

**SPRA PROCESS UPDATE**

<b>Executive Sponsor:</b>	Interim Director of Finance
<b>Lead Officer/Author:</b>	Interim Director of Finance
<b>Action Required</b>	The report is presented to the Board for assurance.
<b>Key Points for this Committee to consider</b>	<ul style="list-style-type: none"> <li>• First meeting of the SPRA process this financial year was held in October 2020.</li> <li>• This highlighted that Directorates are likely to underspend by £0.8m this financial year.</li> <li>• A number of one off investment opportunities have been reviewed and it is anticipated that £0.3m of spend will be incurred in the latter half of the year on areas that will improve efficiency going forward.</li> <li>• The estimated £0.5m underspend shall be used as a Covid-19 offset as the Board is tasked with identifying internal underspends to help the Covid-19 position, resulting in a breakeven position.</li> <li>• There is still uncertainty over the anticipated allocations that are awaited. Once this has been resolved we will have more certainty around our financial position and any options available to us.</li> <li>• In terms of 2021/22 planning, Directorates have been pulling together their proposed investment and savings opportunities for consideration.</li> </ul>
<b>Governance process</b>	This paper has been presented to EMT and the Planning & Performance Committee.
<b>Strategic alignment and link to overarching NHS Scotland priorities and strategies</b>	This paper demonstrates progress against the NHS 24 organisational priority of meeting its financial targets and delivering best value through resource allocation.
<b>Key Risks</b>	The key operational risk related to achieving in-year financial balance and maximising our use of funds while Anticipated Allocations funding remain outstanding.
<b>Financial Implications</b>	The paper details the potential financial position of NHS 24 and is for assurance.
<b>Equality and Diversity</b>	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 Committee members are asked to take assurance from this report that we have sufficient processes in place for forecasting in-year spend and taking into account strategic priorities for the 2021/22 finance plan.

## 2. SPRA PROCESS – 2020/21

- 2.1 The first SPRA meeting of the year took place in October. Directorate year end forecasts were produced, based on month 6 results. These showed a potential underspend across Directorates of £0.8m.

Directorate	YTD Position M06 (£)	Year End Forecast (£)
Service Development	90,000	211,000
Service Delivery	94,000	94,000
Medical	30,000	63,000
Nursing	40,000	12,000
IT	(1,000)	257,000
Workforce	54,000	80,000
Finance, Board & CE	(59,000)	75,000
Communications	0	1,000
<b>Directorates</b>	<b>248,000</b>	<b>793,000</b>
Covid-19	(248,000)	(496,000)
<b>TOTAL</b>	<b>0</b>	<b>297,000</b>

- 2.2 Some areas of potential investment have been raised and are currently being reviewed. The impact of Covid-19 on the public purse is recognised so only spend that will help have a longer term impact on the organisation are being considered. These relate to invest to save items such as reviewing automation; staff development; and enhancements to our IT testing. These costs will all be met within each areas current budget, reducing the forecast underspend to £0.5m. In overall terms we will still be reporting a breakeven position but reporting £0.5m in our LMP submission as an internal offset this year towards Covid-19.

- 2.3 A review of in-year risks has identified the following:

- We are currently waiting on £7m of anticipated allocations to come in. If some of these are not received that could materially impact on our financial position.
- What if RUC/Covid costs come in higher/lower than agreed levels?
- If our Directorate forecasting is wrong and we over/under estimated our position, for example, if we have not accounted for all potential costs.

- 2.4 The following mitigating factors should reduce the risks identified above:

- Anticipated allocation assumptions have been shared with SG finance on a number of occasions and have not been disputed.
- Spend on Covid-19 and RUC are both currently lower than the forecast submitted.

- The forecasting information shall be updated monthly with any variances checked with the relevant teams to assess whether this materially changes the year end forecast.

2.5 If additional slippage is identified as the year progresses the following options shall be reviewed:

- Increase the Covid-19 internal offset value on the LMP return
- Review any additional Invest to Save schemes
- Pay back additional brokerage
- Review our share of the National Board savings target
- Reduce our funding requirement for RUC
- Accelerate Connect phase 1c plans given next year's financial position is likely to be even more challenging than this year nationally.

### **3. SPRA PROCESS – 2021/22**

3.1 Directorates have started highlighting priorities for 2021/22 and are working up plans for discussion at future EMT SPRA meetings. These shall be reviewed and included, where appropriate, in the AOP submission when finalised through the appropriate governance channels.

3.2 A template has been produced for Directorate colleagues to complete in terms of proposed investment and savings plans going forward. This template is currently under review and may change but has been produced to ensure that any plans include consideration of other areas and to ensure the equalities agenda is included.

3.3 The work around our AOP for next year will require to consider our strategy when brokerage repayments end in 2021/22. At present we have the following potential pressures to consider against the funds currently used to repay brokerage:

- Unachieved recurring savings roll forward to 21/22
- Funding Connect Phase 1c and FBC going forward
- Shortfall on uplift on anticipated allocations
- National board savings target