

<p>NHS 24 BOARD MEETING</p> <p style="text-align: right;">18 AUGUST 2022 ITEM NO 10.2 FOR ASSURANCE</p> <p style="text-align: center;">FINANCIAL PERFORMANCE REPORT TO 30 JUNE 2022</p>	
Executive Sponsor:	Director of Finance, John Gebbie
Lead Officer/Author:	Head of Financial Planning and Reporting, Neil Logan
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 2022 to June 2022.</p> <ul style="list-style-type: none"> • NHS 24 has received its first allocation letter for 2022/23 which included the base roll forward budget, uplift at 2%, and £4.4m of the Mental Health monies recurringly. £25.7m remains as anticipated income at this point. • Month 3 is reporting a £22k underspend against its forecast position. • Covid-19 funding for 2022/23 has been set at £600k for NHS 24, with the majority of costs expected to be in relation to Covid Helpline and the Dental Pathway. • The full year forecast is currently anticipating a break even position. This is subject to funding assumptions in relation to Redesign of Urgent Care, Mental Health Hub and Agenda for Change implications being funded in full. This is a risk to the organisation at this point, however, dialogue continues with Scottish Government colleagues on securing these items. • Savings plans are progressing well with recurring plans identified against the full target.
Governance process	This report has been presented at August EMT. Due to timing issues the month 2 finance report was presented to Planning and Performance Committee.

NHS 24 – GREEN
OFFICIAL

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	There is a risk that not all anticipated allocations shall be received which would impact on the ability of the Board to breakeven.
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.

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Finance monthly report

Month 3
April – June 2022

Finance Report – Main Points

• External Factors

- Scottish Government (SG) has indicated funding across NHS Scotland will be challenging in 2022/23 and beyond. Efficiency savings may increase from 3% if Agenda for Change cannot be fully funded.
- Funding bids for Mental Health and Redesign of Urgent Care (RUC) currently with SG accounting for £27m of funding (25% of overall funding). Received £4.4m of this recurringly for Mental Health.
- Pay award of 2% assumed in finance plan. Current negotiations are starting at a 5% increase. NHS 24 expect any difference between finance plan and any agreement will be funded by SG. Each 1% increase adds £0.9m to costs.

• Internal Factors

- Underspend of £22k against Year To Date budget.
- £0.9m underspend in salaries due to vacancies across most staff categories.
- £0.4m overspend in non pay mainly due to increased call charge costs and language line increased usage over budget.
- Savings from vacancies have not yet been allocated to efficiency savings, therefore are showing as a £0.5m under achievement. However, once allocated, this will offset the £0.9m salaries underspend.
- Opportunities to meet 100% of 2022/23 savings have now been identified.

Month 3 Financial Overview



Key NHS 24 financial information

Revenue Position

£22k underspend

Capital Expenditure

£0.007m

Efficiency Savings
Achieved to Date

£0.444m

Key Points

Financial Position

- Baseline Allocation now received - £78.4m including uplift 2022/23. Recurring funding for Mental Health (£4.4m) and Advanced Clinical Support (£1.0m) also received.
- Against forecast allocation – underspent by £22k year to date (June 2022)
- Funding position across NHS Scotland expected to be extremely challenging in 2022/23. Decisions are to be made on back of quarter 1 submissions to SG at end of July

Capital Expenditure

- Detailed plans for 2022/23 spend being developed
- Funding of £569k included within high level plan to SG

Efficiency Savings

- Efficiencies of £2.6m required in 2022/23
- Opportunities to achieve the full £2.6m of efficiency savings have been identified.

Allocations

Summary of Total Funding Position as at 30 June 2022

Description	Budget
Initial Baseline Allocation	76,040,000
Advanced Clinical Support	1,000,000
Mental Health Services	1,125,000
Mental Health Services PFG	1,500,000
Mental Health Funding	1,800,000
Medical and Dental Pay Uplift 2021-22	19,000
Further Agenda for Change Uplift 2021-22	139,000
Baseline Uplift	2,315,500
Total Recurring Funding	83,938,500
Allocations To Be Received	
Baseline Uplift	92,295
Mental Health Development	7,092,419
NHS Inform Maintenance	8,000
RUC	14,732,031
Easter & Winter Marketing	165,000
Six Essentials	150,000
Winter Planning	150,000
Wellbeing Helpline	139,000
MH CBT	470,000
Enhanced Pathway	1,241,553
FME	1,017,817
PCDS	305,000
Better Healthcare	40,000
Lead AHP	32,642
Implement Health & Social Care	34,038
Open University	22,500
Excellence in Care	31,930
National Boards Saving Target	(750,000)
COVID	600,000
ICT - eHealth Allocation	129,000
Total Additional Allocations to be Received	25,703,225
Anticipated Allocations	109,641,725

Forecast RRL

£109.6m

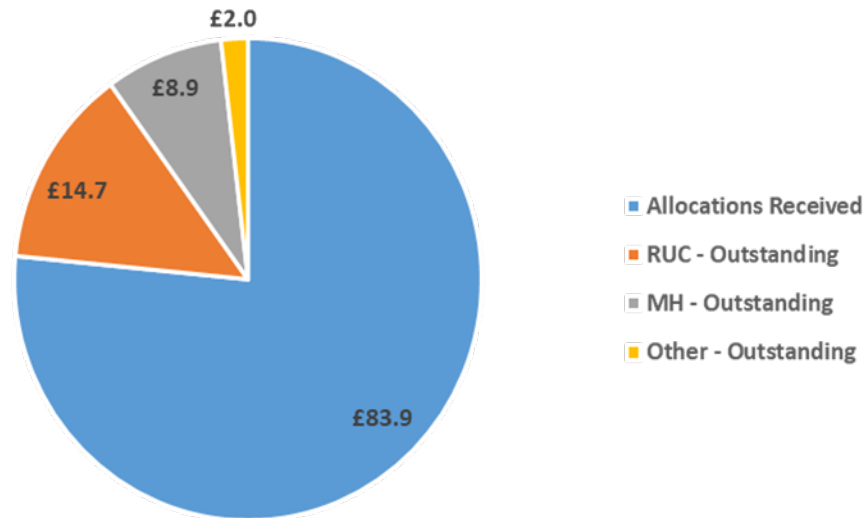
Received to Date

£83.9m

Anticipated

£25.7m

Allocation Status



Funding Bids

Funding bids have been submitted to the Scottish Government for Mental Health and Redesign of Urgent Care (RUC).

The Scottish Government have already committed to fund some of the Mental Health Hub on a recurring basis. £4.4m was added to our baseline in 22/23 as recurring funding, with a further £5.9m provisionally identified as recurring funding. If AfC is higher than 2% we will require additional recurring funding to cover. 1% increase adds circa £0.9m to our costs.

Financial Position

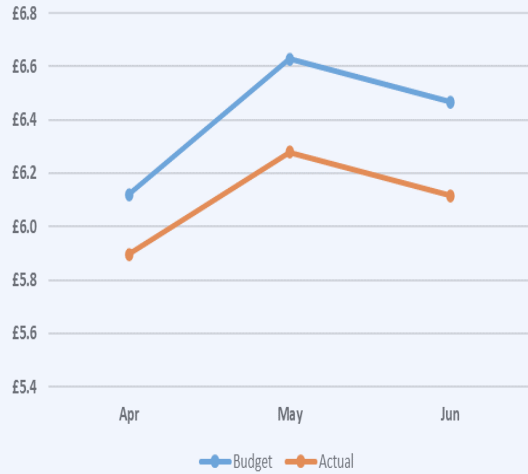


Budget
£23.893m
 % of Full Year 21.90%

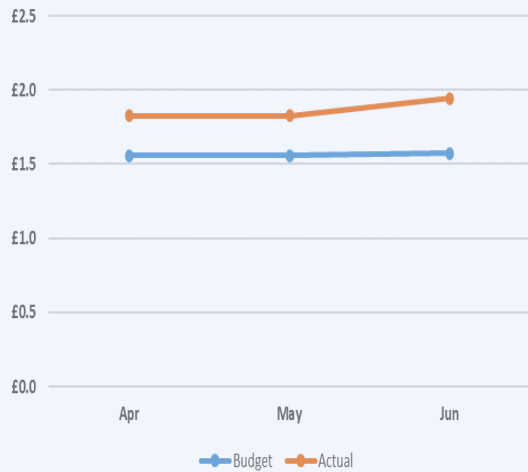
Actual Spend
£23.871m
 % of Forecast 21.88%

Underspend
£0.022m
 % of Budget 0.02%

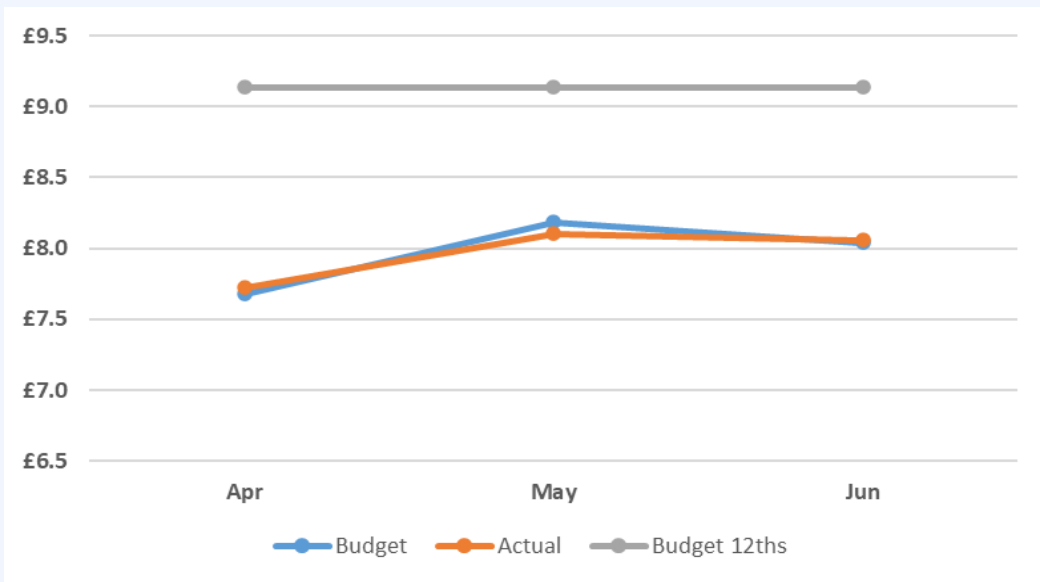
Pay Cost (£m)



Non Pay (£m)



Financial Position (£m)



Financial Position

The budget and actual expenditure are almost identical, indicating NHS 24 is close to break-even (£22k underspend)

Due to factors such as the pay award not yet being agreed nationally and increment dates being throughout the year, spend does not take place in equal twelfths. The budget is phased accordingly to smooth out such impacts.

Month 3 Financial Position



NHS 24 financial information – Main Categories

Pay £0.92m underspend

Non Pay £0.35m overspend

Efficiency Savings £0.55m overspend

Key Points

Pay

- Number of vacancies across NHS 24 remained unfilled
- Turnover of staff challenging
- Slightly offset by agency staff in some departments

Non Pay

- Pressure in some areas, such as Language Line and Call Charges
- Also non recurring pressures for Connect and Estates.

Efficiency Savings

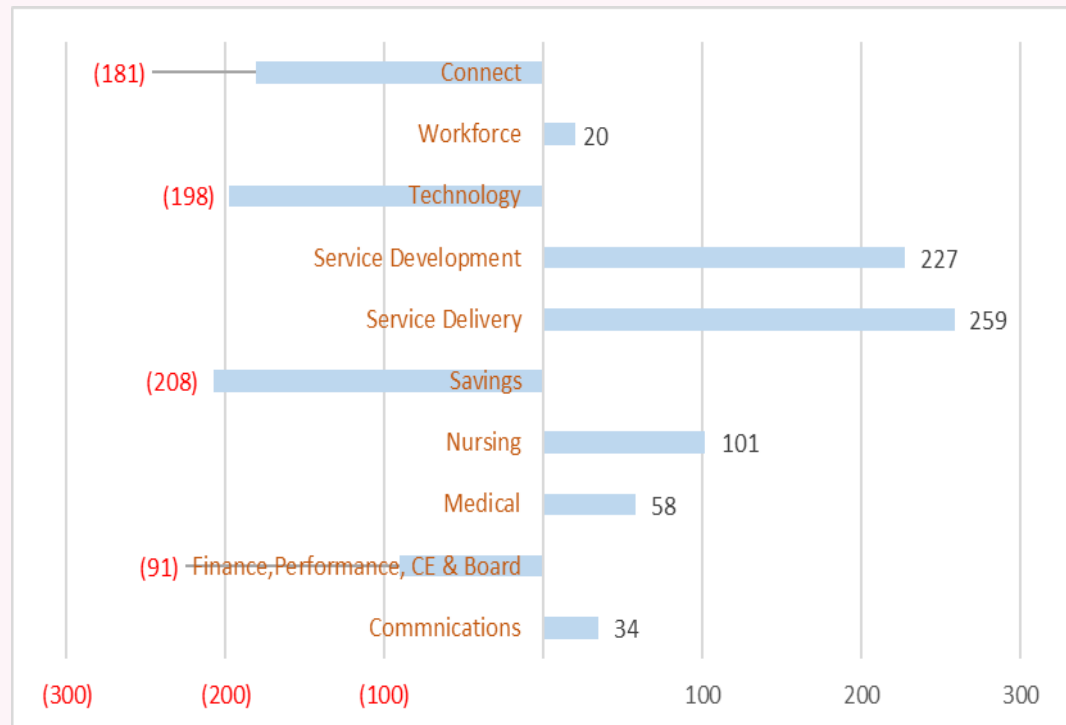
- Savings in relation to vacancies still have to be agreed with Directorates therefore the savings in pay will offset this overspend when this happens
- Plans are in place on savings plan for the year to meet £2.6m savings target

Financial Position Per Directorate

MAIN POINTS

- Number of vacancies across most directorates, attributing to many being underspent.
- Non recurring efficiency savings have been allocated to Directorates, however vacancy savings have not yet been allocated to savings. Therefore, each Directorate will have an element of savings not yet achieved. Adding this to the £208k variance on savings held centrally, gives an overall position of £550k variance on efficiency savings to date, although plans are sufficiently advanced on how these will be achieved.
- Connect slightly overspent, year to date due to some internal costs sitting in Connect while vacancy offsets sit in Directorates.
- Technology have maintenance contracts and call charges which have seen significant increase in usage over the last couple of years. In addition, there are some agency staff working in ICT, while the Capacity and Capability Review is concluded, which is contributing to budget pressure.

Year to Date (April – June 2022) Variances Per Directorate (£000)

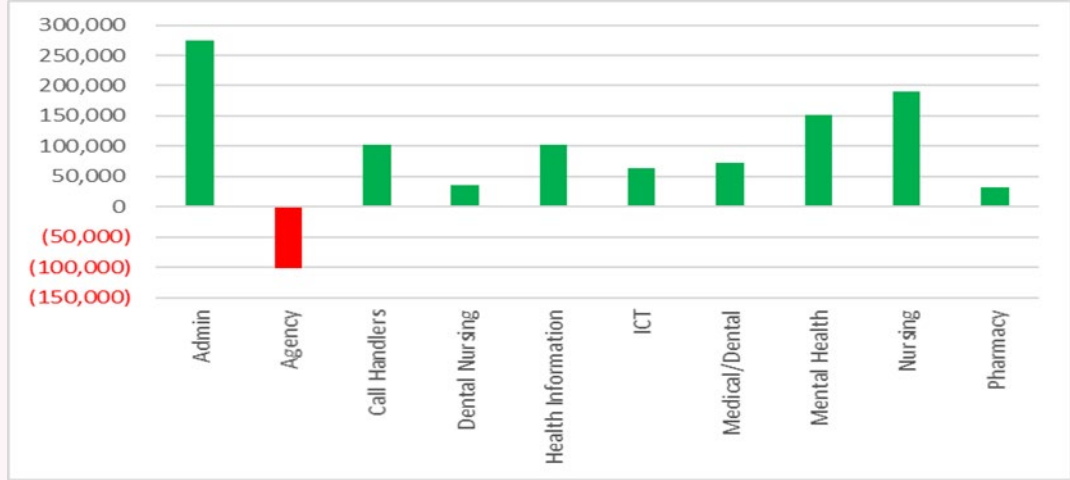


Cost Analysis – Pay

PAY

- Total pay 2022/23 pay budget £93.9m
- YTD Budget £19.2m
- YTD Actual £18.3m
- YTD Variance £0.9m
- Underspend on pay due to staff vacancies across multiple pay categories, slightly offset by an overspend on agency staff.

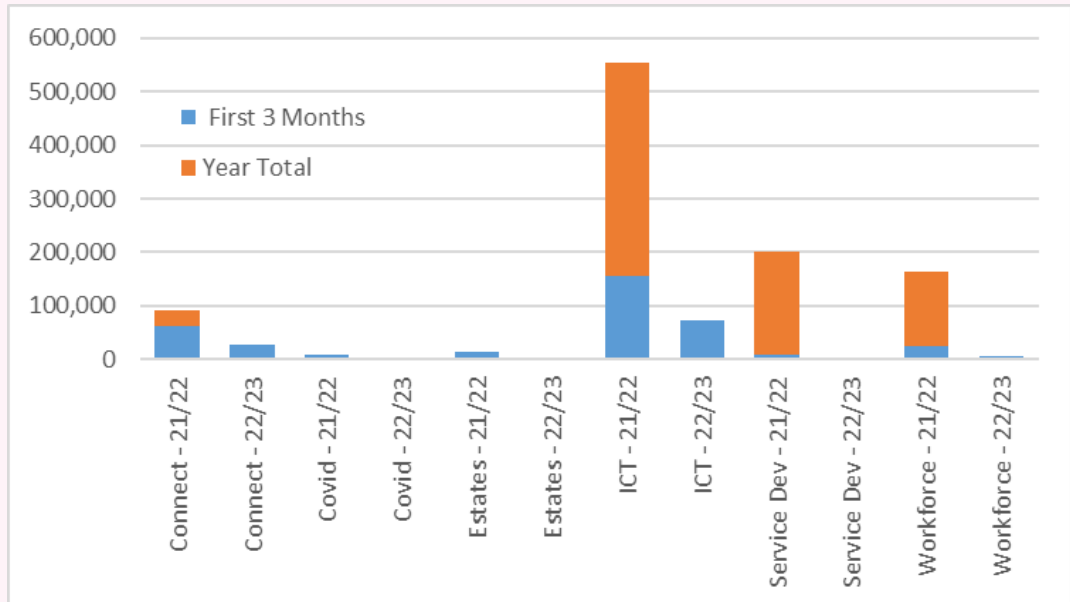
Year to Date Pay Variances Per Staffing Category



COST FOCUS - AGENCY STAFF

- Agency spend in 2021/22 totalled £1.03m
- Year to date spend for 2022/23 is £105k
- Extrapolated forward this would equate to £420k
- Work already undertaken by Workforce Directorate to use temporary staff contracts where applicable instead of agency staff.

Agency Cost Per Area Over Financial Years

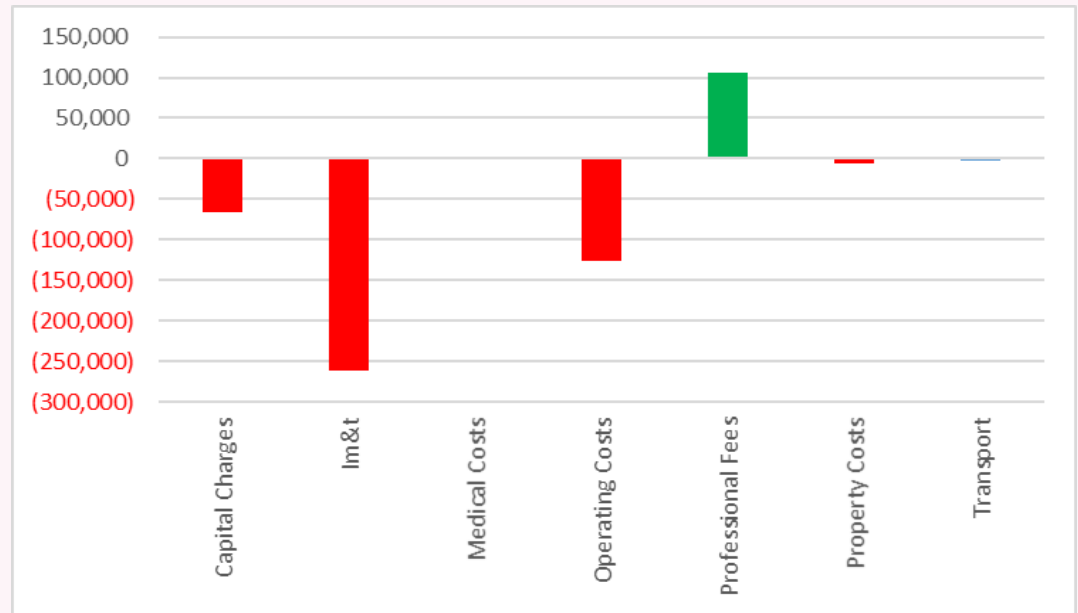


Cost Analysis – Non Pay

NON PAY

- Total pay 2022/23 non pay budget £18.2m
- YTD Budget £5.2m
- YTD Actual £5.6m
- YTD Variance (£0.4m)
- Overspend mainly on call charges within IM&T, but significant pressure building on Language Line
- NHS 24 are in discussion with SG about potential to fund additional Capital Charges

Year to Date Non Pay Variances Per Category



Efficiency Savings

Status of NHS 24 Efficiency Savings Targets

INTERNAL TARGETS

In order to break-even in 2022/23, NHS 24 are required to make savings of £2.6m, which is split into recurring and non recurring savings.

This is based on a 3% percentage of baseline funding.

NATIONAL BOARDS TARGET

In addition to the savings target, NHS 24 also has to contribute to the £15m savings target split between National Health Boards. NHS 24's share is just over £1m and plans are in place to achieve this target.

NON RECURRING

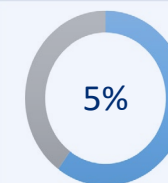
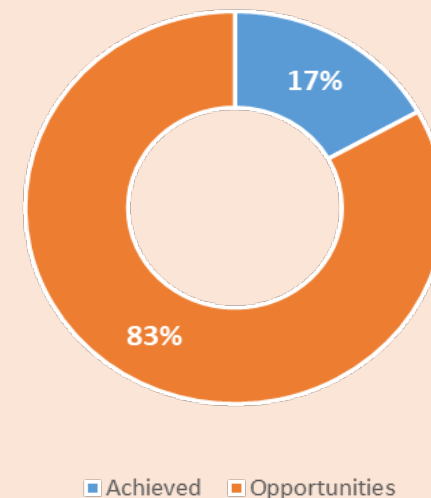
Although there are no savings showing as achieved against non recurring savings, there are significant vacancy savings on pay costs.

Once these have been taken to savings, this will significantly increase the amount in achieved non recurring savings.

PROGRESS AGAINST 2022/23 INTERNAL TARGETS

Savings Target	Recurring 1,276,000	Non Recurring 1,354,000
Achieved		
Service Development Secondments	262,000	
BT CCMT Contract Reduction	182,000	
Total Achieved	444,000	-
Opportunities		
N3 licences to IP Connect	125,000	
Joint HoC Position	100,000	
SWAN Newcastle Circuits	6,000	
Cardonald LED Lighting	40,000	
Blackberry UEM Licences	52,000	
Sugar Licences	22,000	
Wellbeing Managers	325,000	
Service Delivery Vacancies	133,000	
Occupational Health SLA	29,000	
Vacancy Factor		1,354,000
Total Opportunities	832,000	1,354,000
Savings to Find	-	-

PROGRESS AGAINST INTERNAL TARGETS



Potential Increase

Funding across NHS Scotland is forecast to be challenging in 2022/23. If Agenda for Change is not fully funded, this could increase our savings target to 5%, which would add another £1.7m to the target.

Finance Plan Update

Status of finance plan as a result of recurring efficiency savings

INVESTMENTS

The recurring savings that are made each financial year are used to invest in new recurring expenditure.

UNAVOIDABLE COSTS

Each year there are known costs, such as increments, where NHS 24 does not get additional funding for, yet still has to fund. These costs will be the first to be funded from the recurring funding generated from savings.

REMAINING FUNDING

Once the unavoidable costs have been funded, any remaining funding will be available to fund recurring NHS 24 priorities which have been identified through the SPRA process.

PROGRESS AGAINST 2022/23 INTERNAL TARGETS

Item	Amount (£)
Savings Achieved	444,000
Opportunities for savings	832,000
Recurring funding available	1,276,000
Items needing recurring funding	
Increase in expenditure above income uplift	808,124
111 Maintenance Contract	143,676
Enterprise Architecture Tool	16,200
Total already committed	968,000
Potential available towards Shift Review	308,000

2021/22 SPRA

The outcome of the 2021/22 SPRA was that any funding remaining after unavoidable costs in 2022/23, would go towards funding the shift review.

At this stage the shift review is estimated to cost £1.3m on a recurring basis.

PROGRESS TOWARDS FUNDING SHIFT REVIEW

