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|---|--|---|--|
| NHS 24 BOARD MEETING | | 21 DECEMBER 2023 ITEM NO 10.2 FOR ASSURANCE | |
| M07 – FINANCE REPORT | | | |
| Executive Sponsor: | | John Gebbie, Director of Finance | |
| Lead Officer/Author: | | Neil Logan, Head of Financial Planning and Reporting | |
| Action Required | | The Board is asked to take assurance from the M07 Finance Report which shows the financial position of NHS 24 as at 31 October 2023. | |
| Key Points for this Committee to consider | | This paper shows a breakeven financial position year to date. This assumes all anticipated allocations are received. Savings plans are on target. | |
| Governance process | | Financial updates are given to EMT, the Planning & Performance Committee, and the Board. | |
| Strategic alignment and link to overarching NHS Scotland priorities and strategies | | This paper demonstrates how NHS 24 is on track to meet its statutory financial goals. | |
| Key Risks | | There is a risk that anticipated allocations are not fully received and that savings are not achieved, however, these are deemed low risk based on regular discussions with Sponsor Team colleagues and regular monitoring of savings programmes. | |
| Financial Implications | | This paper details the financial position of NHS 24 and that it is on track to meet its financial objectives for 2023/24. | |
| Equality and Diversity | | The services NHS 24 provide is in line with its operating plan 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 7

April 2023 – October 2023

Finance Report – Main Points

• External Factors

- Scottish Government (SG) has indicated funding across NHS Scotland will again be challenging in 2023/24.
- As a result, NHS 24 have been asked to contribute additional efficiencies in 2023/24 to help contribute to pressures experienced by NHS services across Scotland.
- Funding letters for 2023/24 to date have included £91.5m of recurring and £1.7m of non recurring funding.
- Total funding for 2023/24 is expected to be £113.4m and the Finance team are working closely with SG to secure the remaining funding as early as possible.

• Internal Factors

- NHS 24 is showing a slight underspend of £114k against its Year To Date budget.
- £174k underspend in salaries due to vacancies.
- £60k overspend in non pay mainly due to increased estates service costs and legal fees.
- Efficiency savings are currently ahead of schedule with 68% of savings achieved year to date.
- Opportunities to meet the remaining 32% of 2023/24 savings have been identified and are being progressed.

Month 7 Financial Overview



Key NHS 24 financial information

Revenue Position **£0.114m underspend**

Capital Expenditure **£0.202m**

Efficiency Savings Achieved **£2.37m**

Key Points

Financial Position

- Full year allocation is expected to be £113.4m
- NHS 24 is showing a slight underspend year to date position.
- Funding position across NHS Scotland expected to remain extremely challenging going forward.
- NHS 24 asked to make further financial contribution of £2m in 2023/24 to help national delivery of NHS services.

Capital Expenditure

- Funding of £0.269m anticipated as part of SG Capital Formula Allocation
- Further £0.2m included within high level plan to SG

Efficiency Savings

- The regular efficiency target for 2023/24 is currently £3.49m, with £2.37m achieved year to date.
- Opportunities to achieve the full £3.49m of efficiency savings have been identified and are being worked through.

Month 7 Financial Position



NHS 24 financial information – Main Categories

Pay £0.17m underspend

Non Pay £0.06m overspend

Efficiency Savings £0.0m breakeven

Capital expenditure £0.0m breakeven

Key Points

Pay

- Underspent due to vacancies
- Vacancies have supported the savings position in year on a non recurring basis.

Non Pay

- Pressure in non pay mainly relates to legal costs and estates support costs.

Efficiency Savings

- 68% of the required efficiencies programme has been met with plans for the remaining 32% developed & progressing.

Capital

- £0.202m of expenditure incurred against the planned £0.469m funding.

Revenue position as at 31 October 2023

| Type | Annual Budget (£m) | YTD Budget (£m) | YTD Actual (£m) | YTD Variance (£m) |
|-------------------|--------------------|-----------------|-----------------|-------------------|
| Income | £113.42 | £62.71 | £62.71 | £0.00 |
| Pay | £92.05 | £50.50 | £50.32 | £0.17 |
| Non Pay | £22.48 | £12.21 | £12.27 | (£0.06) |
| Remaining Savings | (£1.12) | £0.00 | £0.00 | £0.00 |
| Total | £0.00 | £0.00 | £0.11 | £0.11 |

Allocations

Forecast RRL

£113.4m

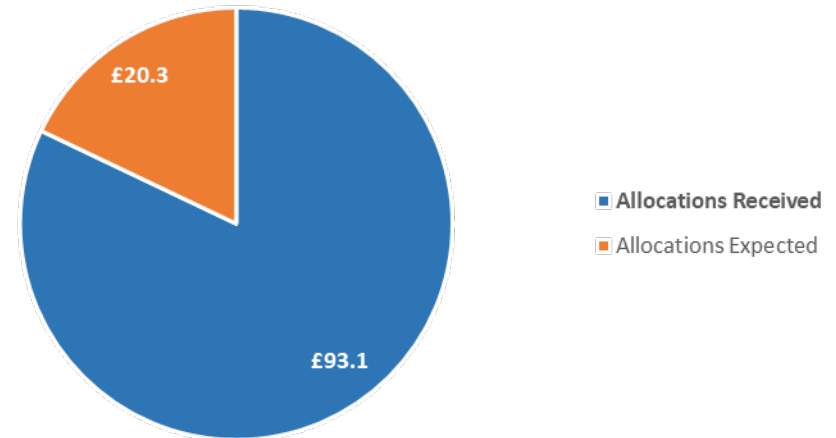
Received to Date

£93.1m

Anticipated

£20.3m

Allocation Status £m



| Description | Budget (£) |
|---|--------------------|
| Initial Baseline Allocation | 83,173,500 |
| Baseline Uplift - Letter | 1,762,500 |
| Baseline Uplift - Agenda for Change 22/23 | 5,000,000 |
| Pay Award 2023-24 | 1,442,000 |
| Pay Award 2023-24 - One off payments | 843,000 |
| SARCS | 465,297 |
| ICT - eHealth Allocation | 125,011 |
| Easter & Winter Marketing | 84,700 |
| Realistic Medicine | 50,000 |
| Implement Health & Social Care | 42,758 |
| Excellence in Care & Audiology | 42,930 |
| Surviving Suicidal Thoughts | 40,500 |
| Lead AHP | 23,040 |
| Sexual Health & BBV Tranche 1 | 14,530 |
| Open University | 10,000 |
| Allocations Received Per Oct Allocation Letter | 93,119,766 |
| RUC | 13,083,187 |
| Mental Health cCBT | 470,000 |
| Mental Health Hub | 5,989,308 |
| Enhanced Pathway | 1,368,555 |
| 2022/23 Underspend c/f | 795,000 |
| PCDS | 75,000 |
| Anticipated additional depreciation | 397,086 |
| Medical Pay Award | 32,000 |
| Open University | 10,000 |
| Additional Savings Target | (600,000) |
| Tech Refresh Saving | (600,000) |
| Carry Forward Reduction | (800,000) |
| Sexual Health & BBV Remainder | 45,470 |
| Vaccine Funding | 35,000 |
| Total Additional Allocations to be Received | 20,300,606 |
| Anticipated Funding as at 31 October 2023 | 113,420,372 |

Allocation Letter

Allocation letters received to date for 2023/24 have contained the Baseline funding for 2023/24 and the pay award uplifts for 2022/23 and 2023/24 for baseline funded staff. The uplift for the one-off Agenda for Change pay awards were also received along with some other small allocations which were expected.

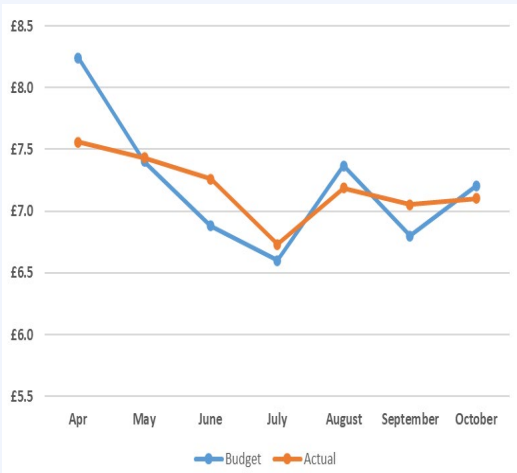
Following discussions with SG, there is a commitment to baseline a proportion of the RUC funding with the remaining balance dependent on progression on recruitment.

Discussions continue on a regular basis to work towards baselining the remaining non-recurring Mental Health funding.

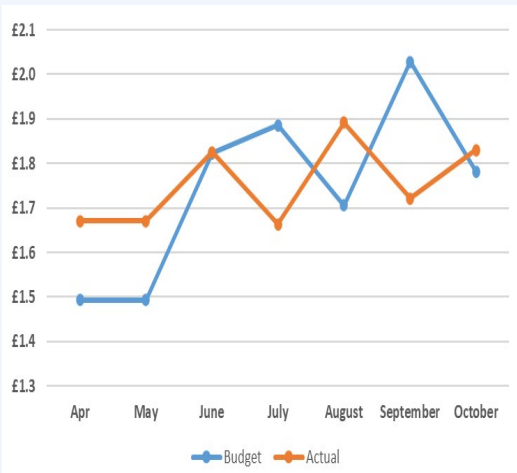
Financial Position



Pay Cost (£m)



Non Pay (£m)

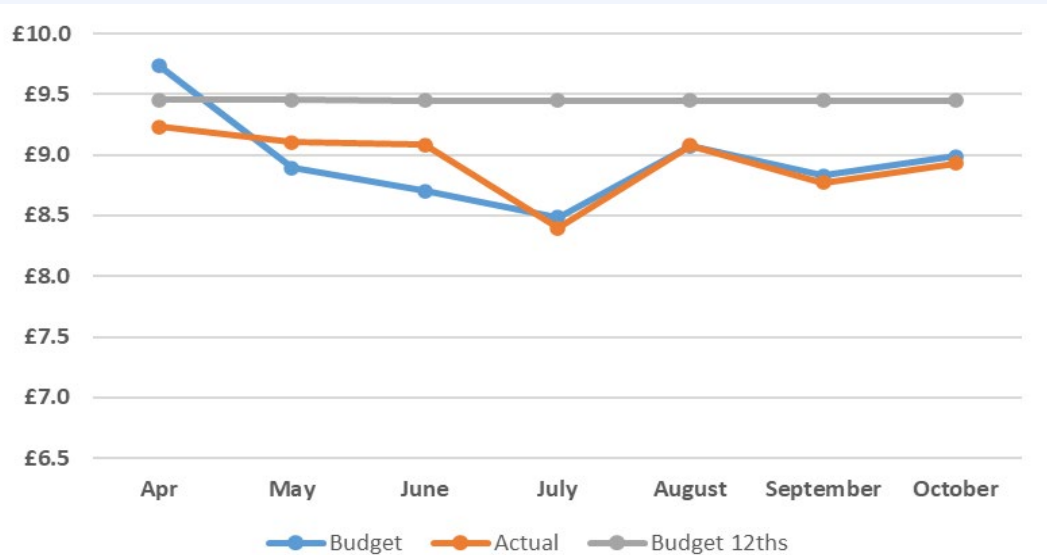


Budget
£62.71m
 % of Full Year 55.3%

Actual Spend
£62.60m
 % of Forecast 55.2%

Underspend
£0.11m
 % of YTD Budget 0.1%

Financial Position (£m)



Financial Position

The financial position shows a slight underspend against the year to date budget. NHS 24 is expected to break-even by the end of the financial year, assuming that all expected allocations are received.

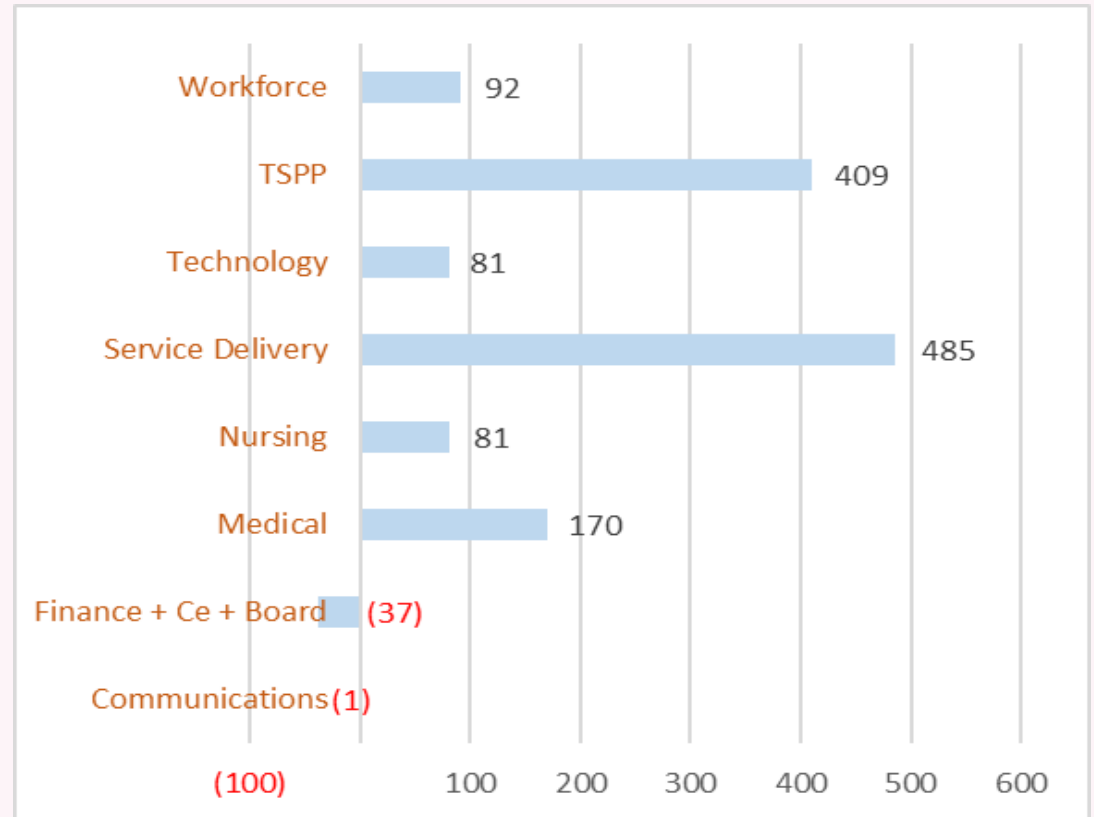
Following the 2023-24 Quarter 1 meeting with SG, NHS 24 was asked to contribute an additional £2m in 2023/24 to support services across NHS Scotland. To date 7/12ths of the £2m has been factored into the financial position.

Financial Position Per Directorate

MAIN POINTS

- The graph shows the year to date variance per directorate. The cumulative year to date underspend of all directorates is offset by the additional contribution to SG in 2023/24, which is not included in the graph.
- Number of vacancies across directorates, attributing to most being underspent.
- The Finance directorate holds the budget for legal costs and estates costs which are currently experiencing a pressure.

Year to Date (April 2023 – October 2023) Variances Per Directorate (£000)



Cost Analysis

PAY

- Total 2023/24 pay budget £92.05m
- YTD Budget £50.5m
- YTD Actual £50.3m
- YTD Variance £0.17m
- Vacancy factor of £0.8m has been factored into pay budgets and comes through the Admin category.

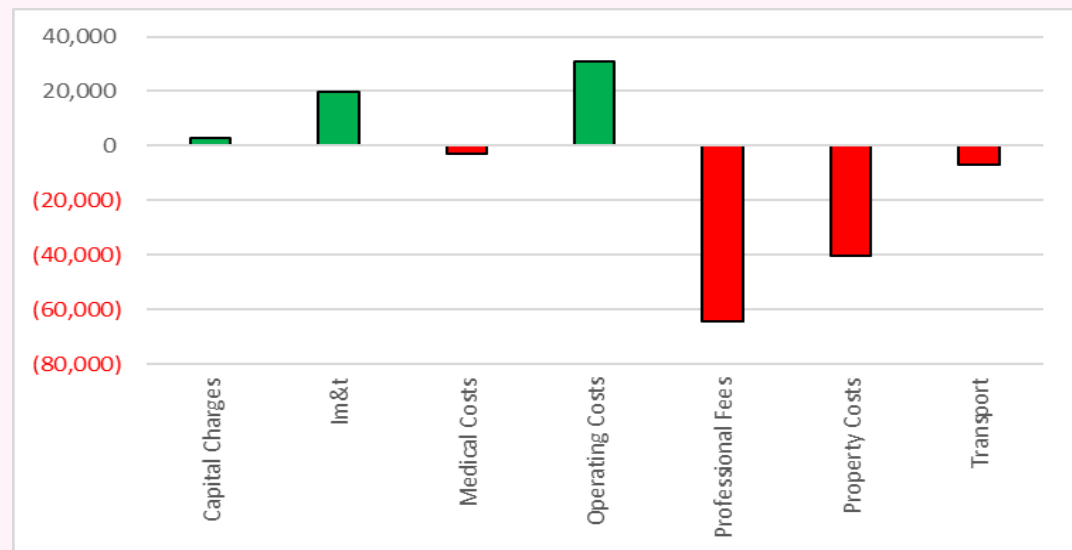
Year to Date Pay Variances Per Staffing Category



NON PAY

- Total 2023/24 non pay budget £22.48m
- YTD Budget £12.21m
- YTD Actual £12.27m
- YTD Variance (£0.06m)
- Cnoris and legal fee increases included in Professional Fees
- Provision was set aside in the Finance Plan for an increase in property costs. Work was conducted to establish the additional requirements based on initial 2023/24 costs and appropriate budget was released. The remaining variance relates to costs above this level which we are currently being reviewed.

Year to Date Non Pay Variances Per Category



Efficiency Savings

INTERNAL TARGETS

In order to break-even in 2023/24, NHS 24 are required to make 3% savings on baseline funding, which is split into recurring and non recurring savings.

PROGRESS AGAINST TARGETS

Significant progress has been made to secure 68% of the required savings for 2023/24. Plans are in progress to secure the remaining 32% in the months ahead.

| | Current Year Effect (CYE) | Full Year Effect (FYE) |
|---------------------------------|------------------------------|---------------------------|
| Savings target per Finance Plan | (2,866,000) | (1,114,000) |
| Additional Target | (624,000) | (683,000) |
| Savings Target | (3,490,000) | (1,797,000) |

Achieved

| | | |
|-------------------------|------------------|------------------|
| Conferencing Facilities | 20,000 | 20,000 |
| CMS Migration | 112,000 | 112,000 |
| Contract Procurement | 51,461 | 51,461 |
| Establishment Control | 180,220 | 180,220 |
| HIS Team Vacancies | 303,082 | 303,082 |
| Leased Car | 7,154 | 7,154 |
| LED Lighting | 50,000 | 50,000 |
| Shift Review Slippage | 204,167 | 0 |
| Vacancy Factor | 817,833 | 0 |
| Service Redesign | 624,000 | 683,000 |
| Total Achieved | 2,369,917 | 1,406,917 |

Outstanding balance

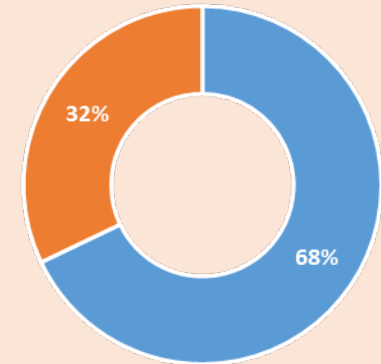
(1,120,083) (390,083)

In progress

| | | |
|-------------------------|---------|---------|
| Tech Refresh | 200,000 | 200,000 |
| Establishment Control | 142,578 | 142,578 |
| Mobile Phones | 12,000 | 16,506 |
| Shift Review Slippage | 162,339 | 0 |
| Hospitality | 8,000 | 10,000 |
| Admin Control | 2,000 | 8,000 |
| Text messaging contract | 9,000 | 13,000 |
| Vacancy Factor | 584,167 | 0 |

(Under)/Over Achievement Savings 0 0

PROGRESS AGAINST EFFICIENCY TARGETS



■ Achieved ■ In Progress

ADDITIONAL SG SAVINGS TARGETS

The funding position for the NHS across Scotland remains extremely challenging for a range of reasons including high inflation. NHS 24 have therefore been asked to support an additional £2m of savings. To date, £1.2m has been factored into the financial position per the table below.

| Target | Full Year | YTD |
|---------------------------------|------------------|------------------|
| Additional Savings Target | 600,000 | 350,000 |
| Tech Refresh Saving | 600,000 | 350,000 |
| Carry Forward Reduction | 800,000 | 466,667 |
| Total Additional Savings | 2,000,000 | 1,166,667 |