

NHS 24 BOARD	2 APRIL 2020 ITEM NO 10.1 FOR ASSURANCE
FINANCIAL PERFORMANCE REPORT TO 29 FEBRUARY 2020	
Executive Sponsor:	Director of Finance
Lead Officer/Author:	Deputy Director of Finance
Action Required	The report is presented to the Board for assurance.
Key Points	<ul style="list-style-type: none"> • NHS 24 is reporting a YTD underspend of £1.36 million • The year-end forecast is an underspend of £1.15 million • There is a risk the final financial position will change due to Covid-19
Date presented to EMT and relevant Committee	The report has been presented to the March EMT.
Summary of key discussion points/actions arising from respective Committees	Discussed the need to ensure items are receipted and invoiced and adjust plans due to impact of Covid-19.
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	RSPND036952 pertaining to risk of the forecast not factoring in all known variables. Visibility of the Finance paper and process to produce the forecast should help mitigate the risk.
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 29 February 2020.

2. INTRODUCTION

- 2.1 As we approach year end, the impact of Covid-19 is difficult to quantify as plans change at such a rapid pace. The Scottish Government have provided

assurance that funding will be made available to combat Covid-19. This is for the current financial year and beyond. This reassurance is welcomed and Finance are working on ways to support the organisation to ensure that decisions can be made and approved quickly. The Scottish Government have also confirmed that they will fund the capital element of the move from GJNH. This relieves a major financial pressure/risk from next financial year.

- 2.2 A year-end underspend of £1.15 million is forecast but due to the changing nature of the plans then the final position will realistically be between a £1m and £1.3m underspend. The range reflects the ability to complete tasks that were due to complete in March along with potential additional costs as a result of Coronavirus. At this stage it is not anticipated that NHS 24 would receive additional allocation for 2019/20 as a result of Coronavirus as it can be managed within our underspend.
- 2.3 In order to achieve the projected underspend a significant level of spend is required in March. This includes completing key planned commitments such as Respond, IT interface for primary care triage, PCDS and phase 1 of project Connect. It is critical that directorates ensure the agreed spend is delivered on these projects and within their core budget. Help from Directorates in ensuring orders are raised and receipted would be appreciated.
- 2.5 The forecast factors in some additional expenditure in relation to Covi-19. These mainly relate to additional hours and projected 2 weeks of costs for the 3rd party who are providing resource for the coronavirus helpline. The total cost is expected to be up to £0.3m in 2019-20 as timing alone will restrict what costs will realistically be incurred.
- 2.4 Estimates of the impact of Covid for next financial year are being drawn up and an early indication was included in the mobilisation plan. Guidance has been drawn up and will be issued in March around tracking spend related to Covid-19. This includes using a separate cost centre (K02020) and a process for submitting requests for additional resource to the Covid group. There needs to be a balance between quick decision making and proper Governance arrangements being in place.
- 2.5 What follows is a summarised report, rather the normal finance report.

3. REVENUE RESOURCE LIMIT

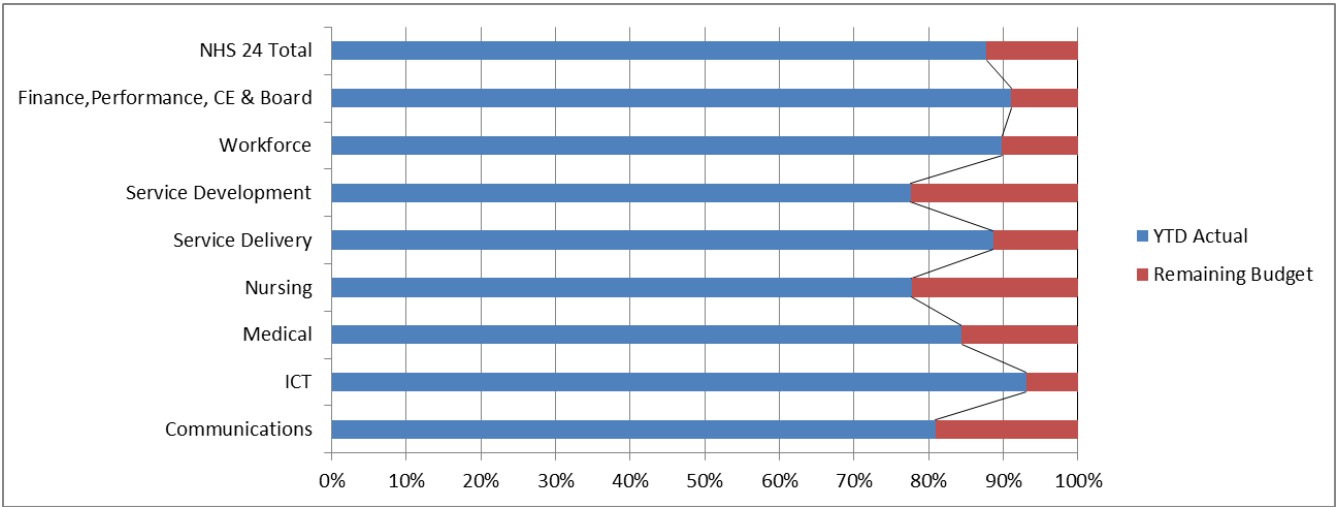
- 3.1 In relation to the revenue resource limit, NHS 24 has an underspend of £1.36 million for the 2019/20 financial year against a year to date (YTD) budget of £63 million. The full year budget is £71.8 million but that is expected to decrease as additional brokerage is deducted at year end.

3.2 All anticipated allocations have now been received. Brokerage is expected to be deducted and there is the potential for a revenue to capital transfer of circa £0.06m to enable the acceleration of works to increase frontline capacity at Norseman and Cardonald.

	Full Year Budget 2019/20 £m	Budget to 29 February £m	Expend to 29 February £m	Variance to 29 February (Over) / Under £m
Revenue Resource Limit	71.8	64.4	63.05	1.36

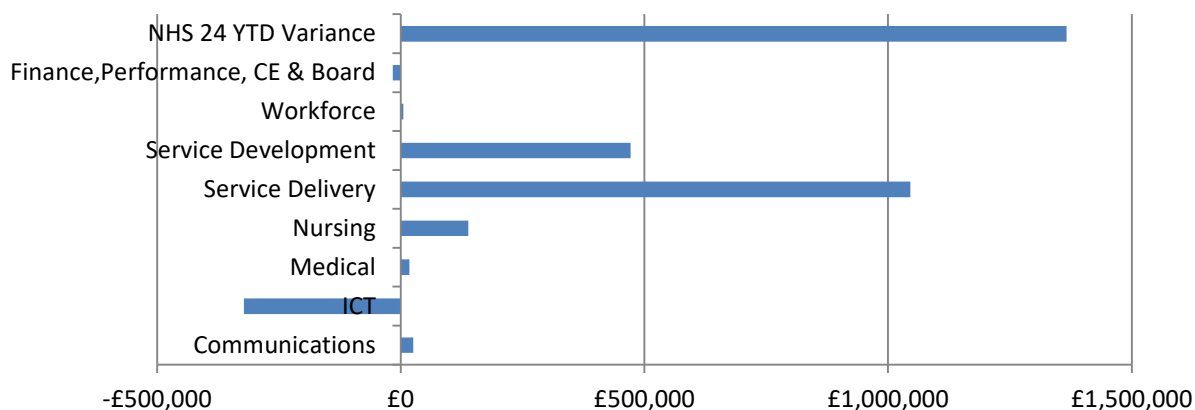
3.6 The summarised directorate financial position for the year is shown below. The first graph shows the percentage of the budget utilised to date, showing that overall 88% of the budget has been utilised. Some of the underspend within Directorates will be used to fund other identified priorities including any additional Covid-19 costs.

Utilisation of Budget by Directorate at 29 February 2020



3.7 Directors are asked to ensure managers are receipting on pecos. The forecast position was discussed in detail as part of the SPRA mid-year review process and updated by the Connect Phase 1 business case. Any potential deviations from the agreed position should be raised as soon as possible. And if any major expenditure is required in relation to Covid-19 then this should be raised with the Covid group as soon as possible. This would include filling out a brief template to request additional funding.

3.8 The graph below shows the year to date variance by Directorate. Only ICT is materially over. This is a result of pay costs being higher than budgeted and a planned increase in costs to improve resilience including as part of Phase 1 of Connect.



4. CAPITAL RESOURCE LIMIT

4.1 The capital resource limit as at 29 February 2020 is detailed below.

	Full Year Budget 2019/20 £m	Budget to 29 February £m	Expend to 29 February £m	Variance to 29 February (Over) / Under £m
Capital Resource Limit	0.269	0.08	0.08	0.00

4.2 The capital plan for 2019/20 currently consists of the NHS 24 formula capital allocation, totalling £0.269 million.

4.3 The capital allocations is anticipated to be used in full this financial year in relation to the works to increase frontline capacity at Norseman and Cardonald, with the remainder of the expenditure to be against revenue. Both works are progressing and there may need to be a small revenue to capital transfer to cover some accelerated costs as a result of Covid-19. This would be in the region of £0.06 million and has been factored into the forecast and raised with SG.

4.4 As mentioned above there will be a larger requirement for capital expenditure next year to facilitate the move from GJNH. Upon receipt of the Outline Business Case Scottish Government Health Finance Directorate have committed to providing an additional £1.4 million above the formula capital to help fund the required move.

5. EFFICIENCY SAVINGS

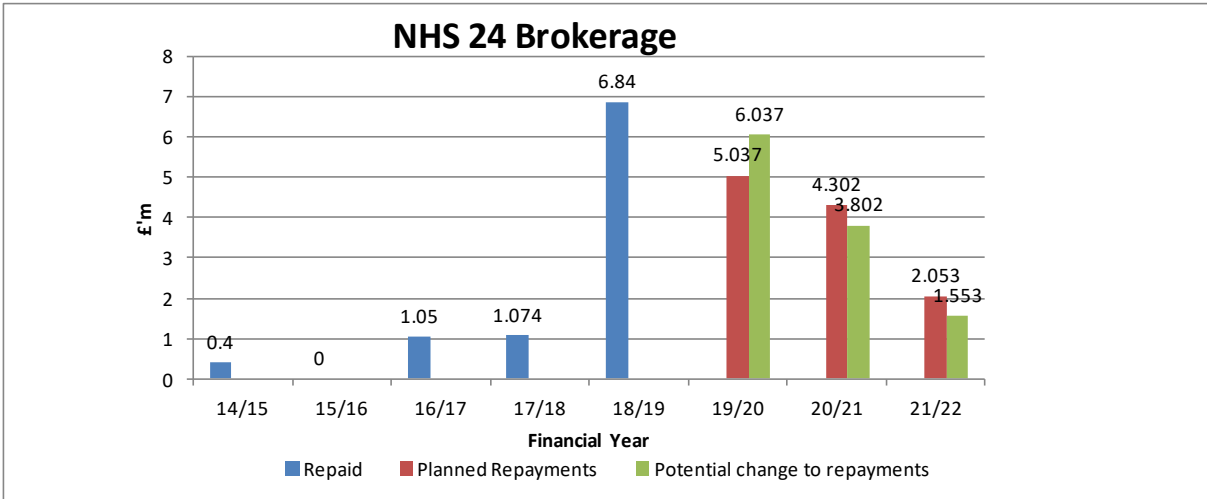
- 5.1 In line with the national planning guidance, annual efficiency savings targets are set and a phasing or trajectory is agreed with SGH&SCD, this forms part of the AOP. For 2019/20, NHS 24 is required to identify efficiency savings in order to achieve breakeven totalling £1.848 million (2.6%).

Savings Category	Savings Annual Target £000s	Savings Achieved YTD £000s	Risk Rating
Pay Costs	1,517	1,424	Low
Non Pay Costs	331	306	Low
CRES to b/even	1,848	1,730d	

- 5.2 For 2019/20 a non-recurrent savings target of 3% pay and 2% non-pay was added to each Directorate. This means the 2019/20 savings are already factored into the budgets for each area but on a non-recurrent basis. The forecast break even spend factors in that each Directorate has a clear savings target for the year that has to be met.
- 5.3 The largest savings target relates to Service Delivery (pay savings target of £1.2 million).
- 5.4 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 2019/20 has increased from £0.353 million to £0.55 million. This has now been deducted from the baseline, £0.24 million on a recurrent basis and the remainder on a non-recurrent basis. Discussions are ongoing about the contribution from Boards into next financial year and beyond.

6. REPAYMENT OF BROKERAGE

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



6.2 NHS 24 has repaid £9.364 million to date and the table above shows the planned repayments to fully clear brokerage by 2021/22. The plan was for £5.037 million being repaid in 2019/20.

6.3 As discussed earlier in the paper it is anticipated that any underspend this year would be directed to repay more brokerage. The table shows an additional repayment of £1 million being made, this may increase if the projected surplus is over £1 million. This would reduce the brokerage to be repaid beyond 2019/20. The table above shows a scenario for illustration. The details of brokerage need to be firmed up as part of the overall financial plan for 2020/21.