

**NHS 24
BOARD MEETING**

**22 APRIL 2021
ITEM 11.1
FOR ASSURANCE**

FINANCIAL PERFORMANCE REPORT TO 28 FEBRUARY 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 February 2021.</p> <ul style="list-style-type: none">• Against the February allocation letter, NHS 24 is reporting a year to date overspend of £2.0m.• 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 11, totals £1.3m. This is deemed low risk as they mainly relate to Mental Health which SG colleagues have verbally confirmed. In addition, funding for £0.76m of Covid Recognition Payments is expected to be received in March.• Covid-19 related expenditure of £8.7m 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 £8k.• The full year forecast is assuming a breakeven position. This assumes that SGHSCD will fund all outstanding anticipated allocations.
Governance process	This presents the February 2021 Finance report presented to EMT. Outwith current Committee meeting cycle.
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 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 review and take assurance from this report on the NHS 24 financial performance at 28 February 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 28 February 2021.

3. REVENUE RESOURCE LIMIT

- 3.1 In relation to the revenue resource limit, NHS 24 is overspent by £2.0 million at February 2021 against its SGHSCD allocation letter.
- 3.2 This overspend is offset by anticipated allocations to give a reported ledger underspend of £8k at month 11.
- 3.3 As NHS 24 has received indicative confirmation for Mental Health and Covid Recognition Payments funding, the reported position in the ledger includes these allocations in our YTD position, matching spend incurred to date. The majority of allocations have now been received with discussions progressing with SG colleagues to secure allocations outstanding.
- 3.4 Year to date Covid-19 related expenditure is £8.7m. 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 £477k in January to £491k in February. It is anticipated that this will increase to £496k by the year-end and currently shows as an offset against Covid-19 expenditure.

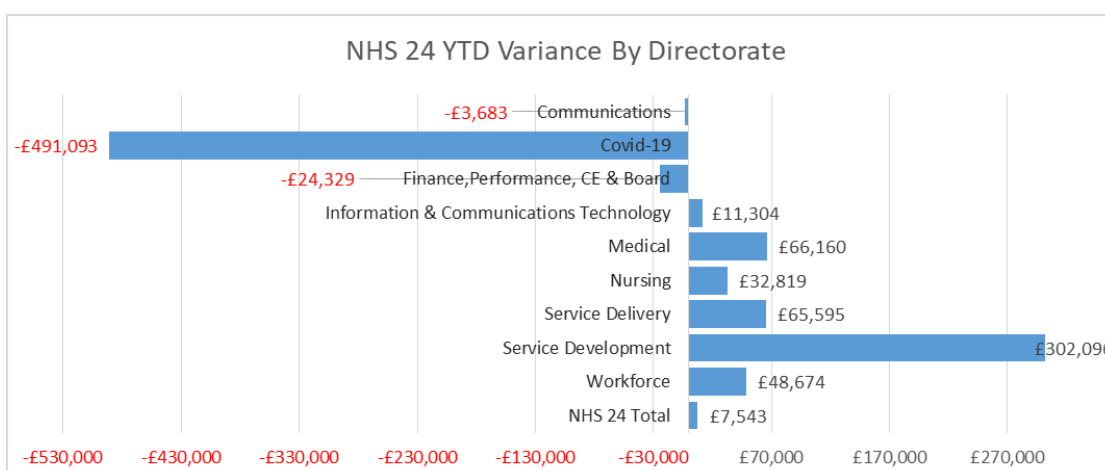
- 3.6 The anticipated full year budget is expected to be £89.2 million. This is baseline funding plus anticipated allocations less agreed brokerage and National Boards Saving contributions for 2020/21.
- 3.7 A year end breakeven position for the financial year 2020/21 is forecast in anticipation of outstanding allocations being received.
- 3.8 Summary position:

	Full Year Budget 2020/21 £m	Budget to 31 Feb £m	Expend to 31 Feb £m	Variance to 31 Feb (Over) / Under £m
RRL (exc Covid/RUC)	£75.5	£67.9	£69.4	(£1.5)
Covid-19 / RUC	£10.9	£10.0	£10.5	(£0.5)
RRL letter	£86.4	£77.9	£77.9	(£2.0)
Antic'd Allocations	£2.8	£2.0	£0.0	£2.0
Financial Position	£89.2	£79.9	£79.9	£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 £2.46m to date.

Type	Ann Bud £'m	YTD Bud £'m	YTD Act £'m	YTD Var £'m
Income	(£89.2)	(£79.9)	(£79.9)	£0.0
Pay	£60.0	£53.7	£53.4	£0.3
Non Pay	£17.5	£15.5	£15.3	£0.2
Total	(£11.7)	(£10.7)	(£11.2)	£0.5
Covid-19/RUC	£10.9	£10.0	£10.5	(£0.5)
Covid Recog Payment	£0.8	£0.7	£0.7	£0.0
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 £491k is offset against Covid expenditure to result in an overall slight underspend YTD position.

3.11 The movement by Directorate per month is as follows:

Directorate	M11	M10	Movement
Communications	(3,683)	(8,414)	4,731
Covid-19	(491,093)	(477,062)	(14,031)
Finance, Performance, CE, Board	(24,329)	(21,987)	(2,342)
ICT	11,304	10,881	423
Medical	66,160	53,428	12,732
Nursing	32,819	35,278	(2,459)
Service Delivery	65,595	78,104	(12,509)
Service Development	302,096	285,026	17,070
Workforce	48,674	51,089	(2,415)
Total	7,543	6,343	1,200

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 still expecting to receive amounts to £2.8m.
- 4.3 The following table shows the breakdown of the allocations received and the anticipated allocations that are currently under discussion with SGHSCD colleagues:

Funding Received	Amount (£000)
Recurring RRL Received	72,700
Non Recurring RRL Received	13,712
TOTAL FUNDING RECEIVED	86,412
Additional Allocations Outstanding	
Mental Health	1,300
Covid Recognition Payment	760
cCBT	470
Primary Care Projects (PCDS)	92
Public Holiday - add'l May	106
Supporting better value healthcare	40
Allocations Outstanding	2,768
TOTAL FUNDING	89,180

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 £8.7m of spend and is expected to incur a total of £9.6m 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, plus a further £0.76m in relation to Covid Recognition Payments to staff. Therefore, total funding required, net of internal offsets, is £10.9m.
- 5.5 The breakdown of Covid-19 expenditure is as follows:

Staff Category	YTD Costs (£)	Forecast Costs (£)
Call Operators	2,196,318	2,435,300
Clinical Supervisors	1,023,724	1,069,590
Dental Support	118,963	209,870
Others	416,527	474,664
Total Staffing	3,755,532	4,189,424
Non Staff Category		
Coronavirus Helpline	1,719,166	1,959,941
Increased 111 Volumes	411,944	452,099
Other IT Costs	340,409	350,907
Estates Costs	2,386,239	2,524,552
Other Costs	93,313	93,313
Total Non Staff Costs	4,951,071	5,380,812
TOTAL COVID-19 COSTS	8,706,603	9,570,236
Remobilisation Costs	1,580,676	3,005,327
Covid Recognition Payment	702,802	762,802
Forecast Savings	(491,093)	(496,000)
Additional Funding	-	(1,907,802)
TOTAL FUNDING REQUIRED	10,498,988	10,934,563

6. CAPITAL RESOURCE LIMIT

6.1 The capital resource limit as at 28 February 2021 is detailed below.

	Full Year Budget 2020/21 £m	Budget to 28 Feb £m	Expend to 28 Feb £m	Variance to 28 Feb (Over) / Under £m
Capital Resource Limit	1.2	0.45	0.45	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.

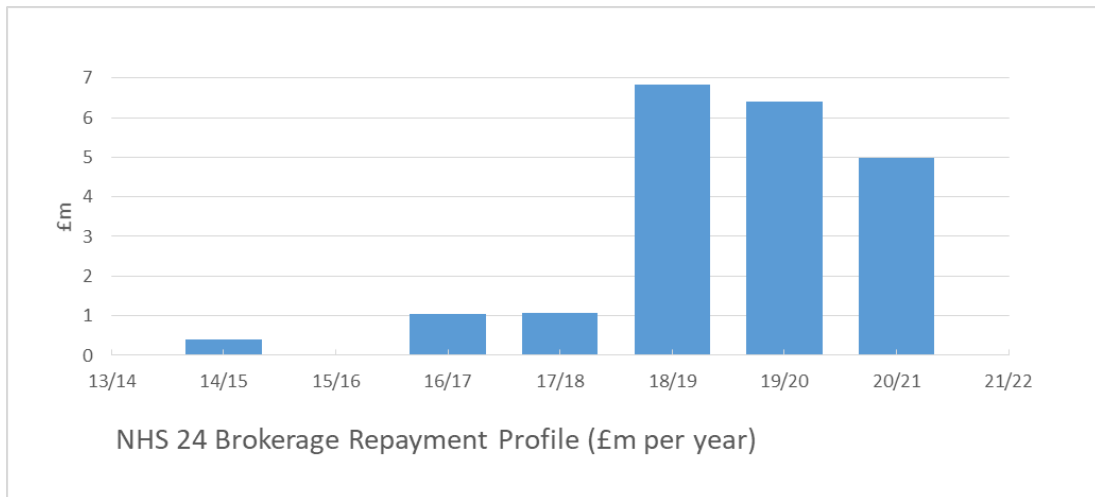
Savings Category	Savings Annual Target £000s	Savings Achieved YTD £000s	Risk Rating
Pay Costs	2,681	2,458	Low

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 has been 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 Discussion recently took place with SG colleagues on the potential to pay off the brokerage in full this financial year. This has now been actioned with NHS 24 entering financial year 2021/22 brokerage free.