

**NHS 24
BOARD**

**27 AUGUST 2020
ITEM NO 11.1
FOR ASSURANCE**

FINANCIAL PERFORMANCE REPORT TO 31 JULY 2020

Executive Sponsor:	Interim Director of Finance
Lead Officer/Author:	Head of Financial Planning and Reporting
Action Required	The report is presented to the NHS 24 Board of Directors for assurance.
Key Points	<p>This paper informs the Board of the financial performance for the period 1 April – 31 July 2020.</p> <ul style="list-style-type: none"> • Against the July allocation letter, NHS 24 is reporting a year to date overspend of £5.2m. • However, the ledger currently anticipates a number of allocations per the AOP that have been received in recent years and are fully expected this year. Spend incurred against these at the end of month 4, totals £2.2m. This is deemed low risk as letters have been received for the material ones confirming NHS 24 shall receive funds this year. • As such, the ledger is currently reporting a £3.0m overspend. • Covid-19 related expenditure totals £3.1m year to date and the detail has been shared with SGHSCD. • If full funding is secured for Covid-19 and the anticipated allocations the year to date financial position will be a £96k underspend. It is expected that this underspend shall be used to partly offset the Covid-19 costs resulting in a breakeven position overall. • The full year forecast is assuming a breakeven position. This assumes that SGHSCD will fund the anticipated allocations and Covid-19 costs. • A paper on anticipated allocations was discussed with SGHSCD who fully understand our financial position. However, they indicated further confirmation of funds is unlikely until after Q1 reviews in September. • The out-turn position includes Savings and Brokerage targets

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Date presented to EMT and relevant Committee	The report has been presented to the August EMT and PPC. Covid forecast spend figure was updated verbally at PPC and included in this paper to reconcile to SGHSCD submission.
Summary of key discussion points/actions arising from respective Committees	Acknowledgement that there are assumptions around allocations and Covid-19 funding that will not be confirmed until the Quarter 1 reviews have taken place nationally.
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	If Covid-19 funding received does not match spend incurred. If allocations in our AOP and Remobilisation Plan are not received. The ability to meet our Brokerage and savings targets if the above are not received.
Financial Implications	The paper details the financial position of NHS 24 and is for assurance.
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.

1. RECOMMENDATION

- 1.1 The Board is asked to take assurance from this report on the NHS 24 financial performance at 31 July 2020.

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 Planning & Performance Committee and the Board. This report summarises the revenue and capital position at 31 July 2020.

3. REVENUE RESOURCE LIMIT

- 3.1 In relation to the revenue resource limit, NHS 24 is overspent by £5.2 million at July 2020 against its SGHSCD allocation letter.

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- 3.2 This is offset by £2.2m of anticipated allocations to give a reported ledger overspend of £3.0m at month 4 (£2.4m – June 2020).
- 3.3 As NHS 24 has received confirmation letters on specific allocations, for example, Primary Care Triage and Advanced Clinical Support, the reported position in the ledger includes these allocations in our YTD position, matching spend incurred to date. These are expected to be added to the formal allocation letter soon.
- 3.4 The reported overspend of £3.0m includes Covid-19 expenditure, which has no agreed funding at this stage.
- 3.5 Year to date Covid-19 related expenditure is £3.1m (£2.5m – June 2020). There are discussions between NHS 24 and SGHSCD on an ongoing basis to monitor Covid-19 expenditure with a view to future funding being secured by NHS 24 to cover the pressure caused by Covid-19.
- 3.6 As such, once the anticipated allocations and Covid-19 funding are received, the Board will be reporting an £96k underspend (£95k – June 2020). It is anticipated that this underspend should be included in the Local Mobilisation Plan as an offset, resulting in a breakeven position overall.
- 3.7 The full year reported budget, excluding Covid-19, is £82.8 million. This is baseline funding plus anticipated allocations less agreed brokerage and National Boards Saving contributions for 2020/21.
- 3.8 NHS 24 cannot currently forecast a breakeven position for the financial year 2020/21 while there is uncertainty around Covid-19 funding and whether all anticipated allocations are received. This is no different to the position of Boards across the country. The only assurance that can be given at this stage is that the Board is breaking even against its AOP.
- 3.9 Summary position:

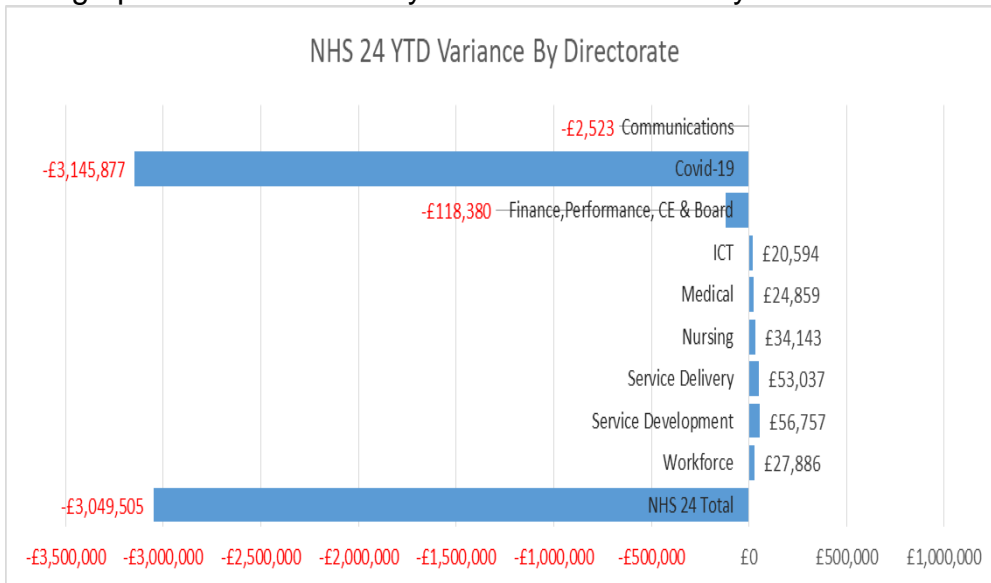
	Full Year Budget 2020/21 £m	Budget to 31 July £m	Expend to 31 July £m	Variance to 31 July (Over) / Under £m
RRL letter	75.4	22.3	24.4	(2.1)
Covid-19	-	-	3.1	(3.1)
RRL	75.4	22.3	27.5	(5.2)
Savings Allocation	(0.3)			-
Brokerage Allocation	(4.3)			-
Antic'd Allocations	12.0	2.2		2.2
Ledger Position	82.8	24.5	27.5	(3.0)

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3.10 Excluding Covid-19, Income is over-recovered by £2k, Pays are underspent due to vacancies by £168k and non pays are overspent by £74k. The pays underspend includes the phasing in of savings targets of £893k to date.

Type	Ann Bud £'m	YTD Bud £'m	YTD Act £'m	YTD Var £'m
Income	(£82.8)	(£24.3)	(£24.3)	£0.0
Pay	£62.6	£19.2	£19.0	£0.2
Non Pay	£20.2	£5.2	£5.3	(£0.1)
Total	£0.0	£0.0	(£0.1)	£0.1
Covid-19	£0.0	£0.0	£3.1	(£3.1)
Grand Total	£0.0	£0.0	£3.0	(£3.0)

3.11 The graph below shows the year to date variance by Directorate.



The majority of areas are in a healthy financial position, achieving breakeven and their savings targets. The overspend in the Finance function relates to Estates costs at Norseman which were committed last financial year but didn't happen until this year. As the work hadn't been incurred the costs weren't accrued in. This pressure is offset year to date from underspends in other areas and will be reviewed as the year goes on.

3.12 The movement by Directorate per month is as follows:

Directorate	M4	M3	Movement
Communications	-2,523	-5,094	2,571
Covid-19	-3,145,877	-2,501,939	-643,938
Finance, Performance, CE, Board	-118,380	-67,414	-50,966
ICT	20,594	27,174	-6,580
Medical	24,859	4,953	19,906
Nursing	34,143	28,295	5,848
Service Delivery	53,037	27,610	25,427
Service Development	56,757	17,058	39,699
Workforce	27,886	40,302	-12,416
Total	-3,049,505	-2,429,053	-620,452

4. ADDITIONAL ALLOCATIONS

- 4.1 NHS 24 engage frequently with SG Sponsors and SGHSCD Finance with a view to securing all expected additional allocations.
- 4.2 The total additional Anticipated Allocations NHS 24 is expecting to receive, excluding Covid-19 funding, amounts to £12m. There will be negative allocations for scheduled brokerage repayment of £4.3m and the National Boards Saving non-recurring contribution of £0.3m.
- 4.3 The Month 4 financial position includes Anticipated Allocations of £2.2m in its year to date financial position.
- 4.4 The following table shows the breakdown of the Expected RRL this year, excluding Covid. The Anticipated Allocations are currently under discussion with SGHSCD colleagues:

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Base Allocation	£72,700,000
Expansion of Mental Health	£2,600,000
eHealth	£128,877
Open University Nursing Students	£12,500
Allocations Received	£2,741,377
Mental Health Hub	£1,968,234
Primary Care Triage	£2,500,000
e-health - for IT business case	£1,100,000
Advanced clinical support	£1,000,000
Breathing Space	£825,000
Mental Health Hub - Breathing Space	£745,000
Breathing Space Transformation	£586,766
Enhanced Mental Health Care Pathway Project	£600,000
AHP/MSK rollout	£565,000
cCBT	£470,000
Primary Care Projects (PCDS)	£305,000
Health & Wellbeing Helpline	£280,000
NHS Living Life	£200,000
additional for winter planning	£200,000
Easter & Winter Marketing	£165,000
Mental Health Programme Lead	£100,000
Supporting better value healthcare	£40,000
The Health and Care (Staffing) (Scotland) Bill	£32,048
Implementation of Excellence in Care	£20,600
Excellence in Care (EIC)	£9,750
Carry Forward from 19/20	£98,000
Public Holiday - add'l May	£106,000
Anticipated +ve allocations	£11,916,398
Brokerage	-£4,302,000
CRES - National Boards	-£310,000
Anticipated -ve allocations	-£4,612,000
Expected RRL (exc Covid)	£82,745,775

5. COVID-19 RELATED EXPENDITURE

- 5.1 NHS 24, like the rest of NHS Scotland, had to react to an unprecedented situation during the Covid-19 pandemic. Decisions and consequent expenditure had to be taken to ensure services were provided to help combat the outbreak of Covid-19 in Scotland.
- 5.2 Most of this expenditure was outwith the normal budget that NHS 24 was expected to work within. Internal procedures were implemented to ensure appropriate governance was achieved in every decision.

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- 5.3 SG delegated a certain level of financial responsibility in making financial decisions in relation to Covid-19, with a view to retrospectively funding Covid-19 expenditure.
- 5.4 All NHS Boards in Scotland are required to submit a monthly finance plan of Covid-19 related expenditure to date and a forecast for the rest of financial year 2020/21.
- 5.5 To date, NHS 24 has incurred £3.1m and is expected to incur a total of £10.1m for financial year 2020/21. NHS 24 are anticipating this expenditure will be funded by SG.
- 5.6 However, forecast Covid-19 related expenditure across Scotland remains above the funding SG anticipate to receive. There is a chance therefore that NHS 24 will not receive the total funding required to cover all the Covid-19 related expenditure incurred. Work is continuing with SG colleagues and internally within NHS 24 to minimise this risk and identify potential mitigating options.
- 5.7 The breakdown of Covid-19 expenditure is as follows:

Staff Category	YTD Costs (£)	Forecast Costs (£)
Call Operators	1,326,385	3,565,776
Clinical Supervisors	681,364	1,602,277
Dental Support	-	209,870
Others	107,952	135,334
Total Staffing	2,115,701	5,513,257
Non Staff Category		
Coronavirus Helpline	719,996	1,750,884
Increased 111 Volumes	65,012	631,012
Other IT Costs	93,477	707,103
Estates Costs	85,023	1,518,021
Other Costs	80,007	80,007
Total Non Staff Costs	1,043,515	4,687,027
TOTAL COVID-19 COSTS	3,159,216	10,200,284
Funding Secured	13,339	13,339
Forecast Savings	-	83,032
TOTAL FUNDING REQUIRED	3,145,877	10,103,913

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6. CAPITAL RESOURCE LIMIT

6.1 The capital resource limit as at 31 July 2020 is detailed below.

	Full Year Budget 2020/21 £m	Budget to 31 July £m	Expend to 31 July £m	Variance to 30 June (Over) / Under £m
Capital Resource Limit	0.27	0.09	0.18	(0.09)

6.2 The capital plan for 2020/21 currently consists of the NHS 24 formula capital allocation, totalling £0.27 million.

6.3 The capital resource allocation is anticipated to be used in full this financial year. In addition, there is a requirement for capital funding of £2m to support the estates strategy. Ongoing discussion is taking place with SG to secure funding.

6.4 Although the additional estates capital funding has not been secured, it has been necessary to incur expenditure to ensure works can be completed within the necessary timescales. Therefore, £110k has been spent to date in relation to fitting out the Lightyear building.

7. EFFICIENCY SAVINGS

7.1 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 AOP. For 2020/21, NHS 24 is required to identify efficiency savings in order to achieve breakeven totalling £2.7 million.

Savings Category	Savings Annual Target £000s	Savings Achieved YTD £000s	Risk Rating
Pay Costs	2,681	894	Low

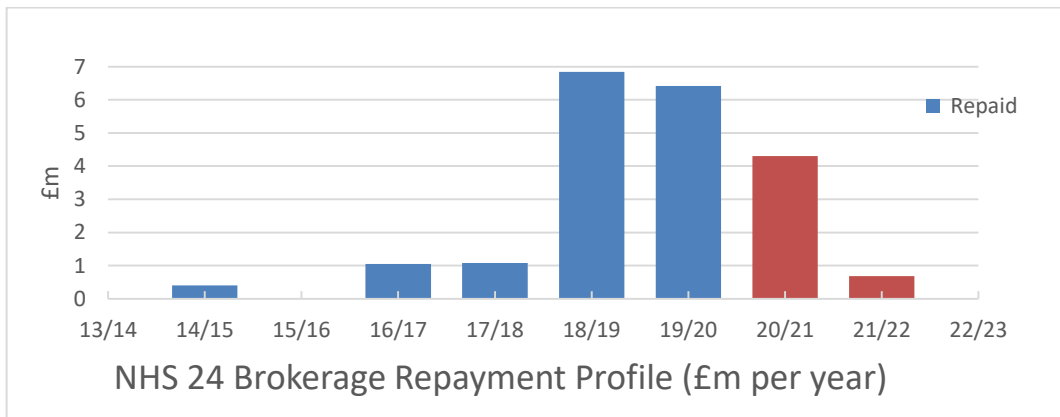
7.2 For 2020/21, each Directorate has been given a savings target against their pays budget. This means the 2020/21 savings are already factored into the budgets for each area. The forecast break even spend factors in that each Directorate has a clear savings target for the year that has to be met.

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- 7.3 The largest savings target relates to Service Delivery (pay savings target of £2.085 million).
- 7.4 In addition to the above savings target, the National Health Boards have again been set a collaborative target to reduce operating costs by £15 million to be reinvested in frontline NHS Scotland priorities. The NHS 24 share of this for 2020/21 is £0.55 million. A recurrent amount of £0.24m has been deducted from the baseline, with a further £0.31m expected to be removed during 2020/21 on a non recurrent basis.

8. REPAYMENT OF BROKERAGE

- 8.1 Total brokerage provided to NHS 24 by SGH&SCD was £20.756 million. The table below shows the actual and planned repayments.



- 8.2 NHS 24 has repaid £15.779 million to date and the table above shows the planned repayments to fully clear brokerage by 2021/22. The plan is for £4.302 million to be repaid in 2020/21. However, this is reliant on NHS 24 receiving its anticipated allocations and Covid-19 funding otherwise it will be required to divert brokerage funds set aside to help part offset those pressures.