

**NHS 24
BOARD**

**18 JUNE 2020
ITEM NO 11.1
FOR ASSURANCE**

FINANCIAL PERFORMANCE REPORT TO 31 MAY 2020

Executive Sponsor:	Director of Finance
Lead Officer/Author:	Director of Finance
Action Required	The report is presented to the NHS 24 Board for assurance.
Key Points	<p>2020/21</p> <ul style="list-style-type: none">• NHS 24 is reporting a YTD overspend of £1.36 million• Covid-19 related costs incurred total £1.35m• As such, the underlying position is a small overspend of £0.01m, on the expectation that Covid-19 spend is funded via the Local Mobilisation Plan• The out-turn position includes Savings and Brokerage targets• There is a risk that not all expected funding will be received due to the financial pressures caused by Covid-19 <p>2019/20</p> <ul style="list-style-type: none">• Annual Accounts going to plan with expectation of achievement of financial targets
Date presented to EMT and relevant Committee	The report has been presented to the June EMT.
Summary of key discussion points/actions arising from respective Committees	Covid-19 Local Mobilisation Plan has been submitted to SGHD along with NHS 24's approval tracker. Work is underway to reassess the AOP assumptions in light of Covid-19 and the Respond, Recover, Renewal plan.
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 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 May 2020.

2. INTRODUCTION

- 2.1 The impact of Covid-19 continues to provide uncertainty over the financial position. The Scottish Government have provided assurance that funding will be made available to combat Covid-19, however this shall not be in place for month 2 accounts and requires to be considered nationally in terms of total spend versus total funding available. In addition, a number of specific developments in the AOP have been impacted on by Covid-19 and discussion is taking place with SGHD sponsors on the funding of these items.
- 2.2 The year to date position at the end of May 2020 shows an overspend position of £1.36m. Covid-19 accounts for £1.35m of this. As a result, if Covid-19 is fully funded then the year to date position is a small overspend of £0.01m. This is on trend with expectations and includes phasing in the savings and brokerage targets. It is early in the year to be forecasting the year end position with great certainty, however, at this stage assurance can be given that, Covid-19 aside, the figures are in line with AOP expectations.
- 2.3 The forecast impact of Covid in 2020-21 has been provided to Scottish Government Health Department via the Local Mobilisation Plan submission. This is updated weekly after the Immobilisation Management Team meetings. Submission of plans to SGHD have moved from weekly to monthly to allow time to monitor the position locally and inform SGHD of any material movement in between times.
- 2.4 There is confidence that the internal processes to approve and monitor Covid-19 spend are reasonable, however, to give assurance the following is currently being put in place:
- Peer review amongst the National Boards.
 - Agreement via Internal Audit to revise this year's Audit Plan and utilise some days to review the Covid-19 processes.

3. FINANCIAL YEAR 2019/20

- 3.1 The annual accounts in relation to financial year 2019/20 are currently being prepared. The provisional figures indicate that NHS 24 achieved all of its financial objectives.
- 3.2 The Revenue Resource Limit for 2019/20 was £70.994m. Actual expenditure of £70.896m resulted in a slight underspend of £0.098m which will be carried forward into 2020/21.

- 3.3 In 2019/20, NHS 24 increased its brokerage payment to the Scottish Government from the expected £5.037m to 6.415m. This is detailed further below.
- 3.4 The Capital Resource Limit (CRL) for 2019/20 was £0.401m. A break-even position on CRL was achieved as expenditure was also £0.401m.

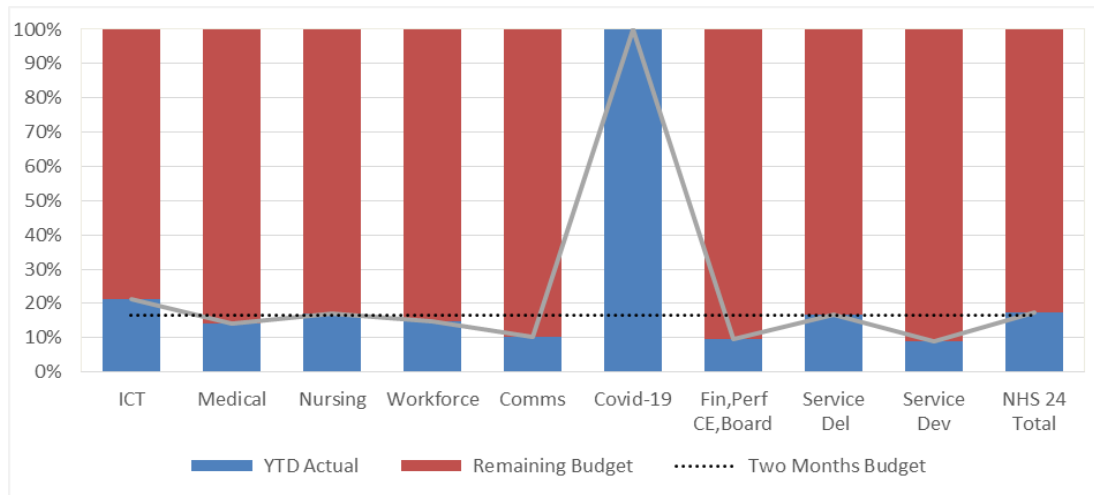
4. REVENUE RESOURCE LIMIT 2020/21

- 4.1 The full year revenue resource limit for financial year 2020/21 is anticipated to be £82.5m (2019/20 - £70.9m). This equates to £72.7m of baseline allocation and £9.8m in anticipated allocations. In addition to the £82.5m funding, there is an expectation that projected net expenditure of £10.0m in relation to Covid-19 costs will be fully funded. Discussions are also being held with the Scottish Government about further funding in relation to the Estates Strategy.
- 4.2 The year to date (YTD) budget is currently £12.8m. Spend at month 2 is £14.16m resulting in a £1.36m overspend at this point of the year, of which £1.35m relates to Covid-19.

	Full Year Budget 2019/20 £m	Budget to 31 May £m	Expend to 31 May £m	Variance to 31 May (Over) / Under £m
Revenue Resource Limit	82.5	12.80	14.16	1.36

- 4.3 The summarised directorate financial position for the year is shown below. The graph shows the spend to date (blue) as a percentage of the annual budget (red). The dotted line then compares this with two twelfths of the annual budget. It shows that ICT spend is running ahead of a pro rata budget while other areas are running equal to or below. Further work shall take place with the ICT team to review the phasing of spend and annual budget in line with plans.

Spend as a % of Annual Budget by Directorate at 31 May 2020



5. CAPITAL RESOURCE LIMIT

- 5.1 The capital plan for 2020/21 currently consists of the NHS 24 formula capital allocation, totalling £0.269 million plus specific project funding identified in the AOP in relation to Clydebank property relocation of £1.5m.
- 5.2 The capital allocations are anticipated to be used in full this financial year.
- 5.3 Additional funding of £0.4m has been requested in relation to the Estates Strategy and is currently being discussed with our sponsor. Further funding may be required to support the implementation of the IT strategy.

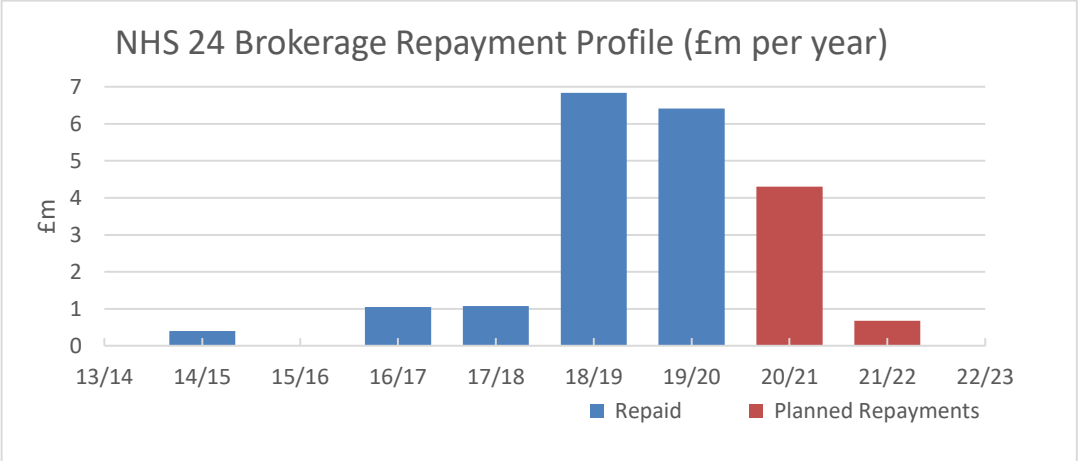
6. EFFICIENCY SAVINGS

- 6.1 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 £2.1 million (3.0%).
- 6.2 For 2020/21 a non-recurrent savings target of approximately 3% pay was added to each Directorate. This means the 2020/21 savings are already factored into the budgets for each area but on a non-recurrent basis. The forecast breakeven spend factors in that each Directorate has a clear savings target for the year that has to be met.
- 6.3 The largest savings target relates to Service Delivery (88% of total target) and at month 2 this Directorate has achieved a breakeven position, excluding Covid-19 spend.

6.4 In addition to the above savings target, the National Health Boards contribute towards 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 expected to be £0.55 million. A recurring deduction of £0.24m has already been made to the baseline funding. A further payment of £0.31m is expected to be made during 2020/21.

7. REPAYMENT OF BROKERAGE

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



7.2 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 was for £5.037 million being repaid in 2019/20, however due to a favourable financial position, this was increased to £6.415m.

7.3 NHS 24 is expecting to repay a further £4.302m in brokerage during financial year 2020/21, subject to uncertainties around Covid-19. This will leave a remaining balance of £0.679m to be paid in financial year 2021/22.