

<p><b>NHS 24 BOARD MEETING</b></p> <p style="text-align: right;"><b>27 APRIL 2023 ITEM NO 10.2 FOR ASSURANCE</b></p> <p style="text-align: center;"><b>M11 – FINANCE PERFORMANCE REPORT</b></p>	
<b>Executive Sponsor:</b>	John Gebbie, Director of Finance
<b>Lead Officer/Author:</b>	Neil Logan, Head of Financial Planning and Reporting
<b>Action Required</b>	The Board is asked to take assurance from the M11 Finance Report which shows the financial position of NHS 24 as at 28 February 2023.
<b>Key Points for this Committee to consider</b>	<p>This paper shows:</p> <ul style="list-style-type: none"> <li>• An underspend of £0.67m at month 11.</li> <li>• Anticipated allocations all relate to items expected to be <b>deducted</b> from our funding ie national board savings target, revenue to capital, RUC and MH slippage.</li> <li>• Pays are £1.9m underspent due to vacancies.</li> <li>• Non Pays are overspent by £1.2m mainly due to one off ICT costs and depreciation charges.</li> <li>• Savings are fully achieved year to date</li> </ul>
<b>Governance process</b>	Financial updates are given to EMT, the Board and the Planning & Performance Committee.
<b>Strategic alignment and link to overarching NHS Scotland priorities and strategies</b>	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.
<b>Key Risks</b>	There are no risks associated with this paper
<b>Financial Implications</b>	This paper details the financial position of NHS 24 and that it is on track to meet its financial objectives for 2022/23.
<b>Equality and Diversity</b>	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 11

April 2022 – February 2023

# Finance Report – Main Points

## • External Factors

- Scottish Government (SG) has indicated funding across NHS Scotland will be challenging in 2022/23 and beyond.
- Funding has been received to cover Redesign of Urgent Care (RUC) costs for 2022/23. Discussions about securing recurring funding ongoing.
- Discussions also ongoing about Mental Health funding. We have received £4.4m recurrently with a further £4.4m received during the year which is classified as earmarked recurring.
- NHS 24 has received funding to cover the pay award for Agenda for Change staff of 7.5%

## • Internal Factors

- Underspend of £0.67m against Year To Date budget.
- £1.9m underspend in salaries due to vacancies across most staff categories.
- £1.2m overspend in non pay mainly due to IM&T contract, call charges and capital charges over budget.
- Savings pressure of £0.03m due to timing in recognising some recurring savings.
- Opportunities to meet 100% of 2022/23 savings have been identified.

# Month 11 Financial Overview



Key NHS 24 financial information

Revenue Position                      £0.67m underspend

Capital Expenditure                      £0.32m

Efficiency Savings  
Achieved to Date                      £2.43m

## Key Points

### Financial Position

- Baseline Allocation now received - £78.4m including uplift 2022/23. Earmarked and recurring funding for Mental Health and Advanced Clinical Support also received. Non recurring funding for RUC received.
- Against forecast allocation – underspent by £0.67m year to date (February 2023)
- Funding position across NHS Scotland expected to remain extremely challenging going forward.

### Capital Expenditure

- Work is progressing according to the detailed plans for 2022/23
- Funding of £0.269m included within high level plan to SG
- Further £731k of expenditure to be covered by transfer of funding between revenue and capital

### Efficiency Savings

- Efficiencies of £2.6m required in 2022/23
- Opportunities to achieve the full £2.6m of efficiency savings have been identified.

## Allocations

Description	Budget (£)
Initial Baseline Allocation	76,040,000
Medical and Dental Pay Uplift 2021-22	19,000
Further Agenda for Change Uplift 2021-22	139,000
Baseline Uplift - Letter	2,207,000
Baseline Uplift - Additional allocations MH & ACS	108,500
RUC	13,100,000
Pay Award 2022-23	4,000,000
Advanced Clinical Support	1,000,000
Mental Health Services	1,125,000
Mental Health Services PfG	1,500,000
Mental Health Funding	1,800,000
Mental Health cCBT	305,963
Mental Health Hub	4,392,922
Enhanced Pathway	1,079,891
SARCS	697,674
COVID	317,000
SARCS Advertising	250,000
A&E Development	165,000
ICT - eHealth Allocation	128,877
2021-22 Surplus Brought Forward	103,000
Easter & Winter Marketing - tranche 1	84,700
Lead AHP	48,416
Realistic Medicine	50,000
Implement Health & Social Care	36,850
Excellence in Care	31,930
Open University	20,000
Surviving Suicidal Thoughts Project	14,500
Cardonald Atrium	(683,000)
<b>Funding Received as at 31 December 2022</b>	<b>108,082,223</b>
<b>Allocations To Be Received</b>	
MH Slippage	(212,000)
Revenue to Capital transfer	(731,000)
National Boards Saving Target	(750,000)
RUC Slippage	(1,000,000)
<b>Total Additional Allocations to be Received</b>	<b>(2,693,000)</b>
<b>Anticipated Allocations</b>	<b>105,389,223</b>

## Allocations

Forecast RRL

£105.4m

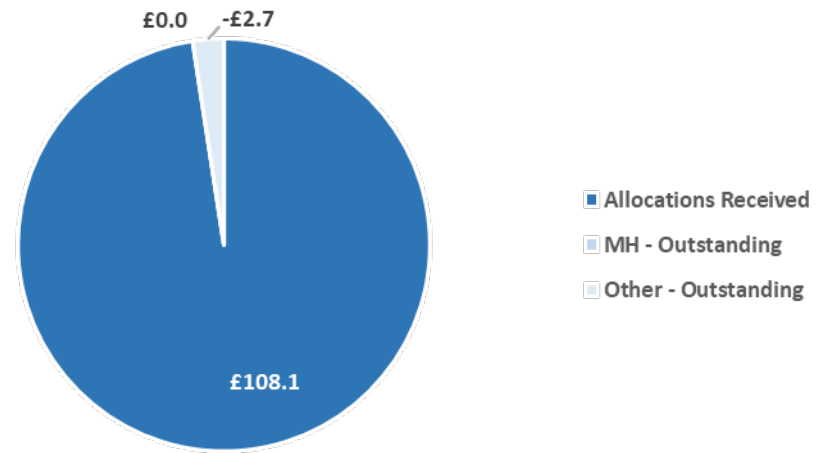
Received to Date

£108.1m

Anticipated

(£2.7m)

### Allocation Status £m



### Funding Bids

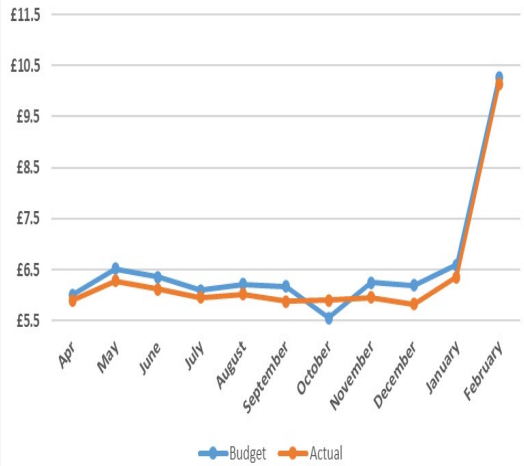
Funding bids were submitted to the Scottish Government (SG) for Mental Health and Redesign of Urgent Care (RUC).

The Scottish Government have already committed to fund some of the Mental Health Hub on a recurring basis. £4.4m was added to our baseline in 22/23 as recurring funding. A further £4.4m was received in January on an ear-marked recurring basis.

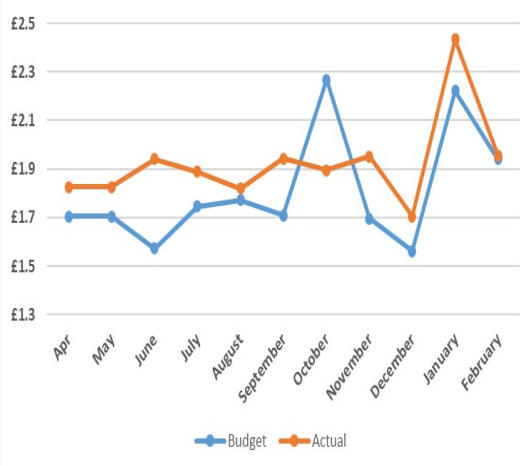
£13.1m of RUC funding has been received to date on a non recurring basis. We will continue to discuss with SG the recurring funding requirements going forward.

# Financial Position

## Pay Cost (£m)



## Non Pay (£m)

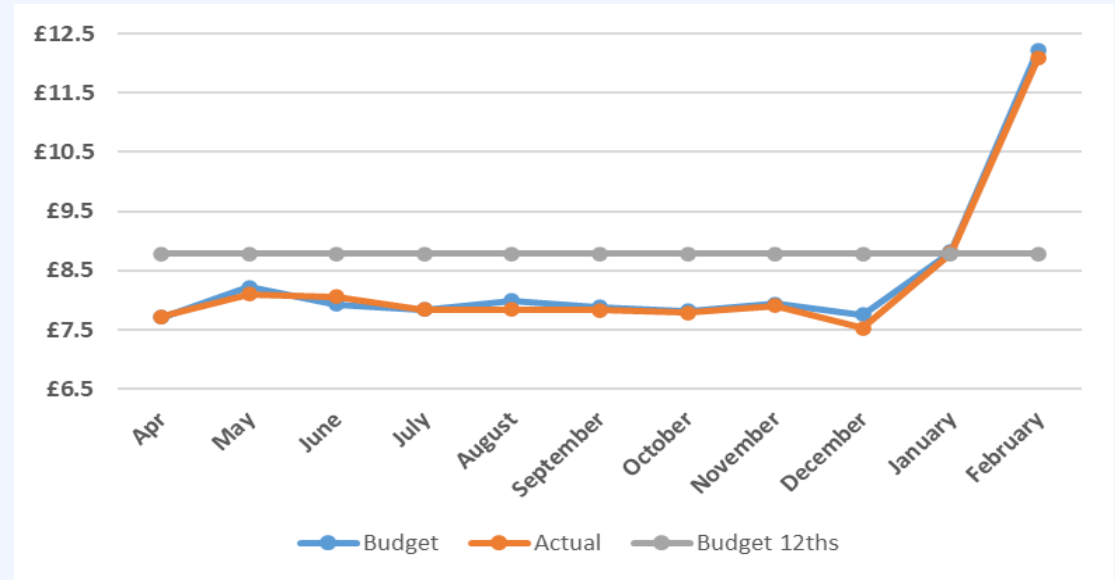


**Budget**  
£92.27m  
% of Full Year 87.55%

**Actual Spend**  
£91.61m  
% of Forecast 86.92%

**Underspend**  
£0.67m  
% of YTD Budget 0.63%

## Financial Position (£m)



### Financial Position

The financial position shows a year to date underspend of £0.67m. This reflects the continuing recruitment issues that are common across the NHS in Scotland.

The substantial increase in both budget and spend in February relates to the backdated payment of the Agenda for Change pay award.

# Month 11 Financial Position



NHS 24 financial information – Main Categories

Pay £1.92m underspend

Non Pay £1.22m overspend

Efficiency Savings £0.03m overspend

## Key Points

### Pay

- Number of vacancies across NHS 24 remained unfilled
- Turnover of staff challenging
- Slightly offset by agency staff in some departments

### Non Pay

- Pressure in areas such as IM&T contracts and call charges
- Also non recurring pressures for depreciation charges which are expected to be funded by Scottish Government

### Efficiency Savings

- Slight overspend due to timing in recognising savings
- Plans are in place on savings for the year to meet £2.6m savings target

## Financial position as at 28 February 2023

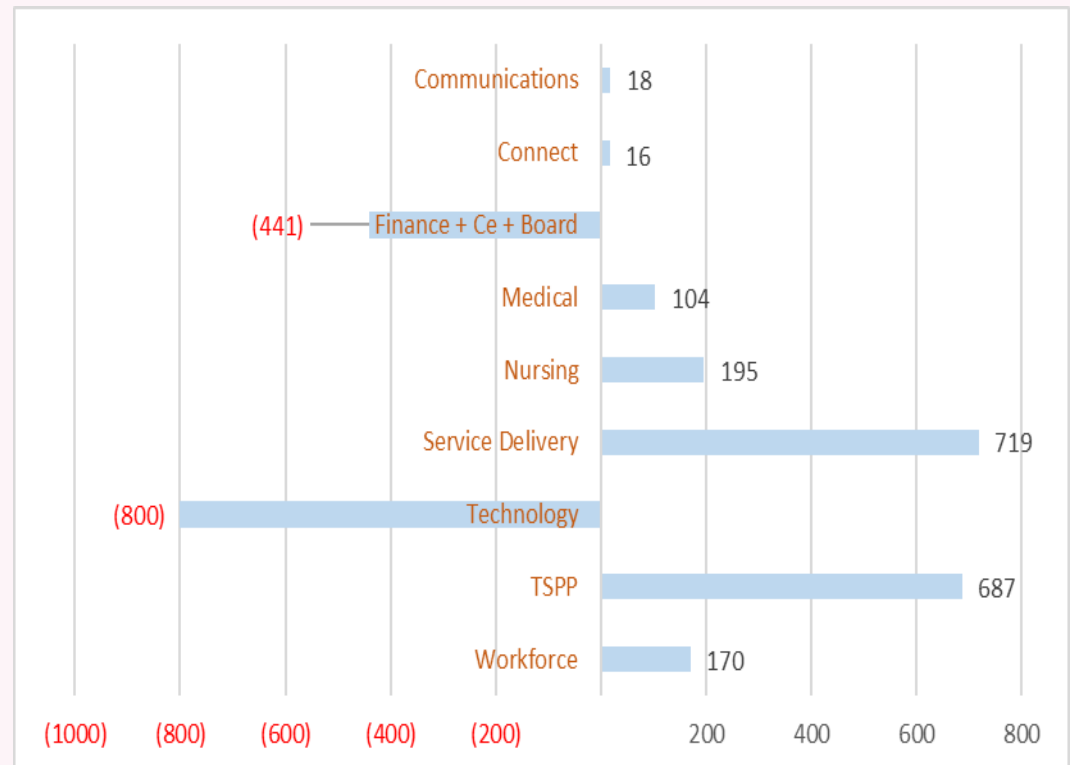
Type	Annual Budget (£m)	YTD Budget (£m)	YTD Actual (£m)	YTD Variance (£m)
Income	£105.39	£92.27	£92.27	£0.00
Pay	£84.82	£72.24	£70.32	£1.92
Non Pay	£20.77	£20.07	£21.29	(£1.22)
Remaining Savings	(£0.20)	(£0.03)	£0.00	(£0.03)
<b>Total</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.67</b>	<b>£0.67</b>

# Financial Position Per Directorate

## MAIN POINTS

- Number of vacancies across most directorates, attributing to many being underspent.
- All efficiency savings have been allocated to Directorates and a proportion of vacancy savings allocated to non recurring savings.
- Funding has been transferred to cover all of the Connect Phase 1C costs.
- Technology have maintenance contracts which have seen significant increase in usage over the last couple of years. In addition, there are some agency staff working in ICT, while the Capacity and Capability Review is concluded, which is contributing to budget pressure.
- Costs in relation to estates sit within Finance as do apprenticeship levy and capital charges which are currently causing pressures. Various funding options are currently being explored to address these pressures.

Year to Date (April 2022 – February 2023) Variances Per Directorate (£000)



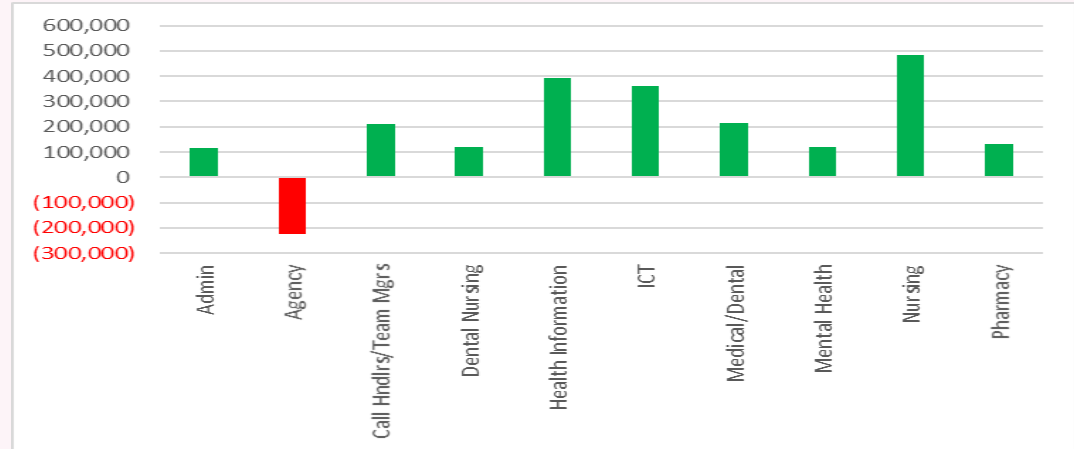


# Cost Analysis – Pay

## PAY

- Total pay 2022/23 pay budget £84.82m
- YTD Budget £72.24m
- YTD Actual £70.32m
- YTD Variance £1.92m
- Underspend on pay due to staff vacancies across multiple pay categories, slightly offset by an overspend on agency staff.
- Admin pay category includes £1.2m of vacancy factor

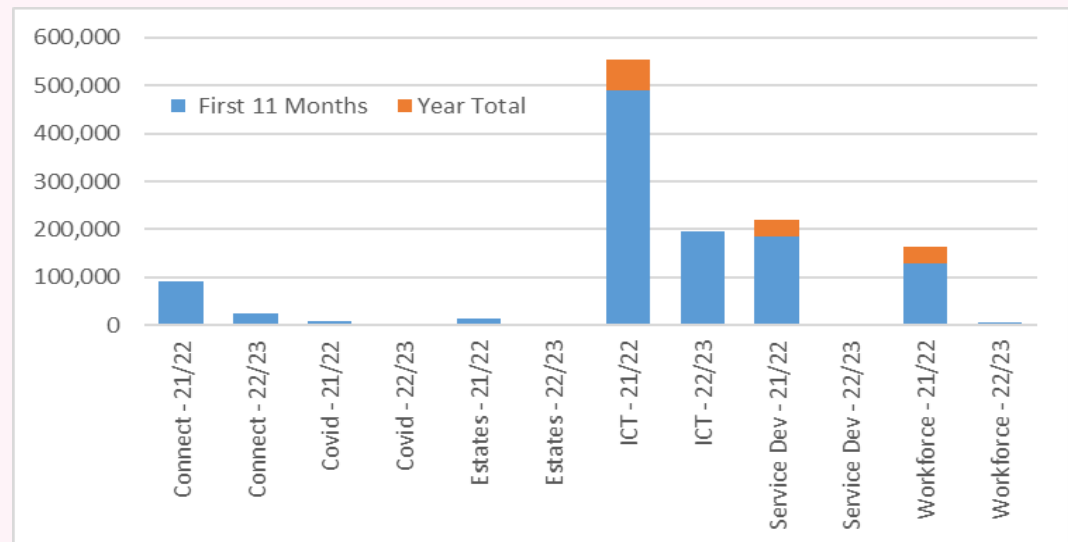
## Year to Date Pay Variances Per Staffing Category



## COST FOCUS - AGENCY STAFF

- Agency spend in 2021/22 totalled £1.03m.
- The year to date spend to the end of February in 2021/22 was £928k. Year to date spend for the same period in 2022/23 is £225k.
- Extrapolated forward the full year spend for 2022/23 will equate to £246k.
- Work undertaken by Workforce Directorate earlier in the year to use temporary staff contracts instead of agency staff.

## Agency Cost Per Area Over Financial Years

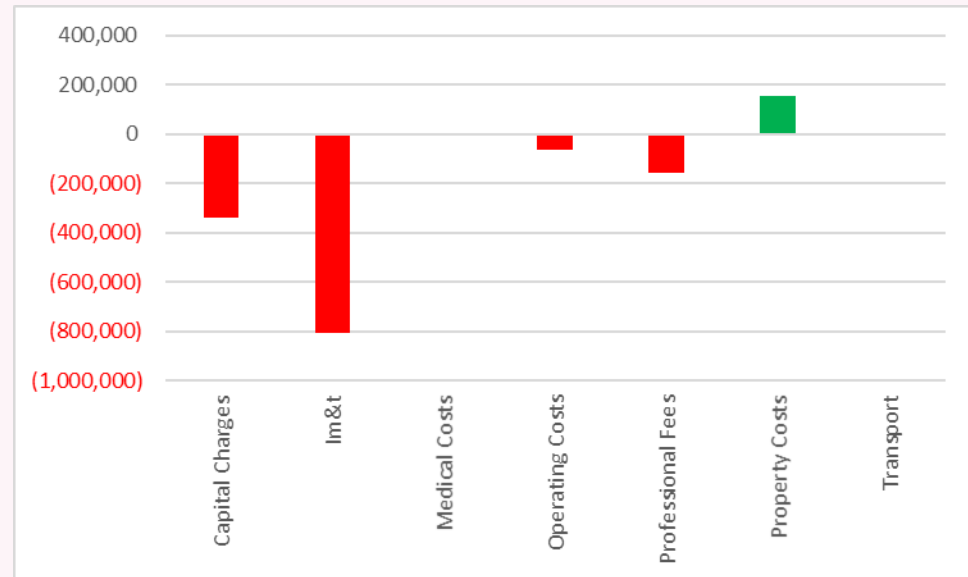


# Cost Analysis – Non Pay

## NON PAY

- Total pay 2022/23 non pay budget £20.77m
- YTD Budget £20.1m
- YTD Actual £21.3m
- YTD Variance (£1.2m)
- Overspend mainly on maintenance contracts within IM&T. These relate to significant increases in services and come through in additional costs for Language Line, SIP charges, NHS Inform hosting charges. Some material savings have already been negotiated with some suppliers and other options are also being actively investigated.
- NHS 24 are in discussion with SG about potential to fund additional depreciation which falls under Capital Charges

## 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 2022/23, NHS 24 are required to make savings of £2.6m, which is split into recurring and non recurring savings.

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

The recurring savings for 2022/23 will be met on a full year basis. However, as some recurring savings have been made during the year, the current year effect is less than the full year effect. As a result, an additional £90k of non recurring savings will be required from vacancy factor to achieve the £2.6m target.

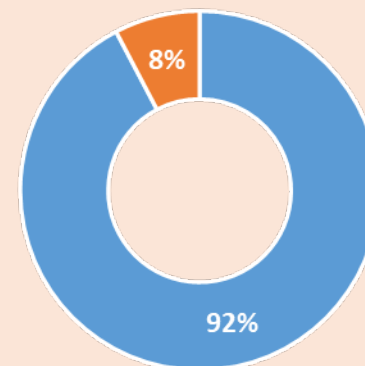
### NATIONAL BOARDS TARGET

In addition to the savings target, NHS 24 also has to contribute to the £15m savings target split between National Health Boards. NHS 24's share is just over £1m and plans are in place to achieve this target.

### PROGRESS AGAINST 2022/23 INTERNAL TARGETS

Savings Target	CYE Recurring 1,276,000	Non Recurring 1,354,000	FYE Recurring 1,276,000
<b>Achieved</b>			
Service Development Secondments	262,348		262,348
BT CCMT Contract Reduction	182,000		182,000
Service Delivery Vacancies	133,115		133,115
N3 licences to IP Connect	125,000		125,000
Joint HoC Position	100,000		100,000
Blackberry UEM Licences	52,000		52,000
Cardonald LED Lighting	40,000		40,000
Occupational Health SLA	29,000		29,000
Establishment Control Group	27,214		54,428
Consolidation of Bot Contracts	44,800		75,300
Language Line Renegotiation	42,513		76,881
N3 to IP Connect	65,000		65,000
Sugar Licences	48,000		48,000
SAP Licences	35,000		35,000
Vacancy Factor		1,241,171	
<b>Total Achieved</b>	<b>1,185,990</b>	<b>1,241,171</b>	<b>1,278,072</b>
<b>Opportunities</b>			
Vacancy Factor		202,839	
<b>Total Opportunities</b>	<b>-</b>	<b>202,839</b>	<b>-</b>
<b>(Under)/Over Achievement Savings</b>	<b>(90,010)</b>	<b>90,010</b>	<b>2,072</b>

### PROGRESS AGAINST INTERNAL TARGETS



■ Achieved ■ Opportunities