

**NHS 24
BOARD MEETING**

**25 FEBRUARY 2021
ITEM NO 11.1
FOR ASSURANCE**

FINANCIAL PERFORMANCE REPORT TO 31 JANUARY 2021

Executive Sponsor:	Director of Finance
Lead Officer/Author:	Head of Financial Planning and Reporting
Action Required	The report is presented to the NHS 24 Board for assurance
Key Points for this Committee to consider	<p>This paper informs the NHS 24 Board of the financial performance for the period April 2020 to January 2021.</p> <ul style="list-style-type: none">• Against the January allocation letter, NHS 24 is reporting a year to date overspend of £1.6m.• However, the ledger currently anticipates 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 10, totals £1.6m. This is deemed low risk as they mainly relate to Mental Health which are currently being worked through with SG colleagues.• Covid-19 related expenditure of £8.1m has been incurred year to date and funding has been received, net of any internal offsets NHS 24 can contribute towards this.• As such, the ledger is currently reporting a slight underspend of £6k.• The full year forecast is assuming a breakeven position. This assumes that SGHSCD will fund all outstanding anticipated allocations.• Discussion has taken place with SGHSCD regarding brokerage. Board approval is sought to accelerate brokerage payments and conclude this historic issue this financial year.
Governance process	This presents the January 2021 Finance report for the Board. This paper has been discussed at EMT.
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	The key operational risk related to achieving in-year financial balance while Anticipated Allocations funding remain outstanding.
Financial Implications	The paper details the financial position 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 review and take assurance from this report on the NHS 24 financial performance at 31 January 2021.

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 January 2021.

3. REVENUE RESOURCE LIMIT

- 3.1 In relation to the revenue resource limit, NHS 24 is overspent by £1.6 million at January 2021 against its SGHSCD allocation letter.
- 3.2 This overspend is offset by anticipated allocations to give a reported ledger underspend of £6k at month 10.
- 3.3 As NHS 24 has received indicative confirmation for Mental Health funding the reported position in the ledger includes these allocations in our YTD position, matching spend incurred to date. A number of the allocations have now been received with discussions progressing with SG colleagues to secure the balance.
- 3.4 Year to date Covid-19 related expenditure is £8.1m. Discussions with SG have been ongoing throughout the financial year and full funding for the forecast costs for Covid-19 and the Redesign of Urgent Care has now been received by NHS 24.
- 3.5 There has been an increase in the underlying underspend during the month from £406k in December to £477k in January. It is anticipated that this will increase to £496k by the year-end and currently shows as an offset against Covid-19 expenditure.

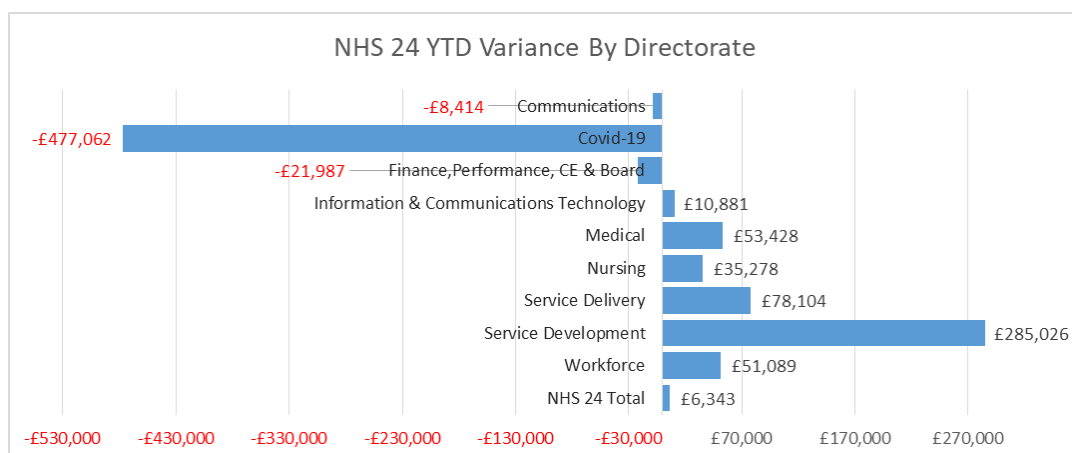
- 3.6 The anticipated full year budget is expected to be £88.2 million. This is baseline funding plus anticipated allocations less agreed brokerage and National Boards Saving contributions for 2020/21.
- 3.7 A year end breakeven position for the financial year 2020/21 is forecast in anticipation of outstanding allocations being received.
- 3.8 Summary position:

	Full Year Budget 2020/21 £m	Budget to 31 Jan £m	Expend to 31 Jan £m	Variance to 31 Jan (Over) / Under £m
RRL (exc Covid/RUC)	£74.6	£61.3	£62.4	(£1.1)
Covid-19	£7.9	£7.6	£8.1	(£0.5)
Remobilisation (RUC)	£3.0	£1.2	£1.2	-
RRL letter	£85.5	£70.1	£71.7	(£1.6)
Antic'd Allocations	£2.7	£1.6	-	£1.6
Financial Position	£88.2	£71.7	£71.7	£0.0

- 3.9 The Year to Date position shows an underspend in pays due to vacancies, and a small underspend in goods and services. The pays underspend includes the phasing in of savings targets of £2.01m to date.

Type	Ann Bud £'m	YTD Bud £'m	YTD Act £'m	YTD Var £'m
Income	(£88.2)	(£71.7)	(£71.7)	£0.0
Pay	£60.1	£48.6	£48.3	£0.3
Non Pay	£17.2	£14.3	£14.1	£0.2
Total	(£10.9)	(£8.8)	(£9.3)	£0.5
Covid-19	£7.9	£7.6	£8.1	(£0.5)
Remobilisation	£3.0	£1.2	£1.2	-
Grand Total	£0.0	£0.0	£0.0	£0.0

3.10 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 YTD underspend in NHS 24 of £477k is offset against Covid expenditure to result in an overall slight underspend YTD position.

4. ADDITIONAL ALLOCATIONS

- 4.1 NHS 24 engage frequently with SG Sponsors with a view to securing all expected additional allocations.
- 4.2 The total additional Anticipated Allocations NHS 24 is still expecting to receive amounts to £2.7m. Negative allocations for brokerage repayment of £5.0m and the National Boards Saving non-recurring contribution of £0.3m have been deducted from NHS 24 in the January allocation letter.
- 4.3 The following table shows the breakdown of the allocations received and the anticipated allocations that are currently under discussion with SGHSCD colleagues:

NHS 24 FUNDING 2020/21	
	Amount (£000)
Recurring RRL Received	72,700
Non Recurring RRL Received	12,782
TOTAL FUNDING RECEIVED	85,482
Additional Allocations Outstanding	
Mental Health Hub	1,968
Mental Health Hub - Breathing Space	745
Breathing Space Transformation	587
Mental Health Slippage	(2,000)
DEL Funding Covid	645
AHP/MSK rollout	565
AHP/MSK rollout	(565)
cCBT	470
Primary Care Projects (PCDS)	92
Public Holiday - add'l May	106
Supporting better value healthcare	40
Allocations Outstanding	2,653
TOTAL FUNDING	88,135

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.
- 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 To date, NHS 24 has incurred £8.1m of spend and is expected to incur a total of £9.5m for financial year 2020/21. In addition to Covid-19 expenditure, a further £3.0m is expected to be incurred to action NHS 24's Remobilisation Plan, which is mainly the Redesign of Urgent Care. Therefore, total funding required, net of internal offsets, is £10.2m. NHS 24 had previously received £17.1m. In January the difference between the previous estimate and current estimate was deducted from the allocation letter.
- 5.5 The breakdown of Covid-19 expenditure is as follows:

Staff Category	YTD Costs (£)	Forecast Costs (£)
Call Operators	2,087,411	2,435,300
Clinical Supervisors	938,547	1,029,590
Dental Support	118,963	209,870
Others	335,846	474,664
Total Staffing	3,480,767	4,149,424
Non Staff Category		
Coronavirus Helpline	1,669,693	2,066,941
Increased 111 Volumes	368,944	402,099
Other IT Costs	327,155	333,907
Estates Costs	2,202,400	2,524,552
Other Costs	93,313	93,313
Total Non Staff Costs	4,661,505	5,420,812
TOTAL COVID-19 COSTS	8,142,272	9,570,236
Remobilisation Costs	1,186,193	3,005,327
Forecast Savings	477,062	496,000
Additional Funding	-	1,924,500
TOTAL FUNDING REQUIRED	8,851,403	10,155,063

6. CAPITAL RESOURCE LIMIT

6.1 The capital resource limit as at 31 January 2021 is detailed below.

	Full Year Budget 2020/21 £m	Budget to 31 Jan £m	Expend to 31 Jan £m	Variance to 31 Jan (Over) / Under £m
Capital Resource Limit	1.2	0.22	0.22	0.00

6.2 The capital plan for 2020/21 currently consists of the NHS 24 formula capital allocation, totalling £0.27 million, plus £0.5 million for Estates as a result of Covid-19 and £0.43 million for the Estates Business Case.

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.

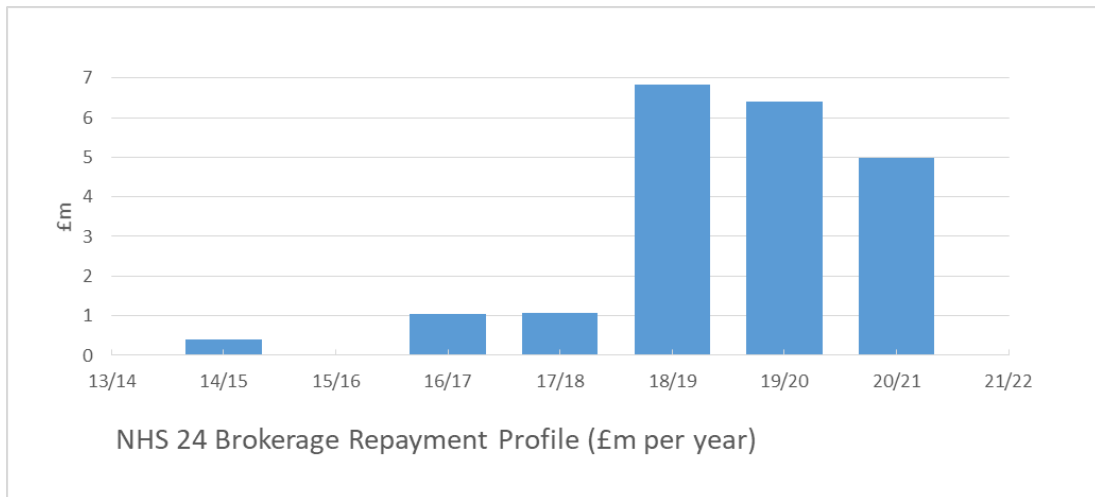
Savings Category	Savings Annual Target £000s	Savings Achieved YTD £000s	Risk Rating
Pay Costs	2,681	2,234	Low

7.2 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. The largest savings target relates to Service Delivery (pay savings target of £2.085 million).

7.3 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 removed in January.

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 had repaid £15.779m prior to 2020/21 and had planned to repay £4.302m this financial year, clearing the £0.675m remaining balance in 2021/22.

8.3 Discussions have recently been taking place with SG colleagues on the potential to pay off the brokerage in full this financial year, clearing the historic repayments for 2021/22.