

<b>NHS 24 BOARD MEETING</b>		<b>19 AUGUST 2021 BD (2021 22) 008 FOR APPROVAL</b>
<b>2021/22 FINANCE PLAN</b>		
<b>Executive Sponsor</b>	Director of Finance	
<b>Lead Officer/Author</b>	Director of Finance	
<b>Action Required</b>	This is an update to the finance plan previously presented, highlighting the change in uplift from SGHSCD for the increased pay award.	
<b>Key Points for this Committee to consider</b>	<p>In March, the Board approved the Remobilisation plan which included the draft finance plan for the year. At that time the pay award had not been finalised and there were assumptions made around what allocations we should treat as recurring. This paper provides members with the updated plan.</p> <p>Main points to note:</p> <ul style="list-style-type: none"> <li>• Additional uplift has been received from SGHSCD to fund the pay award.</li> <li>• Previous plan had an imbalance between recurring and non-recurring of £0.6m. This was as a result of the national uplift being less than the public sector pay recommendation figures. However, now that the overall pay award has been concluded at c4% for most staff, the funding allocation from SG has increased and covers the previous gap.</li> <li>• Assumptions had previously been made on the recurring/non-recurring nature of allocations. This has been tidied up to match latest information.</li> </ul>	
<b>Governance process</b>	This paper has been discussed at EMT and the August 2021 PPC. It will feed in to the next iteration of the Remobilisation Plan for Board approval.	
<b>Strategic alignment and link to overarching NHS Scotland priorities and strategies</b>	This paper demonstrates how NHS 24 can meet its financial targets in 2021/22.	
<b>Key Risks</b>	Ensuring we have captured all income and spend items appropriately and that savings are deemed achievable.	
<b>Financial Implications</b>	Ensuring a balanced financial plan is achievable.	
<b>Equality and Diversity</b>	The finance plan will feed in to the AOP process and be assessed in line with the appropriate requirements in relation to equality and diversity.	

## 1.RECOMMENDATION

This financial plan is submitted to the Board seeking approval for it to be incorporated as part of RMP. It updates the previous Finance Plan to reflect the allocation received for the AfC uplift and still presents a break-even position for financial year 2021/22.

## 2.Financial Plan Summary

A summary of the financial plan is shown below. Each of the items is explained in more detail in the accompanying notes.

	2021/22		
	Recurring £m	Non Recurring £m	Total £m
Income Base	72.7	1.1	73.8
Uplift	3.3	0.0	3.3
Earmarked Recurring	8.7	0.0	8.7
Anticipated Investment Allocations	4.0	17.9	22.0
Other Income	0.0	0.5	0.5
<b>Total In-Year Funding</b>	<b>88.8</b>	<b>19.5</b>	<b>108.4</b>
<b>Applications of Funds</b>			
Expenditure Base	74.1	2.1	76.2
Earmarked Recurring	8.7	0.0	8.7
<b>General Inflation / Growth etc</b>			
Salaries	3.6	0.1	3.6
Supplies	0.2	0.0	0.2
<b>Other Commitments</b>			
All Investments	4.1	18.6	22.7
Cost Savings Plans	(1.9)	(1.2)	(3.1)
<b>Expenditure Total</b>	<b>88.8</b>	<b>19.5</b>	<b>108.3</b>
<b>In Year Surplus / (Deficit)</b>	<b>(0.0)</b>	<b>0.0</b>	<b>0.0</b>

The table above shows that NHS 24 can produce a balanced financial plan for financial year 2021/22 but this is based on a number of assumptions highlighted throughout this paper. The following actions are required of EMT members:

- Review the income and spend assumptions in this paper to ensure we have captured everything accurately.
- Agree to the savings plan proposed.
- Agree our proposed Investments capture everything

- Note the agreed strategy with SGHSCD on use of the 'brokerage pot' - already approved and discussed at Board.

### 3. Income Base

The recurring Income Base budget reconciles to the recurring funding on our final 2020/21 Revenue Resource Allocation (RRL) letter.

The non-recurring Income Budget is based on the assumption that the following allocations, received in 2020/21 from SGHSCD, shall continue to be funded in 2021/22. This excludes allocations that NHS 24 are anticipating shall be baselined in 2021/22, shown in the earmarked recurring section.

Description	2021/22		
	Recurring £'000	Non Recurring £'000	Total £'000
Base Allocation	72,700		72,700
<u>Non Recurring assumed each year</u>			
OU Students		23	23
e-health strategic allocation		129	129
Implementation of excellence in care		30	30
Implementation of Health Staffing Act		33	33
Primary Care Development Fund		131	131
Primary Care Fund		214	214
6 Essentials		150	150
Preparing for Winter		150	150
Primary Care Projects (PCDS)		92	92
Easter Marketing		80	80
Supporting Better Value Healthcare		40	40
<b>Income 'Base'</b>	<b>72,700</b>	<b>1,070</b>	<b>73,770</b>

### 4. Funding Uplift

In the previous iteration of the 2021/22 Finance Plan, NHS 24 had been informed that the national uplift would be 1.5%. The 1.5% was to fund the public sector pay body pay uplift recommendation and supplies inflation for the year. It was noted at that time that discussion was ongoing regarding the Agenda for Change pay scales but to assume that any changes would come with additional funding. The Agenda for Change pay award has subsequently been announced with additional funding being received. NHS 24's uplift is £3.3m for 2021/22.

## 5. Earmarked Recurring Income

Discussions have been taking place with SG Finance regarding some of allocations that NHS 24 receive on a non recurring basis each year that we treat as recurring. The majority of these are Mental Health funds and discussion is going well in regard to baselining them. The Primary Care Triage funding has been superseded by the Redesign of Urgent Care so no funding is anticipated for PCT going forward.

Description	2021/22		
	Recurring £'000	Non Recurring £'000	Total £'000
MH expansion for Covid-19	2,600		2,600
Strategy Funding (GP Triage)	0		0
Advanced Clinical Support	1,000		1,000
Enhanced Mental Health Care Pathway	724		724
Health & Wellbeing Helpline	280		280
Mental Health Hub	2,555		2,555
Breathing Space	825		825
Mental Health Hub - Breathing Space	745		745
cCBT	470		470
NHS Living Life	200		200
Mental Health Programme Lead	100		100
National Board Savings	(750)		(750)
<b>Earmarked Recurring</b>	<b>8,749</b>	<b>0</b>	<b>8,749</b>

## 6. Anticipated Investments

There are a number of investments that NHS 24 is anticipating in the 2021/22 financial plan.

Description	2021/22		
	Recurring Investment £'000	Non Recurring Investment £'000	Total Investment £'000
Covid-19		4,847	4,847
Covid vaccine		89	89
RUC		13,000	13,000
Mental Health Hub 21/22 expansion	4,026		4,026
<b>Investments - Income</b>	<b>4,026</b>	<b>17,936</b>	<b>21,962</b>
<u>Additional investments - funded internally</u>			
Office 365	100		100
Estates non recurring		600	600
<b>Total Investments</b>	<b>4,126</b>	<b>18,536</b>	<b>22,662</b>

Covid-19 funding shall be provided in line with the national template that NHS 24 completed. To date 50% of Covid funding has been received, in recognition of the volatile nature of this spend, with ongoing review due to the uncertainty of Covid.

It has been agreed with SGHSCD that NHS 24 should recruit up to the 75% level of the Redesign of Urgent Care plan, however, as not all posts shall be in place from 1<sup>st</sup> April it is anticipated that the in-year funding requirement shall be nearer the 50% costing. Funding has been received in full for the £13m requested on a non recurring basis, however SGHSCD have confirmed that we have to recruit to posts on a permanent basis to the £18m agreed full year effect plan, with funding forthcoming next year.

The additional Mental Health funding is based on a bid NHS 24 submitted to SGHSCD as a result of a sharp increase in demand within the Mental Health hub. The bid was for £5m with £4m confirmed in writing from J Connaghan at this point.

The above plans are all anticipated to be funded in full. A couple of additional internal investments relate to the increase in O365 costs and creating an Estates pot towards the approved developments this year.

## 7. Other Income

NHS 24 has a number of people on secondment to other Boards/organisations. This is treated as non recurring income and offsets the expenditure costs of these individuals who still sit on NHS 24's paybill. This can be a non recurring gain to NHS 24 if backfill is not required and has nil effect if they are.

## 8. Expenditure Base

The expenditure base roll forward is the agreed 2020/21 expenditure budget across each Directorate in NHS 24. It is currently higher than the Income base. If the savings target is achieved in full this year the recurring/non recurring imbalance will correct itself.

## 9. General Inflation

SGHSCD have concluded the Agenda for Change pay uplift for the year.:

- Bands 1 to 4 flat uplift of £1,009 (4.04% to 5.46%)
- Bands 5 to 7 4% uplift
- Bands 8A to 8C 2% uplift
- Bands 8D to 9 flat uplift of £800 (0.75% to 0.93%)

Pay award for non Agenda for Change staff is currently assumed in the plan at 4% for prudence.

In addition to the pay award there is a tail from the restructuring of the pay bands with a reduction in the points within them. This enables Agenda for Change staff to access the top of the pay band quicker than under the previous system. A review of staff on the paybill and turnover trends has enabled us to forecast the impact of incremental progression on the organisation. The Agenda for Change paybill is expected to rise by 1.1% in 2021/22.

The above takes no account of any future changes to the current Agenda for Pay scale points at this point on the income or spend side.

Non Pay costs are anticipated to rise by 1%. The Managed Service Contracts have been uplifted by the agreed indexation per the contracts.

In the previous iteration of this plan, it was highlighted that the uplift received for the public sector pay recommendation had a detrimental impact on NHS 24 adding a £0.6m cost pressure. This has since been superceded by the Agenda for Change pay award and the subsequent additional funding.

## 10. Cost Savings

SGHSCD expect Boards to achieve a 3% savings target each year from generating internal efficiencies to invest back into the service. A 3% target on our base funding equates to £2.2m.

The table below shows how we can achieve a £2.2m target.

Description	2021/22		
	Recurring £'000	Non Recurring £'000	Total £'000
Internal efficiencies	1,154	1,106	2,260
One off gain on O635 in year		100	100
National Board Target	760		760
<b>Total Savings</b>	<b>1,914</b>	<b>1,206</b>	<b>3,120</b>

A recurring savings target of £1.2m is proposed in 2021/22. Plans to achieve this require to be identified. A savings template has been produced for Directorates to complete with their recurring and non recurring savings opportunities for 2021/22. This is required as part of our longer term planning so that we remain proactive rather than reactive to a worsening financial position in the coming years.

Every year, NHS 24 underspends on its pays due to vacancies. In 2021/22 the non recurring target should be targeted at slippage on vacancies being filled, gains from secondments if backfill is not required, and one off supplies opportunities.

NHS 24 has not been in a position to fully engage in the National Boards £15m savings target due to the brokerage repayments. To date NHS 24 has contributed £0.55m (£0.24m recurringly top-sliced last year and £0.31m in our AOP in 2020/21). Based on the split by Board our recurring target is £1.310m. As this year's funding has not been taken off us recurringly the £0.31m has been added to the £0.76m in anticipation of paying our share off in full in 2021/22. The uplift this year to national boards was on the stipulation that Boards meet the £15m target.

## Additional Information – Strategic Planning

### 11. Brokerage

NHS 24 brokerage is now paid off in full, a year ahead of schedule.

As brokerage ceased we were asked by the National Boards what recurring contribution could be made to the £15m National Board Savings Target and received a letter from SGHSCD Finance asking what investments/savings we could now contribute towards.

First point to note is that not all the 2021/22 original £4.3m brokerage figure was recurring budget. As such, the roll forward 'brokerage fund' is reduced to £3.2m.

Description	2021/22		
	Recurring £'000	Non Recurring £'000	Total £'000
Clydebank FBC - Estates running costs	879	59	938
Full share of National Board Target	760	0	760
MH base funding shortfall	784	0	784
Balance towards Connect in year gap	0	720	720
<b>Brokerage plan</b>	<b>2,423</b>	<b>779</b>	<b>3,202</b>

The above table highlights the use of these funds in 2021/22.

Originally SGHSCD were enquiring if NHS 24 could use any brokerage gain to part fund the Mental Health and RUC Strategies. The above priorities were agreed upon:

- NHS 24 agreed to retain a presence in Clydebank as a result of Cabinet Secretary intervention. At the time, NHS 24 highlighted this would increase our estates and management supervision model costs.
- As highlighted in the Savings section, NHS 24 has not been in a position to fully engage in the National Boards £15m savings target due to the amount of brokerage it has had. In 2020/21 NHS 24 has contributed £0.55m. Based on the split by Board our recurring target is £1.310m. After discussion with SGHSCD on the Mental Health and RUC funding it is anticipated that NHS 24 shall be required to set aside £0.76m recurringly in anticipation of paying our share off in full in 2021/22. NHS 24 can pay its share of the savings target from the savings previously made that created the brokerage pot.
- A recent recosting of our current Mental Health service v's funding received has highlighted a £0.784m cost pressure if all posts were filled. This is partly due to no uplift in recent years but also posts that were not included in the original costing. This has been highlighted to the Mental Health team for additional funding with NHS 24 being asked to fund this gap from brokerage.

- The Connect FBC showed a funding requirement in 2021/22 of £2.254m. It was agreed that NHS 24 would use the balance of brokerage towards this. SGHSCD have asked that NHS 24 try and fund the balance internally. Areas being considered are:
  - Review the use of the Tech Refresh provision
  - Charge some of Connect to RUC as we are accelerating because of RUC
  - Delay some of the approved SPRA items to later in the financial year
  - Use our internal contingency
  - Review prior year accruals

## 12. SPRA investments

In 2020/21 there was £1.1m of funding set aside for SPRA developments. Due to Covid-19 this funding was used to pay for the Connect costs in year. The table below shows the commitments agreed via EMT discussion against this funding.

Description	2021/22		
	Recurring £'000	Non Recurring £'000	Total £'000
<u>SPRA Approved - ICT /Digital £0.5m</u>			
ICT - Restructure	26	210	236
ICT/Digital Training budget	50	0	50
Digital Redesign (needs detail approved)	424	(210)	214
Digital - Inform 3 (pursue SG funding)	0	0	0
Digital - RUC (pursue via RUC)	0	0	0
<u>SPRA Approved balance - Other £0.6m</u>			
Medical - additional AMD	150	0	150
Nursing - Public Protection	76	(47)	29
Nursing - MSK Review - 2 years - 0.5 x B8c	0	48	48
Nursing - MH Practice Educator	57	0	57
Planning - Head of Strategic Planning 8b	82	0	82
Delivery - CRT - Band 5	38	0	38
Delivery - CRT - Band 4	34	0	34
Delivery - CRT - Band 3	30	0	30
Workforce - Occ Health enhancement	66	0	66
Nursing IPC/Vaccination lead B8a?	34	0	34
Unallocated	33	(1)	33
<b>SPRA Plan</b>	<b>1,100</b>	<b>0</b>	<b>1,100</b>

The ICT/Digital funds were approved via Board. ICT require additional funding in the short term with this shifting to Digital over time. Digital funds have only to be released once the completed plan is shared with Board.

Other items require to be revisited in light of RUC discussions.