

NHS 24 BOARD MEETING		02 MARCH 2023 ITEM NO 10.2 FOR ASSURANCE	
M10 – FINANCIAL 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 M10 Finance Report which shows the financial position of NHS 24 as at 31 January 2023.	
Key Points for this Committee to consider		<ul style="list-style-type: none"> • As a result of the January allocation letter, NHS 24 has received 96% of its expected funding for 2022/23. £3.8m remains as anticipated income at this point. • Month 10 is reporting a £537k underspend. • The full year forecast is currently anticipating an underspend of c£1m. This is subject to funding assumptions in relation anticipated allocations being received, which is deemed low risk. <p>Savings plans are progressing well with recurring plans identified against the full target.</p>	
Governance process		Financial updates are given to EMT, the Planning & Performance Committee and the Board. This paper was presented at the February EMT meeting.	
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.	
Key Risks		There is a risk that not all anticipated allocations shall be received which would impact on the ability of the Board to breakeven. This is deemed low risk after discussion with SGHSCD colleagues.	
Financial Implications		This paper details the financial position of NHS 24 and that it is on track to meet its financial objectives for 2022/23.	
Equality and Diversity		Financial management across NHS 24 reflects the financial plan and annual operating plan objectives 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 10

April 2022 – January 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 of £15.1m has been received for Redesign of Urgent Care (RUC) 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 and earmarked as recurring.
- The Scottish Government have advised NHS 24 will receive funding to cover a pay award for Agenda for Change staff of 7.5%

• Internal Factors

- Underspend of £0.537m against Year To Date budget.
- £1.8m 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 £0.04m due to timing in recognising some recurring savings.
- Opportunities to meet 100% of 2022/23 savings have been identified.

Month 10 Financial Overview



Key NHS 24 financial information

Revenue Position £0.537m underspend

Capital Expenditure £0.147m

Efficiency Savings
Achieved to Date £2.314m

Key Points

Financial Position

- Baseline Allocation now received - £78.4m including uplift 2022/23. Earmarked and recurring funding for Mental Health (£8.8m) and Advanced Clinical Support (£1.0m) also received. Non recurring funding for RUC (£15.1m) received.
- Against forecast allocation – underspent by £0.537m year to date (January 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
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
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	59,290
Lead AHP	48,416
Realistic Medicine	50,000
Implement Health & Social Care	36,850
Excellence in Care	31,930
Open University	20,000
Cardonald Atrium	(683,000)
Funding Received as at 31 December 2022	102,962,422
Allocations To Be Received	
AFC Uplift	4,000,000
NHS Inform Maintenance	8,000
Easter & Winter Marketing - remainder	25,410
Enhanced Pathway	1,137,147
PCDS	305,000
MH Slippage	(212,000)
Revenue to Capital transfer	(731,000)
National Boards Saving Target	(750,000)
Total Additional Allocations to be Received	3,782,557
Anticipated Allocations	106,744,979

Allocations

Forecast RRL

£106.7m

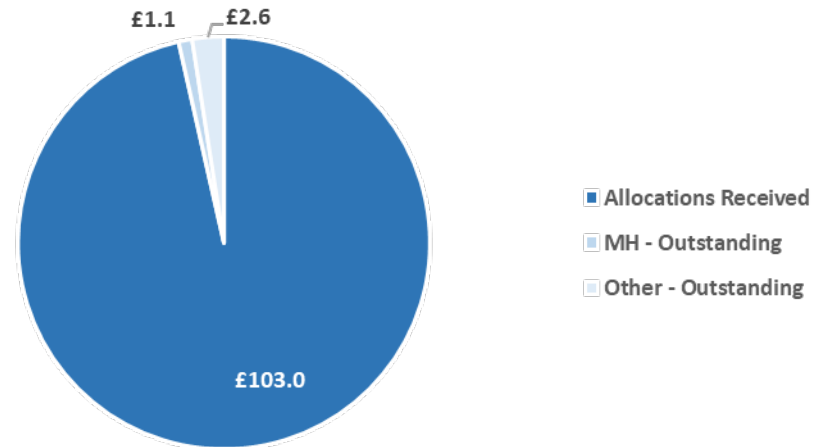
Received to Date

£102.9m

Anticipated

£3.8m

Allocation Status £m



Funding Bids

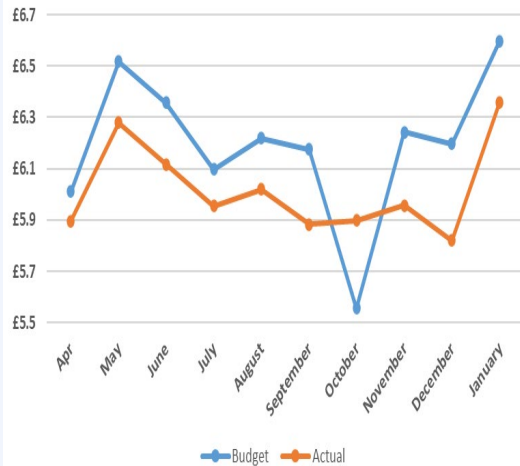
Funding bids were submitted to the Scottish Government (SG) for Mental Health and Redesign of Urgent Care (RUC).

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.

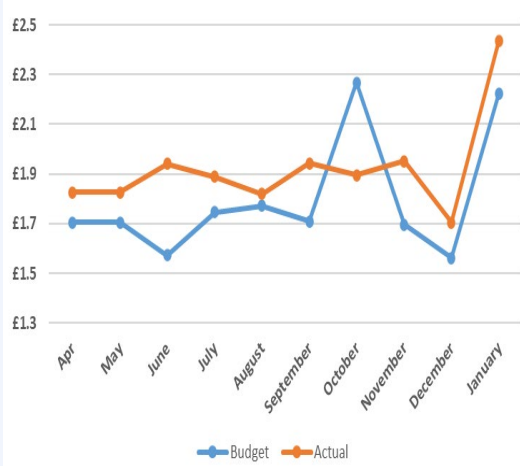
An allocation of £15.1m was received in August for RUC, which will be enough to cover RUC costs in 2022/23, as we continue to recruit to full complement. However, this was received on a non-recurring basis. We will continue to discuss with SG the recurring funding requirements going forward.

Financial Position

Pay Cost (£m)



Non Pay (£m)

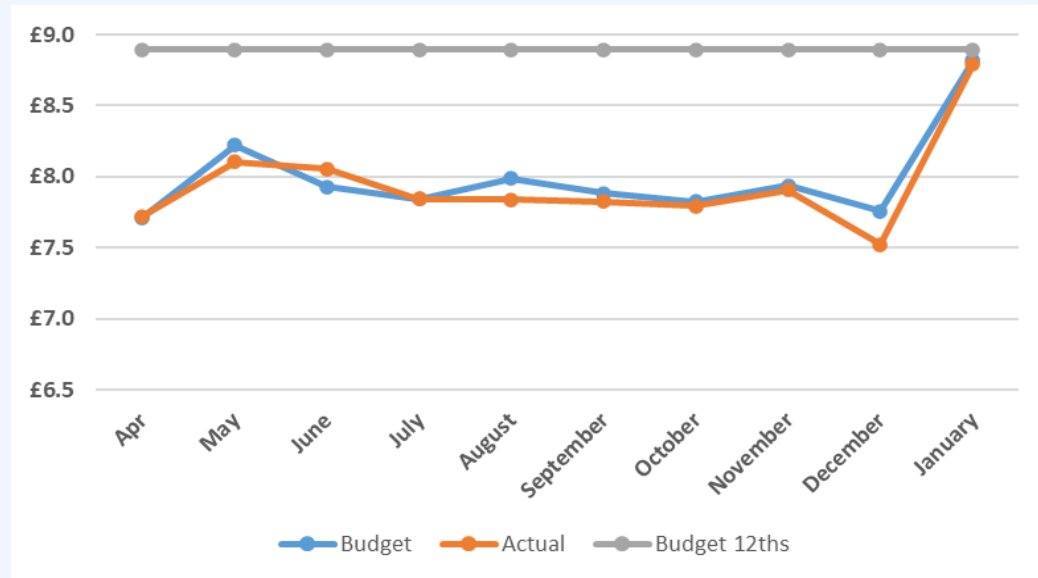


Budget
£80.051m
 % of Full Year 74.99%

Actual Spend
£79.514m
 % of Forecast 74.49%

Underspend
£0.537m
 % of YTD Budget 0.67%

Financial Position (£m)



Financial Position

The financial position shows a year to date underspend of £0.5m. This reflects the continuing recruitment issues that are common across the NHS in Scotland.

The full year budget includes funding that is anticipated to cover the Agenda for Change pay award. This has started to be paid in January and accounts for the large spike in pay costs and budget. This will continue in February when the backdate values are paid out and funding phased in.

Month 10 Financial Position



NHS 24 financial information – Main Categories

Pay **£1.78m underspend**

Non Pay **£1.21m overspend**

Efficiency Savings **£0.04m 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, call charges and estates
- 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 31 January 2023

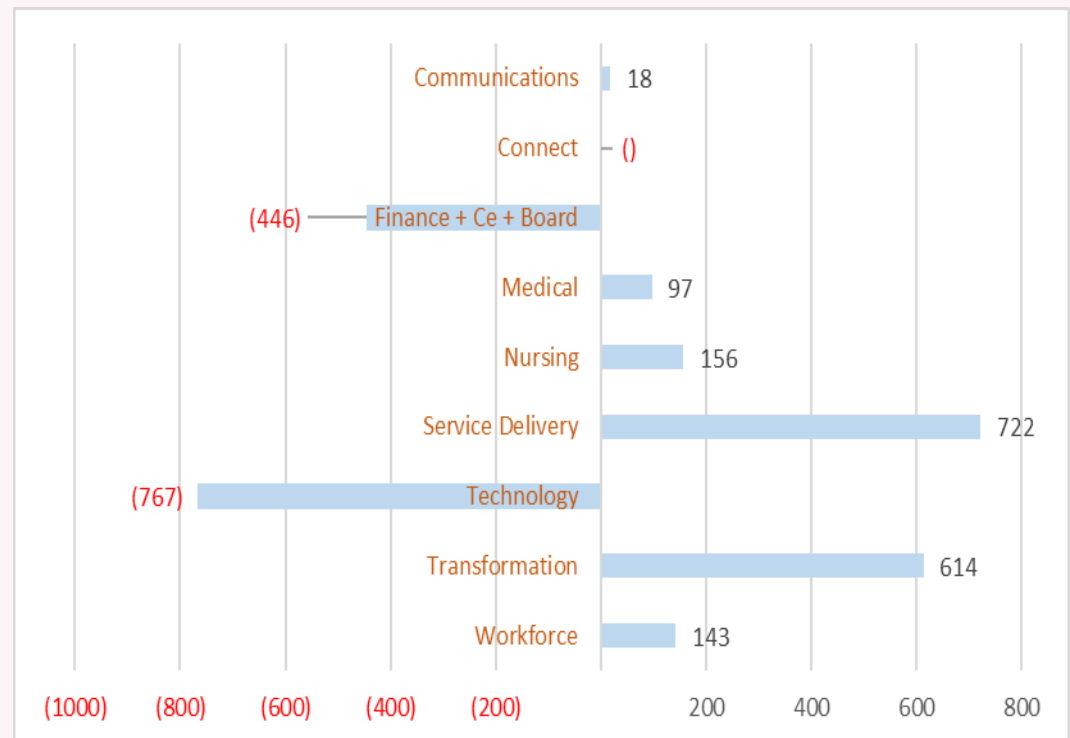
Type	Annual Budget (£m)	YTD Budget (£m)	YTD Actual (£m)	YTD Variance (£m)
Income	£106.75	£80.05	£80.05	£0.00
Pay	£84.09	£61.96	£60.18	£1.78
Non Pay	£22.97	£18.12	£19.33	(£1.21)
Remaining Savings	(£0.32)	(£0.04)	£0.00	(£0.04)
Total	£0.00	£0.00	£0.54	£0.54

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 additional call charges and some 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 – January 2023) Variances Per Directorate (£000)

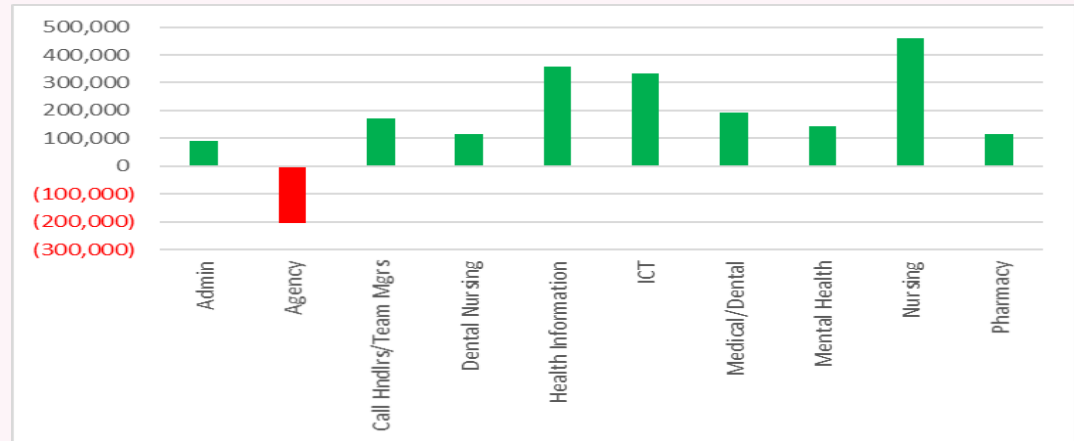


Cost Analysis – Pay

PAY

- Total pay 2022/23 pay budget £84.09m
- YTD Budget £61.96m
- YTD Actual £60.18m
- YTD Variance £1.78m
- Underspend on pay due to staff vacancies across multiple pay categories, slightly offset by an overspend on agency staff.
- Admin pay category includes £1.1m of vacancy factor

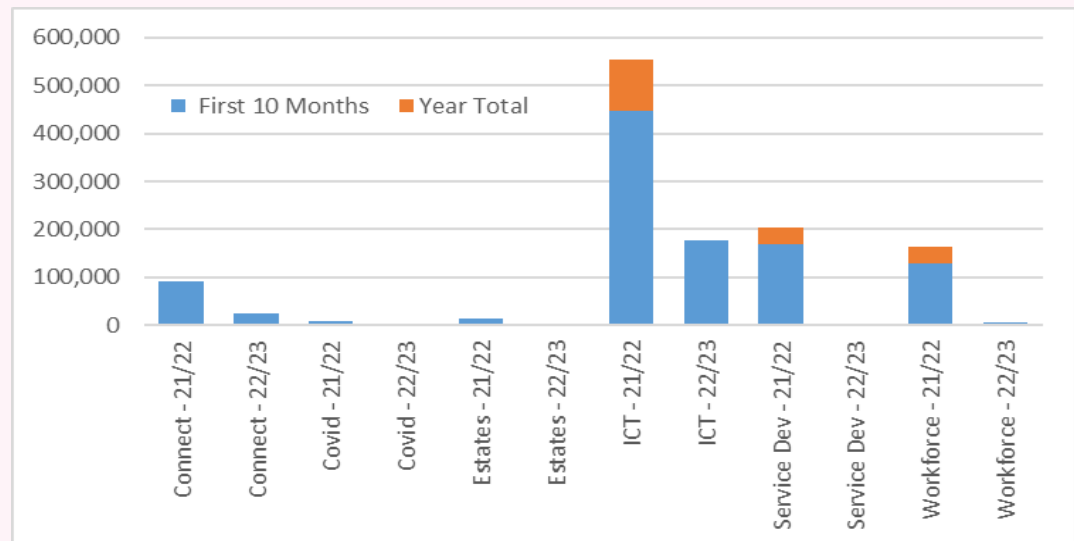
Year to Date Pay Variances Per Staffing Category



COST FOCUS - AGENCY STAFF

- Agency spend in 2021/22 totalled £1.03m.
- The year to date spend to the end of January in 2021/22 was £853k. Year to date spend for the same period in 2022/23 is £206k.
- Extrapolated forward the full year spend for 2022/23 will equate to £247k.
- 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

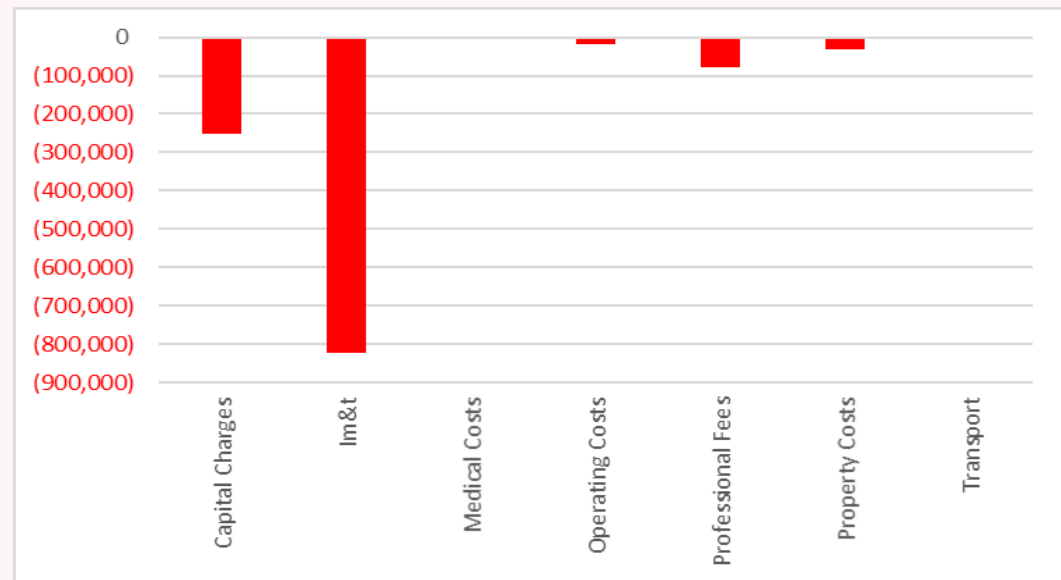


Cost Analysis – Non Pay

NON PAY

- Total pay 2022/23 non pay budget £22.97m
- YTD Budget £18.1m
- YTD Actual £19.3m
- 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.

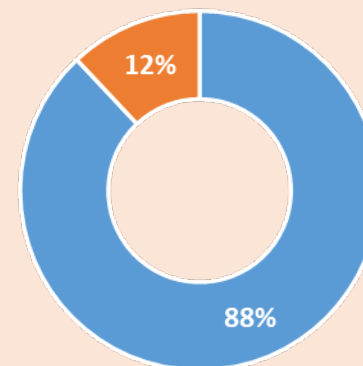
NATIONAL BOARDS TARGET

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
Achieved			
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		1,128,337	
Total Achieved	1,185,990	1,128,337	1,278,072
Opportunities			
Vacancy Factor		315,673	
Total Opportunities	-	315,673	-
(Under)/Over Achievement Savings	(90,010)	90,010	2,072

PROGRESS AGAINST INTERNAL TARGETS



■ Achieved ■ Opportunities