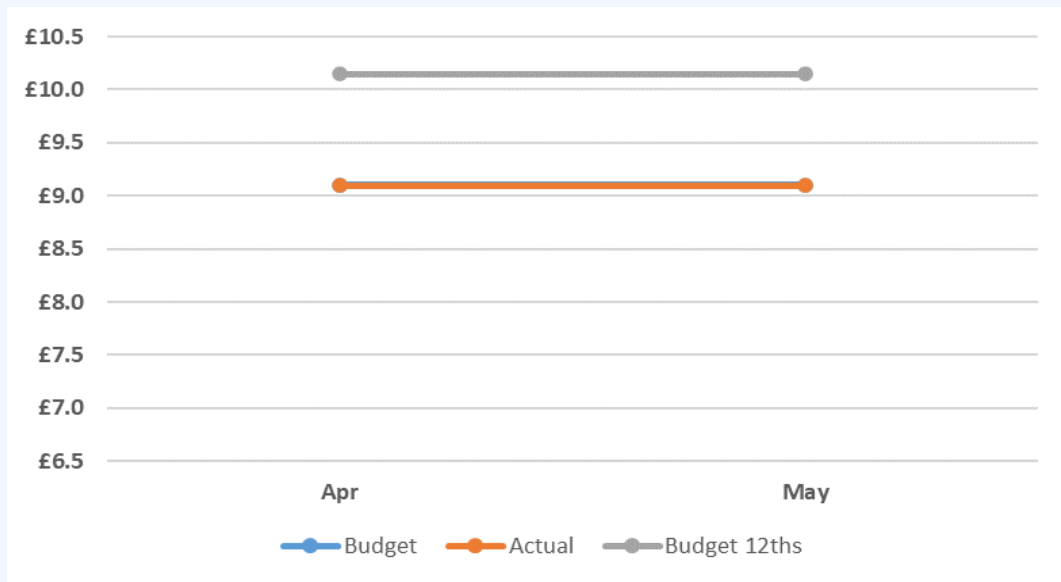


Budget
£18.157m
 % of Full Year 14.91%

Actual Spend
£18.152m
 % of Forecast 14.91%

Underspend
£0.005m
 % of YTD Budget 0.03%

Financial Position (£m)



Financial Position

The financial position essentially shows a year to date breakeven position.

This reflects an underspend in pay costs, due to ongoing vacancies, which is offset by a slight overspend in non pay costs due to inflationary pressures. An uplift for inflation was built into the finance plan for 2023/24, however, this has yet to be released to non pay budgets. Once the impact of various price rises have been assessed, uplifts will be accordingly released to non pay budgets.

Uplifts for the 2023/24 pay award have already been included in pay budgets.

Month 2 Financial Position



NHS 24 financial information – Main Categories

Pay £0.63m underspend

Non Pay £0.15m overspend

Efficiency Savings £0.48m overspend

Key Points

Pay

- Number of vacancies across NHS 24 remained unfilled
- Slightly offset by agency staff in some departments
- Uplift for 2023-24 pay award included in pay budget

Non Pay

- Pressure in non pay relates to inflationary pressures
- Funding for inflation yet to issued as different percentage rises across different types of non pay spend

Efficiency Savings

- Efficiency savings have yet to be issued to Directorates, however, two months of the targets have been factored into the financial position
- Of the £0.48m savings that have been factored in, £0.29m relate to pay efficiencies and £0.19m non pay efficiencies

Financial position as at 31 May 2023

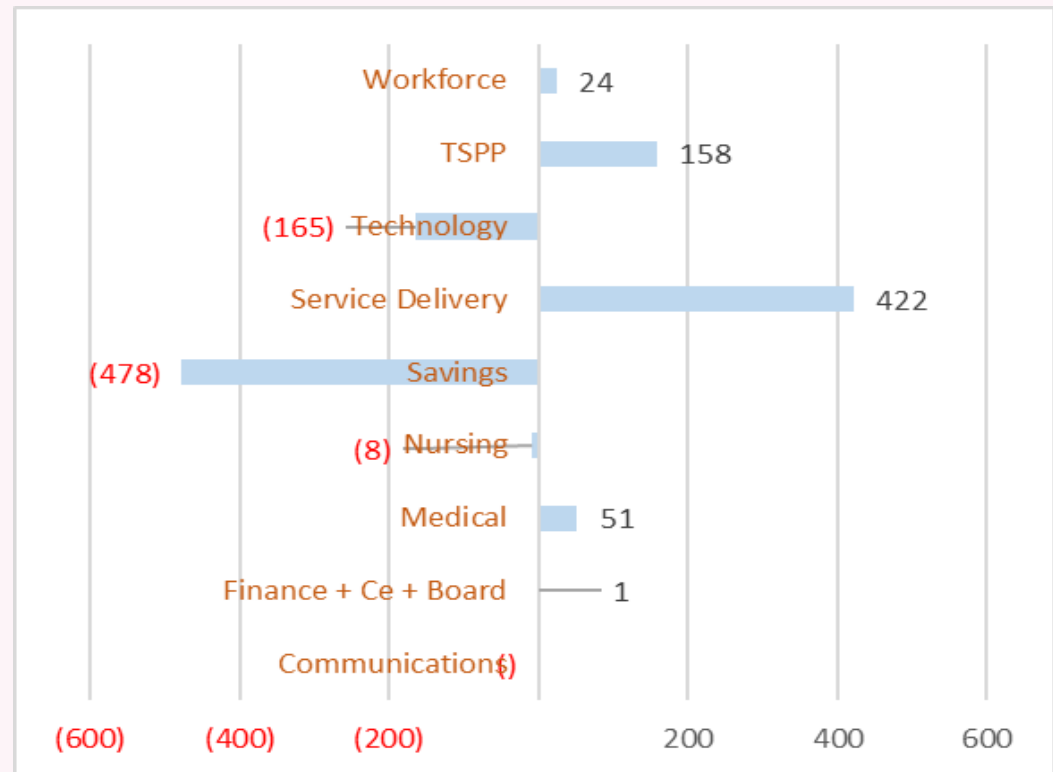
Type	Annual Budget (£m)	YTD Budget (£m)	YTD Actual (£m)	YTD Variance (£m)
Income	£121.78	£18.16	£18.16	£0.00
Pay	£98.00	£15.47	£14.83	£0.63
Non Pay	£26.65	£3.17	£3.32	(£0.15)
Remaining Savings	(£2.87)	(£0.48)	£0.00	(£0.48)
Total	£0.00	£0.00	£0.01	£0.01

Financial Position Per Directorate

MAIN POINTS

- Number of vacancies across directorates, attributing to some being underspent.
- Efficiency savings are still to be allocated to Directorates, therefore shown separately.
- Technology have a number of contracts that will be subject to inflationary uplifts. The finance plan allowed for such increases. However a comparison of expected versus actual increases will take place before an uplift in budget is released. Consequently, Technology is showing a year to date overspend

Year to Date (April 2023 – May 2023) Variances Per Directorate (£000)

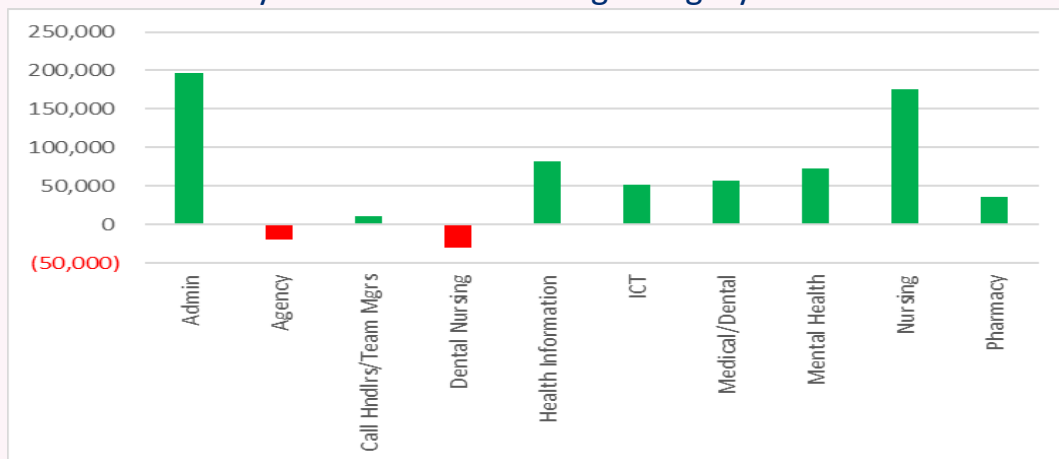


Cost Analysis

PAY

- Total 2023/24 pay budget £98.0m
- YTD Budget £15.47m
- YTD Actual £14.83m
- YTD Variance £0.63m
- Underspend on pay due to staff vacancies across multiple pay categories, slightly offset by an overspend on agency and dental staff.
- No vacancy factor has been built into any of these figures. For 2 months, this would be £0.29m

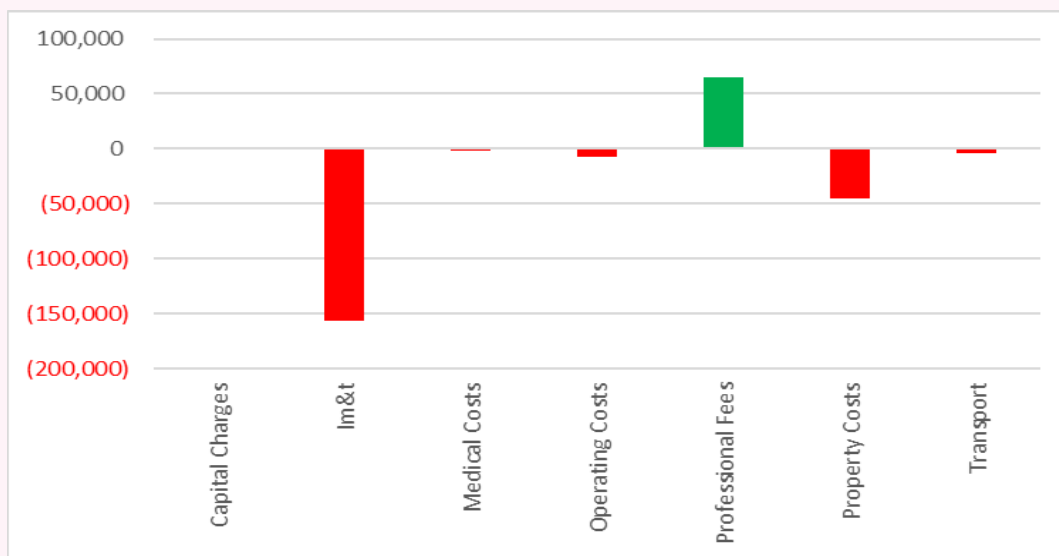
Year to Date Pay Variances Per Staffing Category



NON PAY

- Total 2023/24 non pay budget £26.65m
- YTD Budget £3.17m
- YTD Actual £3.32m
- YTD Variance (£0.15m)
- Some budgets still to be uplifted for inflationary pressures, specifically around rates and ICT contracts

Year to Date Non Pay Variances Per Category



Efficiency Savings

Status of NHS 24 Efficiency Savings Targets

INTERNAL TARGETS

In order to break-even in 2023/24, NHS 24 are required to make savings of £2.87m, which is split into recurring and non recurring savings.

This is based on a 3% percentage of baseline funding.

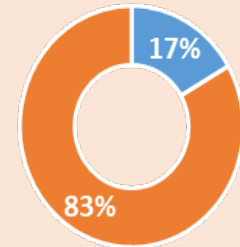
PROGRESS AGAINST TARGETS

Although savings have not yet been handed out to Directorates, two months worth of savings have been phased in to the year to date financial position. The year to date non recurring savings will be more than covered by underspends in pay across directorates. The achievement of recurring savings is also progressing well with a number of schemes already near completion.

PROGRESS AGAINST 2023/24 INTERNAL TARGETS

Savings Target	Recurring	Non Recurring
Savings Schemes		
Conferencing Facilities	20,000	
CMS Migration	145,000	
Contract Procurement	4,000	
Welbeing Mgrs	325,000	
Tech Refresh	200,000	
Establishment Control	200,000	
Service Redesign	200,000	
Mobile Phones	20,000	
Shift Review Slippage		350,000
Vacancy Factor		1,402,000
Total	1,114,000	1,752,000

PROGRESS AGAINST INTERNAL TARGETS



■ In Financials ■ Not in Financials