

<p>NHS 24 BOARD MEETING</p> <p style="text-align: right;">31 AUGUST 2023 ITEM NO 11.2 FOR ASSURANCE</p> <p style="text-align: center;">FINANCE PERFORMANCE REPORT – M03</p>	
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 M03 Finance Report which shows the financial position of NHS 24 as at 30 June 2023.
Key Points for this Committee to consider	<p>This paper shows the financial position of NHS 24. Main points to note:</p> <ul style="list-style-type: none"> • First allocation letter has been received for the year, including 22/23 and 23/24 pay uplift funding. • Redesign of Urgent Care and Mental Health funding has still to be received, however, discussions with SGHSCD colleagues has remained positive with expectations that funding will be confirmed soon. • Savings achievement is progressing well with 47% of the annual recurring target already achieved and 100% of the non recurring target achieved year to date.
Governance process	This paper has been discussed at the Executive Management Team and Planning & Performance Committee prior to submission to Board.
Strategic alignment and link to overarching NHS Scotland priorities and strategies	This paper demonstrates how NHS 24 is on track to meet its statutory financial goals.
Key Risks	At present the financial position is in line with the agreed finance plan for 2023/24. There is a risk that if inflation does not reduce in line with previous expectations then this will result in an additional cost pressure as the year progresses.
Financial Implications	This paper details the financial position of NHS 24 and that it is on track to meet its financial objectives for 2023/24.
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.

Three overlapping circles in the top-left corner: a large dark blue circle, a medium pink circle, and a small light blue circle.

Finance monthly report

Month 3

April 2023 – June 2023

Finance Report – Main Points

• External Factors

- Scottish Government (SG) has indicated funding across NHS Scotland will again be challenging in 2023/24.
- First funding letter of 2023/24 has been received from SG containing £91.4m of recurring and £0.9m of non recurring funding.
- Total funding for 2023/24 is expected to be £116m and the Finance team are working closely with SG to secure the remaining funding as early as possible.

• Internal Factors

- NHS 24 is overall showing a slight underspend (£79k) against its Year To Date budget.
- £0.42m underspend in salaries due to vacancies. Pay budgets have been uplifted for the 2023/24 pay award.
- £0.34m overspend in non pay mainly due to inflationary pressures and some one off costs.
- Savings are currently ahead of schedule with 34% of savings achieved in a quarter of the financial year. Opportunities to meet the remaining 66% of 2023/24 savings have been identified and are being progressed.

Month 3 Financial Overview



Key NHS 24 financial information

Revenue Position £0.079m

Capital Expenditure £0.069m

Efficiency Savings Achieved £0.96m

Key Points

Financial Position

- Full year allocation is expected to be £116m
- NHS 24 is showing a slight underspend of £79k.
- 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 with £0.96m achieved.
- Opportunities to achieve the full £2.87m of efficiency savings have been identified and are being worked through.

Allocations

Allocations

Description	Budget (£)
Initial Baseline Allocation	83,173,500
Baseline Uplift - Letter	1,762,500
Baseline Uplift - Agenda for Change 22/23	5,000,000
Pay Award 2023-24	1,442,000
Pay Award 2023-24 - One off payments	843,000
Implement Health & Social Care	42,758
Open University	10,000
Allocations Received Per June Allocation Letter	92,273,758
RUC	13,383,188
Mental Health cCBT	470,000
Mental Health Hub	6,198,166
Enhanced Pathway	1,368,555
SARCS	465,297
2022/23 Underspend c/f	795,000
PCDS	305,000
Anticipated additional depreciation	397,086
ICT - eHealth Allocation	128,877
Easter & Winter Marketing	85,000
Lead AHP	20,782
Realistic Medicine	50,000
Excellence in Care	33,846
Open University	10,000
Vaccine Funding	35,000
Total Additional Allocations to be Received	23,745,797
Anticipated Funding as at 30 June 2023	116,019,555

Forecast RRL

£116.0m

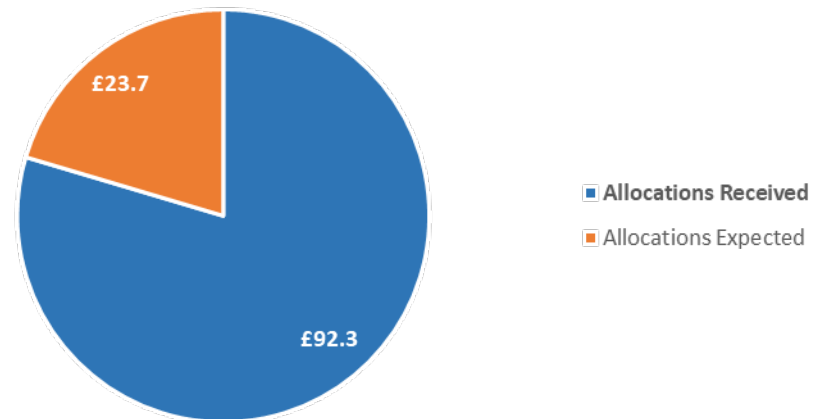
Received to Date

£92.3m

Anticipated

£23.6m

Allocation Status £m



Allocation Letter

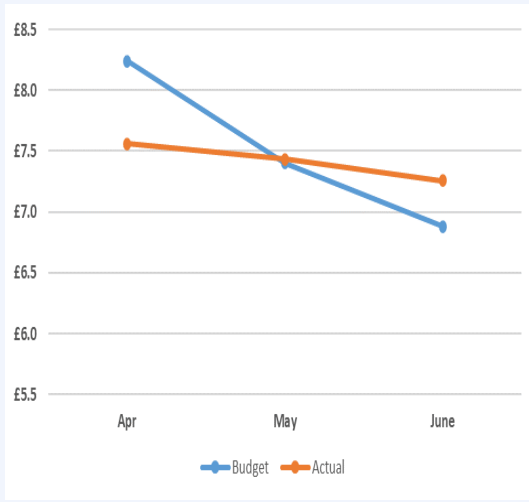
The first allocation letter of 2023/24 was received and contains the Baseline funding for 2023/24 and the pay award uplifts for 2022/23 and 2023/24 for baseline funded staff. Discussion is continuing with SG to ensure funding for staff covered by non-baseline funding, such as RUC and some Mental Health, is added to the relevant funding streams.

The uplift for the one-off Agenda for Change pay awards were also received along with some other small allocations which were expected.

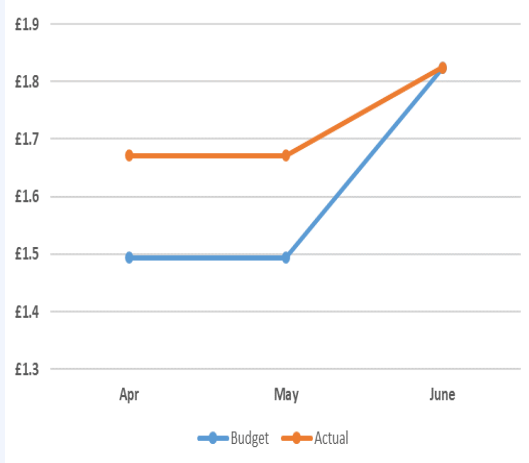
Financial Position



Pay Cost (£m)



Non Pay (£m)

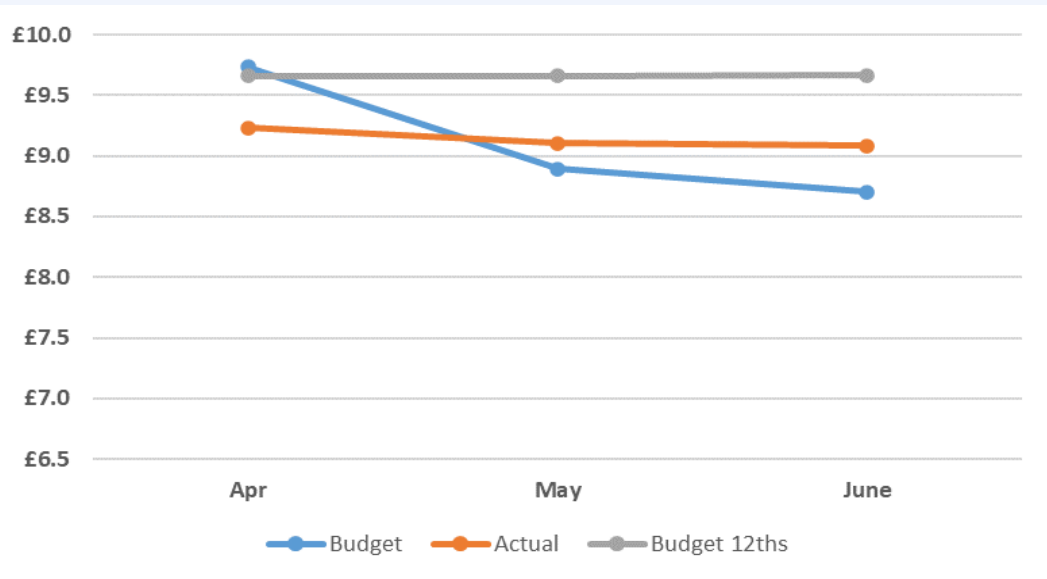


Budget
£27.250m
 % of Full Year 23.51%

Actual Spend
£27.171m
 % of Forecast 23.44%

Underspend
£0.079m
 % of YTD Budget 0.3%

Financial Position (£m)



Financial Position

The financial position shows a slight underspend of £79k against the year to date budget. NHS 24 is expected to break-even by the end of the financial year, assuming that all expected allocations are received.

The pay budget in April included funding to cover the one-off agenda for change pay awards. In June, vacancy factor was phased into Directorate budgets. Some of the non pay budgets were uplifted for inflation in June, with others still to be worked through once renewals of contracts are confirmed.

Month 3 Financial Position



NHS 24 financial information – Main Categories

Pay £0.42m underspend

Non Pay £0.34m overspend

Efficiency Savings £0.0m breakeven

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 mainly relates to inflationary pressures
- Funding for some inflation has yet to issued.

Efficiency Savings

- Efficiency savings have been issued to directorates with 34% of required target met.
- Plans for the remaining 66% have been developed and are being progressed.

Financial position as at 30 June 2023

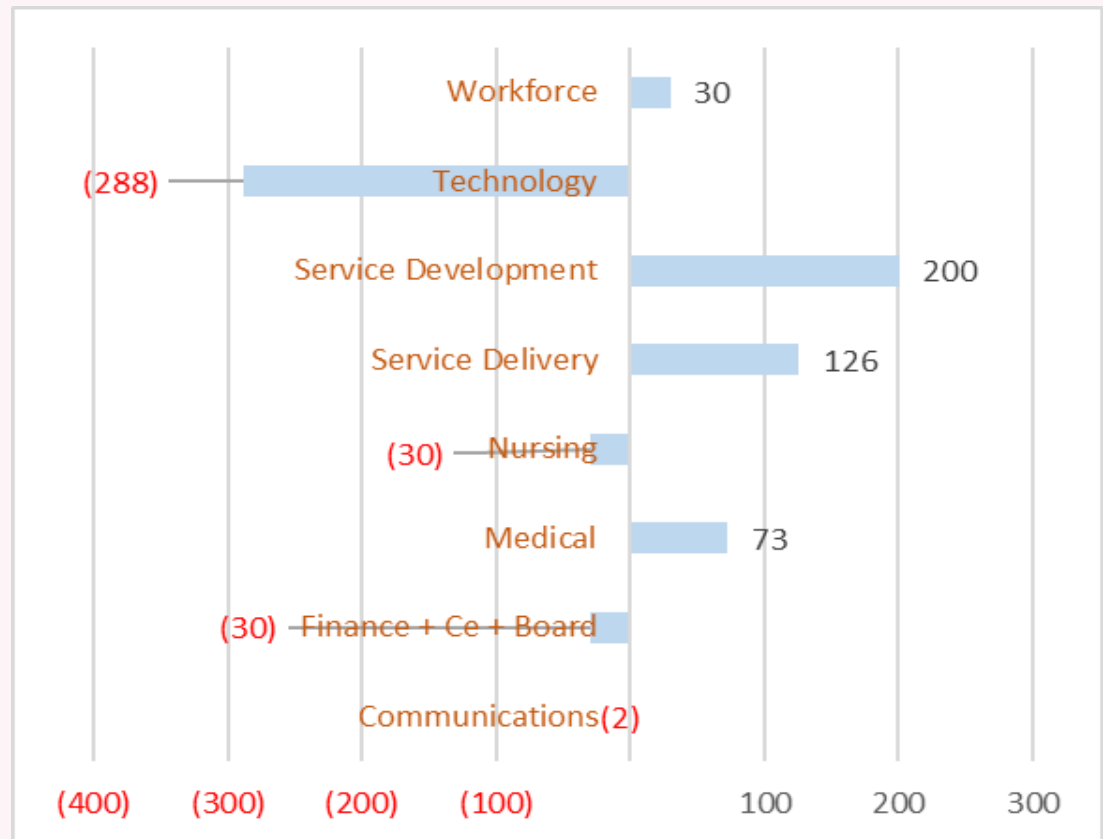
Type	Annual Budget (£m)	YTD Budget (£m)	YTD Actual (£m)	YTD Variance (£m)
Income	£116.02	£27.25	£27.25	£0.00
Pay	£92.05	£22.44	£22.03	£0.42
Non Pay	£25.85	£4.81	£5.14	(£0.34)
Remaining Savings	(£1.88)	(£0.00)	£0.00	(£0.00)
Total	£0.00	£0.00	£0.08	£0.08

Financial Position Per Directorate

MAIN POINTS

- Number of vacancies across directorates, attributing to some being underspent.
- Technology have a number of contracts subject to inflationary uplifts and one-off costs in relation to Digital Transformation. Some of the uplifts for contracts have been issued in June, however a number remain to be worked through.
- The funding relating to the temporary additional staff in Nursing still has to be issued, which will eliminate current overspend.
- The finance directorates pressures relate to CNORIS costs and legal expenses in relation to the Aberdeen site move.

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

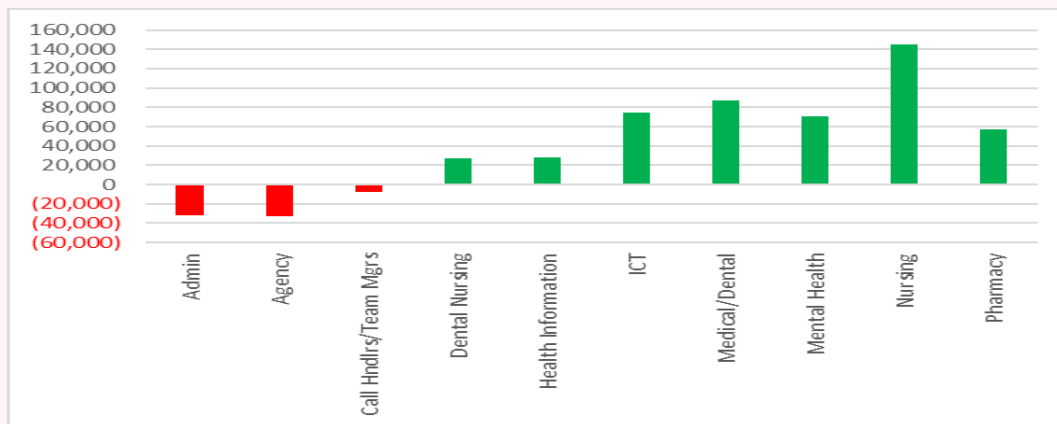


Cost Analysis

PAY

- Total 2023/24 pay budget £92.0m
- YTD Budget £22.44m
- YTD Actual £22.03m
- YTD Variance £0.42m
- Underspend on pay due to staff vacancies across multiple pay categories.
- Vacancy factor of (£0.35m) has been factored into pay budgets and comes through the Admin category.

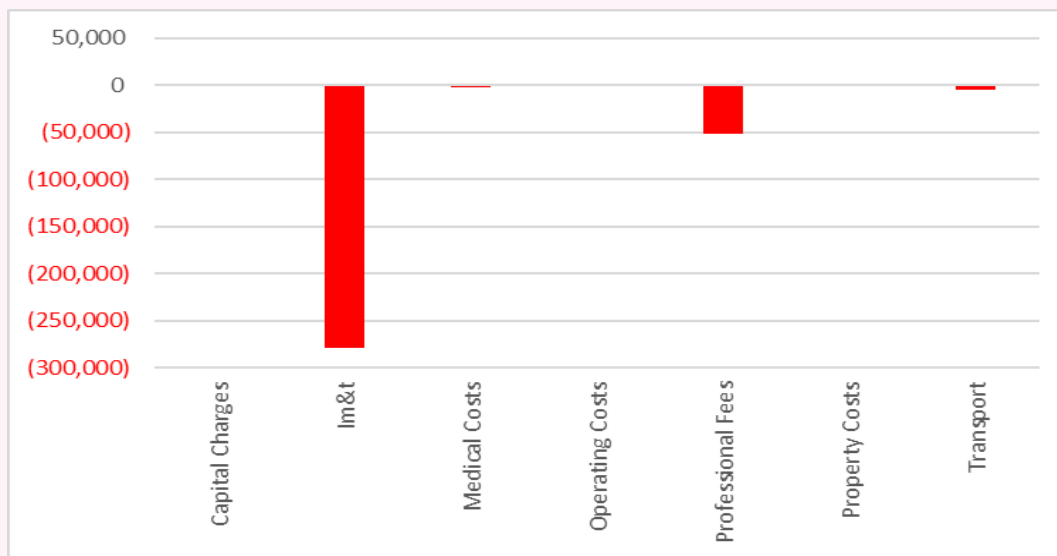
Year to Date Pay Variances Per Staffing Category



NON PAY

- Total 2023/24 non pay budget £25.85m
- YTD Budget £4.81m
- YTD Actual £5.14m
- YTD Variance (£0.34m)
- Some budgets still to be uplifted for inflationary pressures, specifically around ICT contracts
- Cnoris increases and Estates contractual work is included in Professional Fees

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

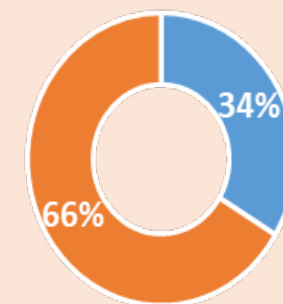
Significant progress was made in June to secure just under 50% of the recurring savings for 2023/24. Work will continue to secure the remaining £587k in the months ahead.

Non recurring vacancy factor of £350k was issued to directorates in June which partially offset vacancy savings.

PROGRESS AGAINST 2023/24 INTERNAL TARGETS

Savings Target	Recurring	Non Recurring
	1,114,000	1,752,000
Achieved		
Conferencing Facilities	20,000	
CMS Migration	112,000	
Contract Procurement	2,339	
Establishment Control	89,237	
HIS Team Vacancies	303,082	
Shift Review Slippage		87,500
Vacancy Factor		350,500
Total Achieved	526,658	438,000
Opportunities		
CMS Migration	33,000	
Contract Procurement	1,661	
Welbeing Mgrs	221,918	
Tech Refresh	200,000	
Establishment Control	110,763	
Service Redesign		
Mobile Phones	20,000	
Shift Review Slippage		262,500
Vacancy Factor		1,051,500
Total Opportunities	587,342	1,314,000
(Under)/Over Achievement Savings	-	-

PROGRESS AGAINST INTERNAL TARGETS



■ Achieved
 ■ In Progress