

NHS 24 BOARD MEETING		8 OCTOBER 2020 ITEM NO 10.1 FOR ASSURANCE	
FINANCIAL PERFORMANCE REPORT TO 31 AUGUST 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 for this Committee to consider		<p>This paper informs the NHS 24 Board of the financial performance for the period 1 April – 31 August 2020.</p> <ul style="list-style-type: none"> • Against the August allocation letter, NHS 24 is reporting a year to date overspend of £6.2m. • 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 5, totals £2.8m. 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 £3.4m overspend. • Covid-19 related expenditure is £3.5m. Discussion continues with SG about funding. • If full funding for Covid-19 and the anticipated allocations is secured the year to date financial position is a £137k underspend, which is expected to 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, Covid-19 and Remobilisation 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 during the month of September. 	
Date presented to EMT		The report has been presented to the EMT ON 29 September 2020.	

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 review and take assurance from this report on the NHS 24 financial performance at 31 August 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 August 2020.

3. REVENUE RESOURCE LIMIT

- 3.1 In relation to the revenue resource limit, NHS 24 is overspent by £6.2 million at August 2020 against its SGHSCD allocation letter.
- 3.2 This is offset by £2.8m of anticipated allocations to give a reported ledger overspend of £3.4m at month 5 (£3.0m – July 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.

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- 3.4 The reported overspend of £3.4m includes Covid-19 expenditure, which has no agreed funding at this stage.
- 3.5 Year to date Covid-19 related expenditure is £3.5m (£3.1m – July 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 £137k underspend (£96k – July 2020). It is anticipated that this underspend should be included in the Local Mobilisation Plan as an offset, resulting in a breakeven position overall, though discussion shall take place on whether this can be an advancement on brokerage payments instead.
- 3.7 The full year reported budget in the ledger is £82.8 million. This is baseline funding plus anticipated allocations less agreed brokerage and National Boards Saving contributions for 2020/21. It does not currently include Covid-19 funding or the Redesign of Urgent Care while discussions are ongoing.
- 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 August £m	Expend to 31 August £m	Variance to 31 August (Over) / Under £m
RRL letter	75.4	27.8	30.5	(2.7)
Covid-19	-	-	3.5	(3.5)
RRL	75.4	27.8	34.0	(6.2)
Savings Allocation	(0.3)			-
Brokerage Allocation	(4.3)			-
Antic'd Allocations	12.0	2.8		2.8
Ledger Position	82.8	30.6	34.0	(3.4)

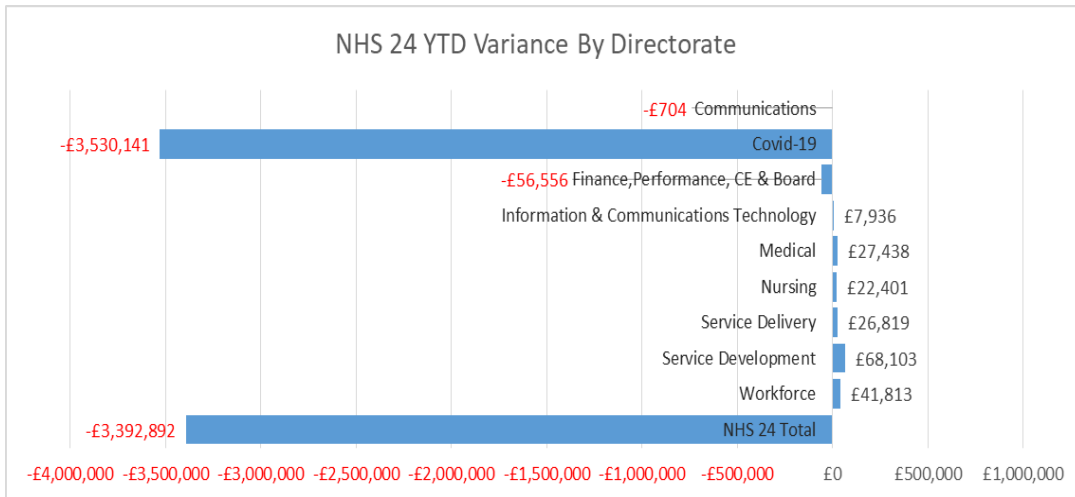
- 3.10 Excluding Covid-19, Income is breaking even, Pays are underspent due to vacancies by £136k and non pays are overspent by £1k. The pays underspend includes the phasing in of savings targets of £1.12m to date.

Type	Ann Bud £'m	YTD Bud £'m	YTD Act £'m	YTD Var £'m
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Income	(£82.8)	(£30.6)	(£30.6)	£0.0
Pay	£62.6	£24.0	£23.9	£0.1
Non Pay	£20.2	£6.6	£6.6	(£0.0)
Total	£0.0	£0.0	(£0.1)	£0.1
Covid-19	£0.0	£0.0	£3.5	(£3.5)
Grand Total	£0.0	£0.0	£3.4	(£3.4)

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	M5	M4	Movement
Communications	-704	-2,523	1,819
Covid-19	-3,530,141	-3,145,877	-384,264
Finance, Performance, CE, Board	-56,556	-118,380	61,824
ICT	7,936	20,594	-12,658
Medical	27,438	24,859	2,579
Nursing	22,401	34,143	-11,742
Service Delivery	26,819	53,037	-26,218
Service Development	68,103	56,757	11,346
Workforce	41,813	27,886	13,927
Total	-3,392,892	-3,049,505	-343,387

4. ADDITIONAL ALLOCATIONS

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- 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, excluding Covid-19 funding, amounts to £11.9m. 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 following table shows the breakdown of the Anticipated Allocations that are currently under discussion with SGHSCD colleagues:

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ANTICIPATED ADDITIONAL FUNDING 2020/21

Additional Allocations Received	Amount (£000)
Expansion of Mental Health	2,600
eHealth	129
Open University Nursing Students	13
Allocations Received	2,741
Additional Allocations Outstanding	
GP Triage	2,500
Mental Health Hub	1,968
e-health - for IT business case	1,100
Advanced clinical support	1,000
Breathing Space	825
Mental Health Hub - Breathing Space	745
Enhanced Mental Health Care Pathway Project	600
Breathing Space Transformation	587
AHP/MSK rollout	565
cCBT	470
Primary Care Projects (PCDS)	305
Health & Wellbeing Helpline	280
NHS Living Life	200
Additional for winter planning	200
Easter & Winter Marketing	165
Public Holiday - add'l May	106
Mental Health Programme Lead	100
Carry Forward from 19/20	98
Supporting better value healthcare	40
The Health and Care (Staffing) (Scotland) Bill	32
Implementation of Excellence in Care	21
Excellence in Care (EiC)	10
Allocations Outstanding	11,916
TOTAL ADDITIONAL ALLOCATIONS	14,658

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 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 £3.5m of spend and is expected to incur a total of £9.6m for financial year 2020/21. NHS 24 are anticipating this expenditure will be funded by SGHSCD. In addition to Covid-19 expenditure, a further £10.1m 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 savings, is £19.75m.
- 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 continues with SGHSCD colleagues and internally within NHS 24 to minimise this risk.
- 5.7 The breakdown of Covid-19 expenditure is as follows:

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Staff Category	YTD Costs (£)	Forecast Costs (£)
Call Operators	1,443,561	3,565,776
Clinical Supervisors	733,720	1,602,277
Dental Support	-	209,870
Others	134,311	135,334
Total Staffing	2,311,592	5,513,257
Non Staff Category		
Coronavirus Helpline	806,671	1,703,601
Increased 111 Volumes	45,012	431,012
Other IT Costs	190,931	568,915
Estates Costs	100,317	1,455,494
Other Costs	88,957	88,957
Total Non Staff Costs	1,231,888	4,247,979
TOTAL COVID-19 COSTS	3,543,480	9,761,236
REMOBILISATION COSTS	-	10,126,428
Funding Secured	13,339	13,339
Forecast Savings	-	123,910
TOTAL FUNDING REQUIRED	3,530,141	19,750,415

6. CAPITAL RESOURCE LIMIT

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

	Full Year Budget 2020/21 £m	Budget to 31 August £m	Expend to 31 August £m	Variance to 31 August (Over) / Under £m
Capital Resource Limit	0.27	0.11	0.18	(0.07)

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	1,117	Low

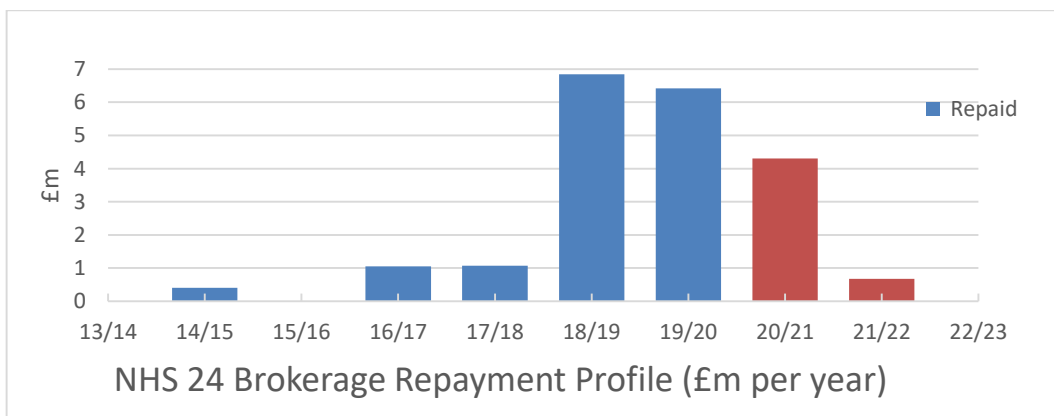
7.2 For 2020/21, each Directorate has been given a savings target against their pays budget. This means the 2020/21 savings are already factored into the budgets for each area. The forecast break even spend factors in that each Directorate has a clear savings target for the year that has to be met.

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.



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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.