

NHS 24 BOARD MEETING		14 FEBRUARY 2019 FOR ASSURANCE ITEM NO. 11.1	
FINANCIAL PERFORMANCE TO 31 DECEMBER 2018			
Executive Sponsor:	Director of Finance and Performance		
Lead Officer/Author:	Deputy Director of Finance		
Action Required	The report is presented to the NHS 24 Board for assurance.		
Key Points	This paper informs the NHS 24 Board of the financial performance for the period ending 31 December 2018. NHS 24 is reporting an underspend of £0.464 million for the period.		
Financial Implications	In relation to the revenue resource limit, NHS 24 is reporting an underspend position of £0.464 million to date for the 2018/19 financial year.		
Timing	The financial position of the organisation is reported on an ongoing basis to the Executive Management Team, the Finance & Performance Committee and the Board.		
Contribution to NHS 24 strategy	This paper demonstrates progress against the NHS 24 organisational priority of meeting its financial targets and delivering best value through resource allocation.		
Contribution to the 2020 Vision and National Health and Social Care Delivery Plan (Dec 2016)	The financial performance of NHS 24 is key to the contribution NHS 24 makes to the 2020 Vision and National Health and Social Care Delivery Plan (Dec 2016) on an ongoing basis.		
Equality and Diversity	The NHS 24 financial position takes account of expenditure requirements in relation to equality and diversity.		

1. RECOMMENDATION

- 1.1 The NHS 24 Board is asked to note this report on NHS 24's financial performance as at 31 December 2018 for assurance.

2. INTRODUCTION

- 2.1 Scrutiny of all resource plans, revenue and capital, and the associated financial monitoring is considered by the Executive Management Team, the Finance & Performance Committee and the Board. This report summarises the revenue and capital position at 31 December 2018.
- 2.2 The 2018/19 Operational Plan, which provided a high-level assessment of the Board's anticipated financial position in 2018/19, was approved by the NHS 24 Board in April 2018 and thereafter was submitted to SGH&SCD.

- 2.3 The Scottish Government agreed to provide the Scottish Parliament Information Centre (SPICe) with financial performance returns from NHS Boards on a quarterly basis. These returns show Boards' in-year financial position and a forecast year-end outturn. In addition, both the Health and Sport Committee and Public Audit and Post Legislative Committee will receive this information monthly. This reporting mechanism commenced at the end of June, with the first report on the position for the first 2 months of the financial year.
- 2.4 Based on the first eight months of the year (April-November 2018), a balanced year end position is forecast for the Health and Sport portfolio for both resource and capital budgets.

At month 8, NHS Boards are reporting a year-to-date adverse variance of £84.0 million and are forecasting a consolidated year-end adverse variance against budget of £96.2 million (6.6% decrease from month 7). The projected variance is expected to continue to reduce over the remainder of the year as further savings are delivered. In-year pressures highlighted by NHS Boards at month 8 include pay and drugs costs, which represent the most significant proportion of Boards' budgets.

At month 8, there are four NHS Boards which are anticipating a requirement for financial support in the form of brokerage in 2018-19. The indicative level of brokerage required is estimated at £67.7 million across the following Boards: NHS Tayside (£18.7 million); NHS Ayrshire and Arran (£20.0 million); NHS Highland (£19.0 million); and NHS Borders (£10.0 million). This compares with the actual total level of brokerage required in 2017-18 of £50.7 million.

The indicative level of brokerage for 2018-19 is within the planning assumptions of the portfolio, and is not therefore expected to create a risk to delivering a balanced overall portfolio outturn position. This overall portfolio forecast requires that all other Boards will deliver a balanced financial position, and therefore there is expected to be a reduction in the adverse forecast over the course of the remaining 4 months of the year.

The table, below, summarises the financial position at 30 November 2018.

	2018/19 Forecast Outturn				Indicative brokerage required
	Forecast Outturn	Budget	Variance		
	£m	£m	£m	%	£m
Resource Allocation					
Health and Sport Portfolio	13,132.5	13,132.5	0.0	0.0	-
<i>Included within:</i>					
NHS Boards	12,054.0	12,150.2	(96.2)	(0.9)	67.7
Capital Allocation					
Health and Sport Portfolio	351.2	351.2	0.0	0.0	-
<i>Included within:</i>					
NHS Boards	142.4	142.4	0.0	0.0	-

3. REVENUE RESOURCE LIMIT

3.1 In relation to the revenue resource limit, NHS 24 has an underspend of £0.464 million for the 2018/19 financial year against a budget of £65.663 million.

	Full Year Budget 2018/19 £m	Budget to 31 Dec £m	Expend to 31 Dec £m	Variance to 31 Dec (Over) / Under £m
Revenue Resource Limit	65.663	47.688	47.224	0.464

3.2 The summarised directorate cost statement for the 2018/19 financial year is attached at **Appendix 1** and more detailed narrative is included at section 6.

3.3 Revenue allocations received to 31 December 2018 amounted to £67.892 million, this being the baseline allocation for NHS 24, after the repayment of 2018/19 brokerage of £4.959 million, plus a number of other allocations.

3.4 A small number of allocations are still anticipated, including the repayment of additional brokerage, taking the total funding in-year to the full year budget figure of £65.663 million.

4. CAPITAL RESOURCE LIMIT

4.1 The capital resource limit records a balanced position at 31 December 2018.

	Full Year Budget 2018/19 £m	Budget to 31 Dec £m	Expend to 31 Dec £m	Variance to 31 Dec (Over) / Under £m
Capital Resource Limit	0.269	0.167	0.167	0.000

4.2 The capital plan for 2018/19 currently consists of NHS 24's formula capital allocation, totalling £0.269 million.

4.3 The capital plan is detailed in the table below.

Capital Scheme	Allocation 2018/19 £m	Expenditure to 31 Dec £m
AC replacement - Norseman House	0.064	0.058
Workforce Management System	0.073	0.058
Structural Remedial Works	0.026	0.021
Automated Door Install	0.007	0.005

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Replacement Batteries and Capacitors	0.026	0.022
Lifting on New Lights	0.002	0.000
Dumfries and Galloway upgrade	0.013	0.000
Estates Strategy	0.058	0.003
Total - Capital Resource Limit	0.269	0.167

- 4.4 Work is underway to develop a refreshed Estates Strategy with specific focus on the Cardonald and Clydebank centres. This work will involve reviewing and re-provisioning aspects of the non-frontline areas to deliver more capacity to support expansion of frontline space for both NHS 24 and SAS. A paper has been issued for consideration by EMT and feedback is being collated. This is likely to involve an increase in the spend required from capital with profiling of costs likely to start from early 2019/20.

5. EFFICIENCY SAVINGS

- 5.1 In line with the national planning guidance, annual efficiency savings targets are set and a phasing or trajectory is agreed with SGH&SCD, this forms part of the Operational Plan. For 2018/19, NHS 24 is required to identify efficiency savings in order to achieve breakeven totalling £2.060 million (3.1%).

Savings Category	Savings Annual Target	Savings Identified & Achieved Recurrently	Savings to be Achieved Non Recurrently	Risk Rating
	£000s	£000s	£000s	
Non-clinical Support Services	717	0	717	Med / High
Reduction in Technology Costs	1,118	1,118	0	Low
Depreciation	225	225	0	Low
CRES to b/even	2,060	1,343	717	

- 5.2 £0.717 million was removed non-recurrently from non-clinical departmental budgets. This represented a 5% reduction to all non-clinical budgets excluding technology contracts. It will be a significant challenge for non-clinical departments to achieve this 5% efficiency saving as this follows a 10% recurring reduction in each of the previous two financial years.
- 5.3 During 2017/18, the National Health Boards worked collaboratively to identify ways to collectively standardise and share services with a target to reduce the operating costs by £15 million in 2017/18 to be reinvested in frontline NHS Scotland priorities. NHS 24 plan to make a contribution of £0.353 million in 2018/19.

6. DIRECTORATE PERFORMANCE

- 6.1 Appendix 1 outlines the expenditure against budget for the 2018/19 financial year on a directorate basis. Explanations for the main variances are detailed below.

Unscheduled Care Service

- 6.2.1 There is an underspend of £1.056 million on the Unscheduled Care Core Service. This is analysed by staff category in the table below. The year-end projection is detailed in section 7.

Staff Category	Full Year Budget 2018/19 £m	Budget to 31 Dec £m	Expend to 31 Dec £m	Variance to 31 Dec (Over) / Under £m
Secondment Income	(0.043)	(0.032)	(0.026)	(0.006)
Call Handler Resource	15.516	11.567	11.692	(0.125)
Nursing	15.948	11.899	11.162	0.737
Health Information	0.557	0.417	0.367	0.050
Pharmacists	0.799	0.599	0.436	0.163
Physiotherapy	0.227	0.171	0.101	0.070
Pre-Prioritised Calls	0.800	0.600	0.433	0.167
Total	33.804	25.221	24.165	1.056

- 6.2.2 There is an underlying underspend against the Call Handler establishment as the level of staffing in post is 403 WTE against a budget of 425 WTE. There are however additional overtime and additional hours being worked primarily to support the “variation tracker team”. It had been anticipated that the latter would have reduced in capacity required over time however this resource is required on a continuing basis and will be reviewed as part of the 2019/20 SPRA process. .

In addition, the Senior Call Handler now “Team Manager” post was rebanded from Band 4 to Band 5, backdated to 1 April 2018, which has contributed to the overspend on the Call Handler Resource line.

- 6.2.3 The level of Nurse Practitioners in post is below establishment, which has continued the level of underspend in this staff category. In addition, there are vacancies for Health Information, Pharmacy and Physiotherapy staff.

6.2.4 Unscheduled Care Regional & Local Services

No significant deviation from budget for the period ending 31 December.

6.2.5 Service Delivery - Non Clinical

No significant deviation from budget for the period ending 31 December.

6.2.6 Scheduled Clinical Services

The level of funding received from SGH&SCD to support the MSK service is currently dependent on a cost per call ratio which is proving challenging to achieve in-year. In addition, additional resources deployed on the Living Life service have contributed to an overspend of £0.059 million. Both these issues will be raised with the Scottish Government part of the 2019/20 SPRA.

6.2.7 ICT – staffing

There was a requirement for specialist staffing during the early part of the 2018/19 financial year to assist with post implementation issues on the new system. This has contributed to the overspend of £0.082 million.

6.2.8 ICT - contracts

The technology contracts have an overspend of £0.159 million for the first nine months of the year. The call charge costs for the 111 service have been higher since the migration to the new technology system and some back office functions are still using the legacy system for out bound calls. In addition, the planned transition from the N3 wide area network to SWAN has still to take place meaning that the associated anticipated cost reduction has not been realised. There has been a high volume of change controls during the year, all of which have been charged to the Technology budget resulting in a significant overspend to date.

Within the technology contracts budget, there is a £0.200 million allocation for system improvements. £0.133 million has been spent to date on the Workforce Management System upgrade and the SAP service improvement, Sprint 1. The balance of £0.067 million is available for other developments. Sprints 2, 3 and 4 of the SAP service improvement programme are estimated to cost £0.105 million; additional funding has been identified as part of the mid-year process to allow these to be progressed in-year.

6.2.9 Breathing Space

Additional staffing within the Breathing Space service has contributed to the overspend of £0.065 million. This is a matter which will be resolved in 2019/20 with the additional resources agreed now with Scottish Government.

6.2.10 Scottish Emergency Dental Service

Vacancies within the Scottish Emergency Dental Service have resulted in a £0.053 million year to date underspend.

6.2.11 Service Development

The majority of the £0.191 million variance for the period ending 31 December is against pay costs, predominantly from vacancies and the secondment of staff to other organisations.

In addition, income relating to European activity from the prior year has been received and has been recognised as a benefit in the current month.

6.2.12 Strategic Delivery Programme

The funding in relation to the Advanced Clinical Support and GP Triage services was confirmed to NHS 24 on the September allocation letter from SGH&SCD.

Expenditure in relation to Advanced Clinical Support (ACS), GP Triage (GPT) and Mental Health is expected to accelerate in the final months of the financial year, particularly in relation to the GP Triage technology costs.

	Full Year Budget 2018/19 £m	Budget to 31 Dec £m	Expend to 31 Dec £m	Variance to 31 Dec (Over) / Under £m
Advanced Clinical Support	0.952	0.753	0.917	(0.164)
GP Triage – Staff	0.900	0.417	0.417	0.000
GP Triage - Technology	0.500	0.000	0.000	0.000
Mental Health development	0.500	0.126	0.126	0.000
Total	2.852	1.296	1.460	(0.164)

6.2.13 Medical

The costs currently being incurred against the Mental Health Programme lead role are below budget. Together with a small underspend on the consultant grade, this has resulted in an underspend of £0.077 million at 31 December.

6.2.14 Nursing

No significant deviation from budget for the period ending 31 December.

6.2.15 CEO & Board

No significant deviation from budget for the period ending 31 December.

6.2.16 Finance & Performance

No significant deviation from budget for the period ending 31 December.

6.2.17 Human Resources

No significant deviation from budget for the period ending 31 December.

6.2.18 Facilities

There is an overspend of £0.053 million for the period ending 31 December, this being the result of an adjustment to recognise operating lease costs for Norseman House over the lease period rather than on a cash basis.

6.2.19 Depreciation

No deviation from budget for the period ending 31 December.

7. REPAYMENT OF BROKERAGE

- 7.1 Total brokerage provided to NHS 24 by SGH&SCD was £20.756 million. NHS 24 repaid £0.400 million of brokerage in 2014/15, £1.050 million in 2016/17 and a further £1.074 million in the 2017/18 financial year.
- 7.2 £4.959 million was deducted from the NHS 24 revenue resource limit during August in relation to the 2018/19 repayment.
- 7.3 As part of the mid-year review, NHS 24 established in-year sources of flexibility from established budgets which will allow an additional brokerage repayment of £1.8 million to be made.
- 7.4 The Chief Executive is in discussion with the Scottish Government in relation to the remaining £11.473 million of NHS 24 brokerage will be cleared as part of the 3-year financial deal announced for territorial Boards through the medium term financial framework.

8. NATIONAL BOARDS COLLABORATION – FINANCIAL SERVICES

- 8.1 Directors of Finance from the National Boards produced a workshop plan for a series of sessions to address the services identified as “Once for 8” and those identified as “Local with Central Support”.
- 8.2 Several workshops took place in November and December 2018 attended by subject matter experts from each Board. Outputs from the sessions will allow best practice to be agreed and implemented.

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Appendix 1

Income and Expenditure Summary for NHS 24 for the period to 31 December 2018								
	Full Year Budget	YTD Budget as %age of FY budget	Year to Date Budget	Year to Date Spend	Year to Date Variance	Variance as %age of Budget	Year End F'cast	Year End F'cast Variance
Unscheduled Care Core Service	33,803,821	75%	25,221,222	24,165,460	1,055,762	4%	32,838,057	965,764
Unscheduled Care Regional & Local Services	1,265,939	75%	949,863	965,662	(15,799)	-2%	1,314,688	(48,750)
Service Delivery - Non Clinical	1,318,403	75%	988,802	1,017,124	(28,322)	-3%	1,344,964	(26,561)
Scheduled Clinical Services	670,729	75%	503,047	561,678	(58,632)	-12%	744,386	(73,657)
ICT - staffing	1,583,965	75%	1,194,827	1,276,788	(81,961)	-7%	1,697,466	(113,501)
ICT - contracts	9,550,884	73%	6,944,628	7,103,638	(159,010)	-2%	9,723,759	(172,875)
Breathing Space	1,094,193	75%	820,645	885,810	(65,165)	-8%	1,236,317	(142,124)
Scottish Emergency Dental Service	1,924,826	75%	1,443,620	1,390,503	53,116	4%	1,857,560	67,266
Service Development	2,801,918	73%	2,033,887	1,842,859	191,028	9%	2,812,968	(11,051)
Strategic Delivery Programme	2,852,000	45%	1,295,851	1,460,103	(164,252)	0%	2,643,022	208,978
Medical	690,990	73%	502,492	425,160	77,332	15%	591,472	99,518
Nursing	963,204	71%	685,311	650,037	35,274	5%	953,731	9,473
Corporate Reserve	(445,552)	75%	(334,164)	0	(334,164)	0%	0	(445,552)
Total Frontline and Clinical Services	58,075,320	73%	42,250,031	41,744,822	505,208	1%	57,758,391	316,929
CEO & Board	1,256,799	74%	927,264	928,295	(1,030)	0%	1,266,119	(9,320)
Finance & Performance	1,928,886	71%	1,372,233	1,356,839	15,394	1%	1,828,121	100,765
Human Resources	1,517,631	75%	1,133,223	1,135,842	(2,619)	0%	1,513,480	4,151
Facilities	2,484,550	74%	1,844,088	1,896,869	(52,782)	-3%	2,620,299	(135,749)
Depreciation	400,000	40%	161,544	161,544	0	0%	400,000	0
Total Support Services	7,587,866	72%	5,438,352	5,479,389	(41,037)	-1%	7,628,020	(40,153)
Total	65,663,186	73%	47,688,383	47,224,212	464,171	1%	65,386,411	276,775