

**FINANCIAL PERFORMANCE REPORT TO 31 OCTOBER 2020**

<b>Executive Sponsor:</b>	Interim Director of Finance
<b>Lead Officer/Author:</b>	Head of Financial Planning and Reporting
<b>Action Required</b>	The report is presented to the Board for assurance.
<b>Key Points for this Committee to consider</b>	<p>This paper informs the NHS 24 Board of the financial performance for the period 1 April – 31 October 2020.</p> <ul style="list-style-type: none"> <li>• Against the October allocation letter, NHS 24 is reporting a year to date overspend of £3.3m.</li> <li>• 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 7, totals £3.3m. This is deemed low risk.</li> <li>• Covid-19 related expenditure of £5.0m has been incurred year to date and funding has been received, net of any internal offsets NHS 24 can contribute towards this.</li> <li>• As such, the ledger is currently reporting a breakeven position.</li> <li>• The full year forecast is assuming a breakeven position. This assumes that SGHSCD will fund the outstanding anticipated allocations.</li> <li>• Discussions continue with SGHSCD about additional allocations and they are committed to progressing these as soon as possible.</li> </ul>
<b>Governance process</b>	This presents the October 2020 Finance report which has been presented to EMT.
<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 while Anticipated Allocations funding remain outstanding.
<b>Financial Implications</b>	The paper details the 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.
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## **1. RECOMMENDATION**

- 1.1 The EMT is asked to review and take assurance from this report on the NHS 24 financial performance at 31 October 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 October 2020.

## **3. REVENUE RESOURCE LIMIT**

- 3.1 In relation to the revenue resource limit, NHS 24 is overspent by £3.3 million at October 2020 against its SGHSCD allocation letter.
- 3.2 This overspend is offset by anticipated allocations to give a reported ledger underspend of £1k at month 7.
- 3.3 As NHS 24 has received indicative confirmation for Mental Health funding 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.
- 3.4 Year to date Covid-19 related expenditure is £5.0m. The Scottish Government released partial funding for Covid-19 expenditure in September. The funding related to all of the costs incurred during the period April – June and 70% of the anticipated costs for the remainder of the financial year with a review in January to agree the year end requirement. The amount received is sufficient to cover expenditure to date. Funding has been received in full for the Redesign of Urgent Care forecast.
- 3.5 There has been an increase in the underlying underspend during the month from £248k in September to £307k in October. It is anticipated that this will increase to £496k by the year-end and currently shows as an offset against Covid-19 expenditure.
- 3.6 The anticipated full year budget is expected to be £92.7 million. This is baseline funding plus anticipated allocations less agreed brokerage, National

Boards Saving contributions for 2020/21, and slippage on ring fenced allocations.

3.7 NHS 24 cannot currently forecast a breakeven position for the financial year 2020/21 while there is uncertainty around whether all anticipated allocations will be 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.

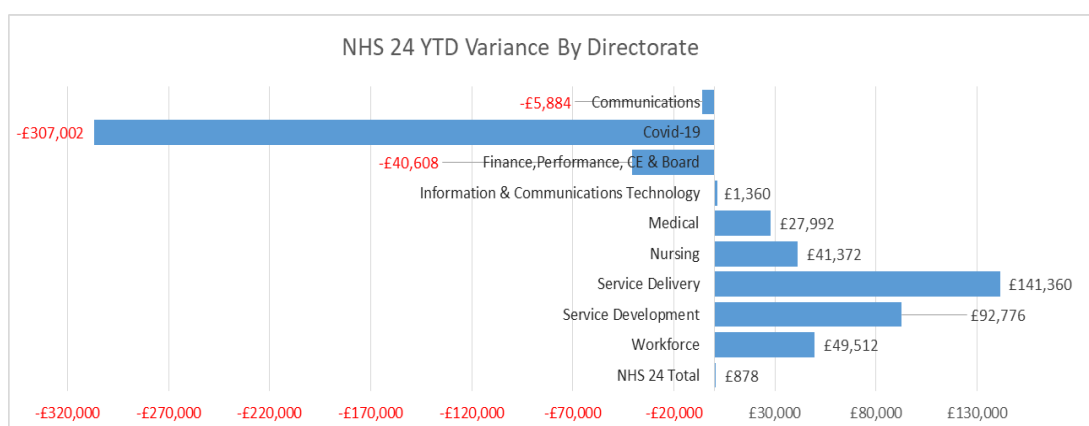
3.8 Summary position:

	Full Year Budget 2020/21 £m	Budget to 31 Oct £m	Expend to 31 Oct £m	Variance to 31 Oct (Over) / Under £m
RRL (exc Covid/RUC)	£78.6	£39.8	£39.5	£0.3
Covid-19	£7.1	£4.7	£5.0	(£0.3)
Remobilisation (RUC)	£10.0	£0.1	£0.1	-
<b>RRL letter</b>	<b>£95.7</b>	<b>£44.6</b>	<b>£44.6</b>	<b>(£0.0)</b>
Savings Allocation	(£0.3)			-
Brokerage Allocation	(£4.3)			-
Antic'd Allocations	£7.3	£3.3	£3.3	-
Allocation Slippage	(£5.7)			-
<b>Financial Position</b>	<b>£92.7</b>	<b>£47.9</b>	<b>£47.9</b>	<b>(£0.0)</b>

3.9 The Year to Date position shows an underspend in pays due to vacancies, and a small underspend in goods and services. The pays underspend includes the phasing in of savings targets of £1.56m to date.

Type	Ann Bud £'m	YTD Bud £'m	YTD Act £'m	YTD Var £'m
Income	(£92.7)	(£47.9)	(£47.9)	£0.0
Pay	£61.4	£33.7	£33.5	£0.2
Non Pay	£18.0	£9.3	£9.2	£0.1
<b>Total</b>	<b>(£13.3)</b>	<b>(£4.8)</b>	<b>(£5.1)</b>	<b>£0.3</b>
Covid-19	£6.3	£4.7	£5.0	(£0.3)
Remobilisation	£7.0	£0.1	£0.1	-
<b>Grand Total</b>	<b>£0.0</b>	<b>£0.0</b>	<b>£0.0</b>	<b>£0.0</b>

3.10 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. Communications department incurred a backdated charge this month which moved them into an overspend, it is anticipated this will correct itself as the year progresses.

The YTD underspend in NHS 24 of £307k is offset against Covid expenditure to result in an overall balanced YTD position.

3.11 The movement by Directorate per month is as follows:

Directorate	M7	M6	Movement
Communications	-5,884	341	-6,225
Covid-19	-307,002	-248,003	-58,999
Finance, Performance, CE, Board	-40,608	-59,181	18,573
ICT	1,360	-732	2,092
Medical	27,992	29,712	-1,720
Nursing	41,372	39,990	1,382
Service Delivery	141,360	94,849	46,511
Service Development	92,776	89,732	3,044
Workforce	49,512	54,018	-4,506
<b>Total</b>	<b>878</b>	<b>726</b>	<b>152</b>

The movement of £59k in the Covid-19 cost centre represents the offset against the increase in underlying underspend in NHS 24.

#### 4. ADDITIONAL ALLOCATIONS

4.1 NHS 24 engage frequently with SG Sponsors and SGHSCD Finance with a view to securing all expected additional allocations. The following table shows the breakdown of the anticipated allocations currently under discussion with SGHSCD colleagues:

<b>Description</b>	<b>Anticipated Funding</b>
Mental Health Allocations	£3,775,000
Covid-19	- £130,391
Redesign of Urgent Care	- £3,000,000
AHP/MSK rollout	£565,000
Primary Care Projects (PCDS)	£91,500
Public Holiday - add'l May	£105,317
Carry Forward from 19/20	£98,000
Supporting better value healthcare	£40,000
Brokerage	- £4,302,000
National Boards Savings Target	- £310,000
<b>TOTAL ANTICIPATED ALLOCATIONS</b>	<b>- £3,067,574</b>

It should be noted that NHS 24 are now in a position where the net effect is a pass back of funds (£3m). The main positive funding allocations required relate to Mental Health and MSK. These are offset by the repayment of brokerage and national savings target negative allocations. The redesign of urgent care is anticipated to cost less than first forecast so some funds are anticipated to be passed back.

## **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. Most of the expenditure incurred was outwith the normal budget that NHS 24 was expected to work within.
- 5.2 Internal procedures were implemented to ensure appropriate governance was achieved in every decision and these processes were recently validated in an Internal Audit report on governance arrangements during Covid-19.
- 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. To date, NHS 24 has incurred £5.0m of spend and is expected to incur a total of £8.3m for financial year 2020/21. In addition to Covid-19 expenditure, a further £7.0m 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 internal offsets, is £13.3m.

5.5 The breakdown of Covid-19 expenditure is as follows:

<b>Staff Category</b>	<b>YTD Costs (£)</b>	<b>Forecast Costs (£)</b>
Call Operators	1,697,457	2,289,117
Clinical Supervisors	808,979	1,013,840
Dental Support	-	209,870
Others	162,361	162,361
<b>Total Staffing</b>	<b>2,668,797</b>	<b>3,675,188</b>
<b>Non Staff Category</b>		
Coronavirus Helpline	1,092,842	1,915,422
Increased 111 Volumes	151,312	431,012
Other IT Costs	248,744	735,801
Estates Costs	718,433	1,411,728
Other Costs	88,957	88,957
<b>Total Non Staff Costs</b>	<b>2,300,288</b>	<b>4,582,920</b>
<b>TOTAL COVID-19 COSTS</b>	<b>4,969,085</b>	<b>8,258,108</b>
Remobilisation Costs	53,462	7,000,000
Forecast Savings	307,000	496,000
Additional Funding	-	1,424,500
<b>TOTAL FUNDING REQUIRED</b>	<b>4,715,547</b>	<b>13,337,608</b>

## 6. CAPITAL RESOURCE LIMIT

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

	<b>Full Year Budget 2020/21 £m</b>	<b>Budget to 31 Oct £m</b>	<b>Expend to 31 Oct £m</b>	<b>Variance to 31 Oct (Over) / Under £m</b>
<b>Capital Resource Limit</b>	0.77	0.18	0.18	(0.00)

6.2 The capital plan for 2020/21 currently consists of the NHS 24 formula capital allocation, totalling £0.27 million, plus £0.5 million for Estates as a result of Covid-19.

6.3 In addition, the £1.5m capital funding approved in our estates strategy has still to be received.

## 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	1,564	Low

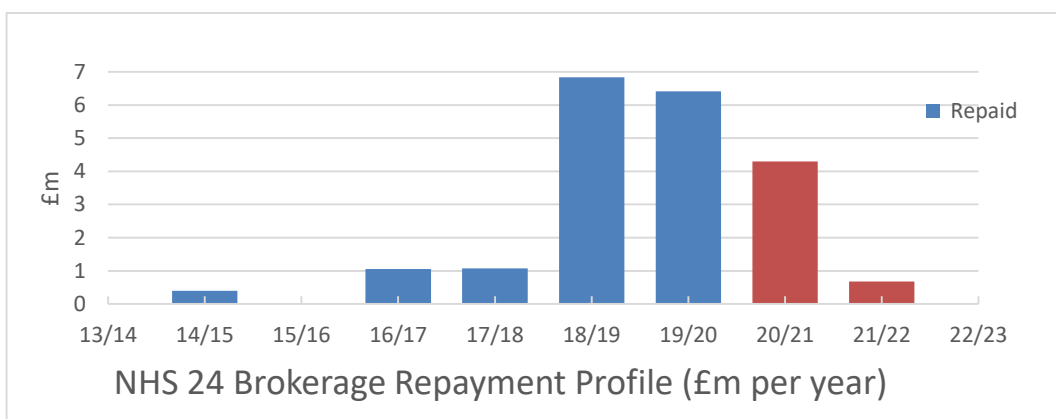
7.2 For 2020/21, each Directorate has been given a savings target against their pays budget. This means the 2020/21 savings are already factored into the budgets for each area. The forecast break even spend factors in that each Directorate has a clear savings target for the year that has to be met.

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.

## 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.



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.