

NHS 24 BOARD MEETING		29 FEBRUARY 2024 ITEM NO 10.2 FOR ASSURANCE	
M09 – 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 M09 Finance Report which shows the financial position of NHS 24 as at 31 December 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 9

April 2023 – December 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 £2m funding in 2023/24 to help contribute to pressures experienced by NHS services across Scotland.
- Funding letters for 2023/24 to date have included £102.2m of recurring, which includes £10.7m for RUC, and £1.7m of non recurring funding.
- Total funding for 2023/24 is expected to be £112.9m and the Finance team are working closely with SG to secure the remaining funding as early as possible.

• Internal Factors

- NHS 24 is showing an underspend of £271k against its Year To Date budget.
- £323k underspend in salaries due to vacancies. A portion of the additional £2m savings requested from SG have been taken from savings.
- £52k overspend in non pay mainly due to increased use of legal fees.
- Efficiency savings are currently ahead of schedule with 82% of savings achieved year to date.
- Opportunities to meet the remaining 18% of 2023/24 savings have been identified and are being progressed.

Month 9 Financial Overview



Key NHS 24 financial information

Revenue Position

£0.27m underspend

Capital Expenditure

£0.247m

Efficiency Savings Achieved

£2.88m

Key Points

Financial Position

- Full year allocation is expected to be £112.9m
- NHS 24 is showing a slight underspend year to date position and expected to achieve a £0.5m underspend by year end
- 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 £0.232m of the capital plan is expected to be funded through a revenue to capital transfer

Efficiency Savings

- The regular efficiency target for 2023/24 is currently £3.49m, with £2.88m achieved year to date.
- Opportunities to achieve the full £3.49m of efficiency savings have been identified and are being worked through.

Allocations

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
Exec & Senior Manager Pay Award	35,406
Exec & Senior Manager - One off payments	8,855
Medical Pay Award	32,000
RUC	10,700,000
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
Open University	25,000
Lead AHP	23,040
Sexual Health & BBV Tranche 1	21,795
Allocations Received Per Dec Allocation Letter	103,918,292
RUC	2,282,301
Mental Health cCBT	370,000
Mental Health Hub	5,950,377
Enhanced Pathway	1,331,545
2022/23 Underspend c/f	795,000
PCDS	75,000
Anticipated additional depreciation	397,086
Sexual Health & BBV Remainder	38,205
Revenue to Capital Transfer	(232,000)
Additional Savings Target	(600,000)
Tech Refresh Saving	(600,000)
Carry Forward Reduction	(800,000)
Total Additional Allocations to be Received	9,007,514
Anticipated Funding as at 31 December 2023	112,925,806

Allocations

Forecast RRL

£112.9m

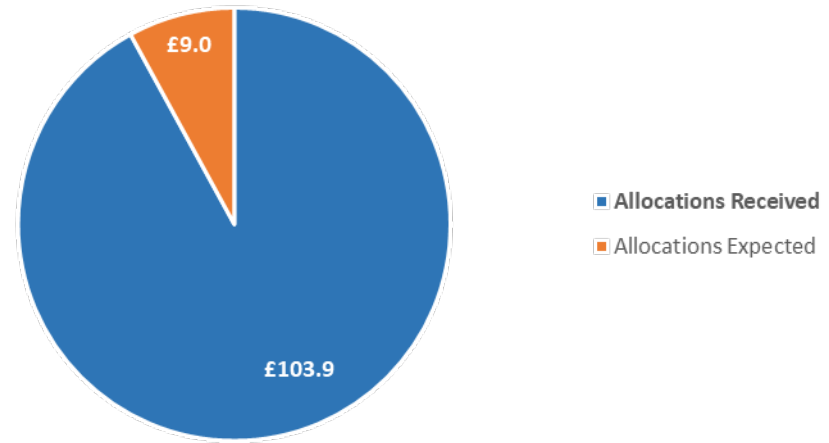
Received to Date

£103.9m

Anticipated

£9.0m

Allocation Status £m



Allocation Letter

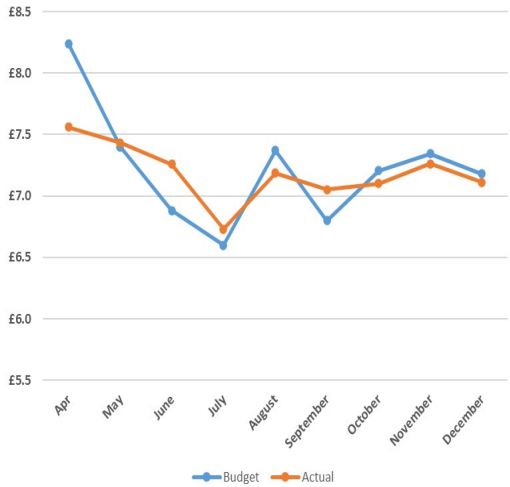
Allocation letters received to date for 2023/24 have contained the Baseline funding for 2023/24 and the pay award uplifts for 2022/23 and 2023/24 for baseline funded staff. The uplift for the one-off Agenda for Change pay awards were also received along with some other small allocations which were expected.

In addition, £10.7m of the £16.7m RUC funding has been added to baseline funding in the November allocation letter. The remaining £6.0m is dependent on progression on recruitment.

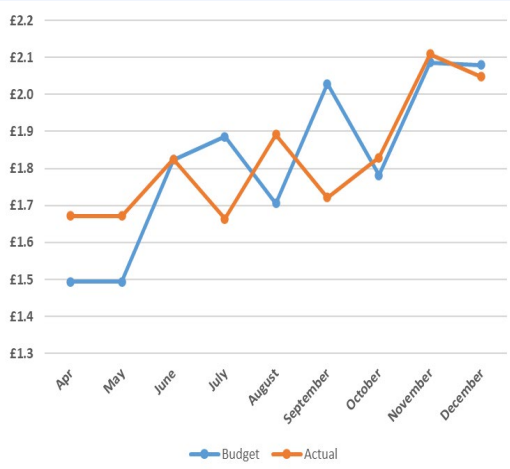
Discussions continue on a regular basis to work towards baselining the remaining non-recurring Mental Health funding.

Financial Position

Pay Cost (£m)



Non Pay (£m)

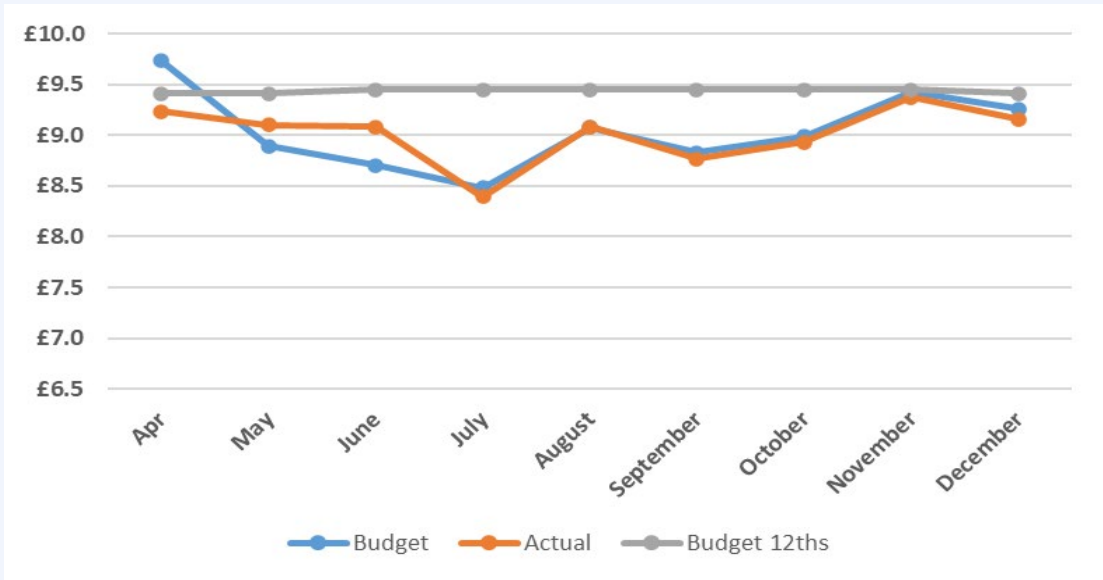


Budget
£81.40m
 % of Full Year 72.1%

Actual Spend
£81.13m
 % of Forecast 71.8%

Underspend
£0.27m
 % of YTD Budget 0.2%

Financial Position (£m)



Financial Position

The financial position shows a slight underspend against the year to date budget. NHS 24 is expected achieve a £0.5m underspend 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, a portion of which has been factored into the financial position.

Month 9 Financial Position



NHS 24 financial information – Main Categories

Pay

£0.32m underspend

Key Points

Pay

- Number of vacancies across NHS 24 remained unfilled
- Savings from vacancies have largely been offset by £1.3m towards the total £2m additional SG contribution request
- Uplift for 2023-24 pay award included in pay budget

Non Pay

£0.05m overspend

Non Pay

- Pressure in non pay mainly relates to legal costs.

Efficiency Savings

£0.0m breakeven

Efficiency Savings

- Efficiency savings have been issued to directorates with 82% of required target met.
- Plans for the remaining 18% have been developed and are being progressed.

Financial position as at 31 December 2023

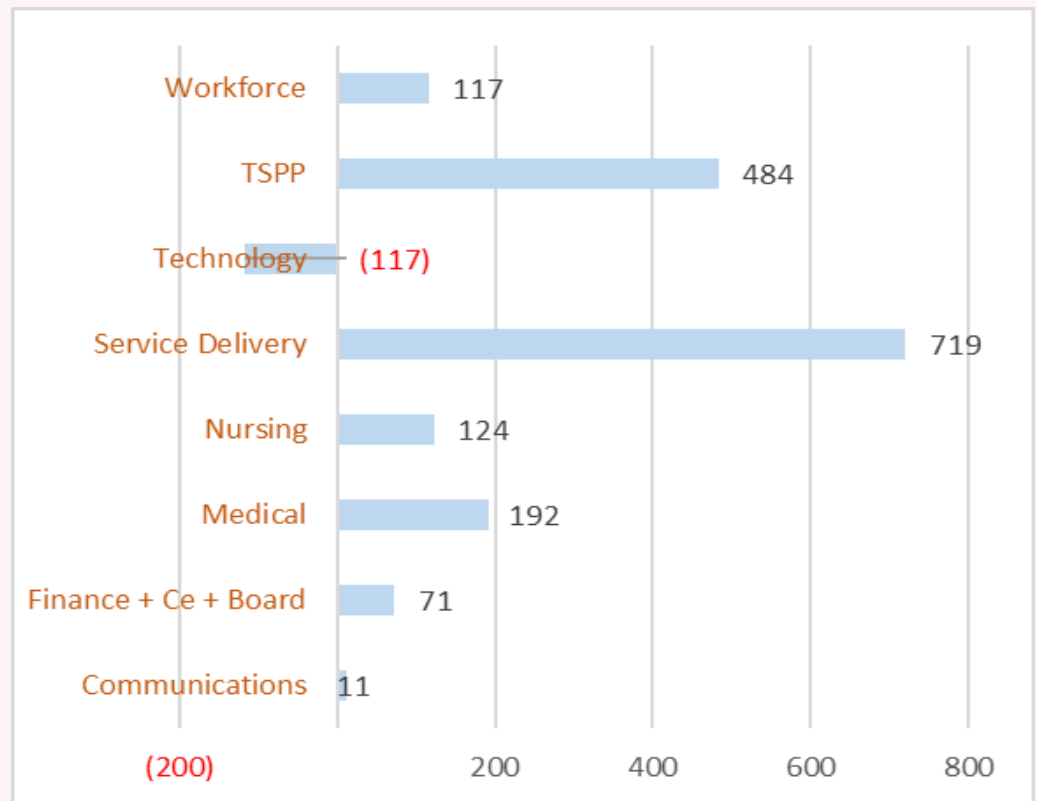
Type	Annual Budget (£m)	YTD Budget (£m)	YTD Actual (£m)	YTD Variance (£m)
Income	£112.93	£81.40	£81.40	£0.00
Pay	£91.60	£65.02	£64.69	£0.32
Non Pay	£21.94	£16.38	£16.43	(£0.05)
Remaining Savings	(£0.61)	£0.00	£0.00	£0.00
Total	£0.00	£0.00	£0.27	£0.27

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.
- Azure cloud costs costing more than budget, contributing to pressure in Technology.

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

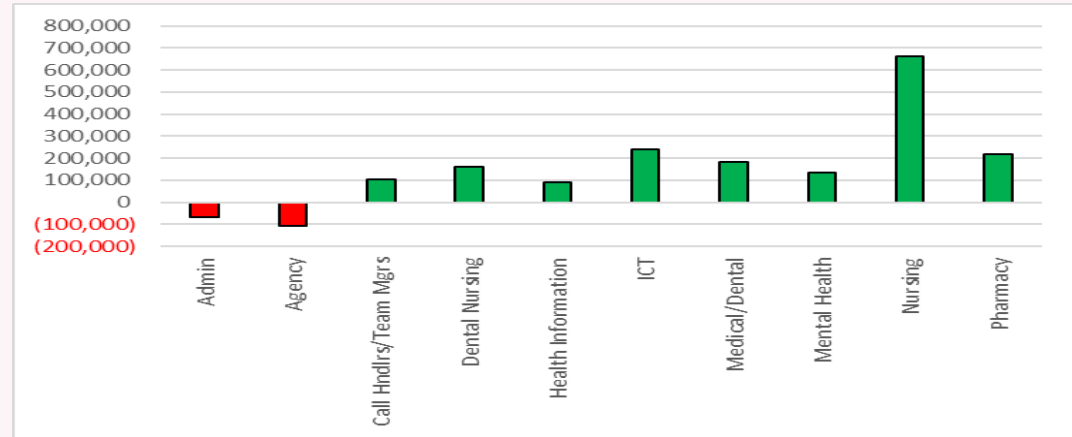


Cost Analysis

PAY

- Total 2023/24 pay budget £91.60m
- YTD Budget £65.02m
- YTD Actual £64.69m
- YTD Variance £0.32m
- Vacancy factor of (£1.2m) has been factored into pay budgets and comes through the Admin category. The YTD £1.3m additional contribution to SG has also been taken from pay savings, but has not been built into this graph. Therefore, the underlying YTD savings due to vacancies is £2.7m.

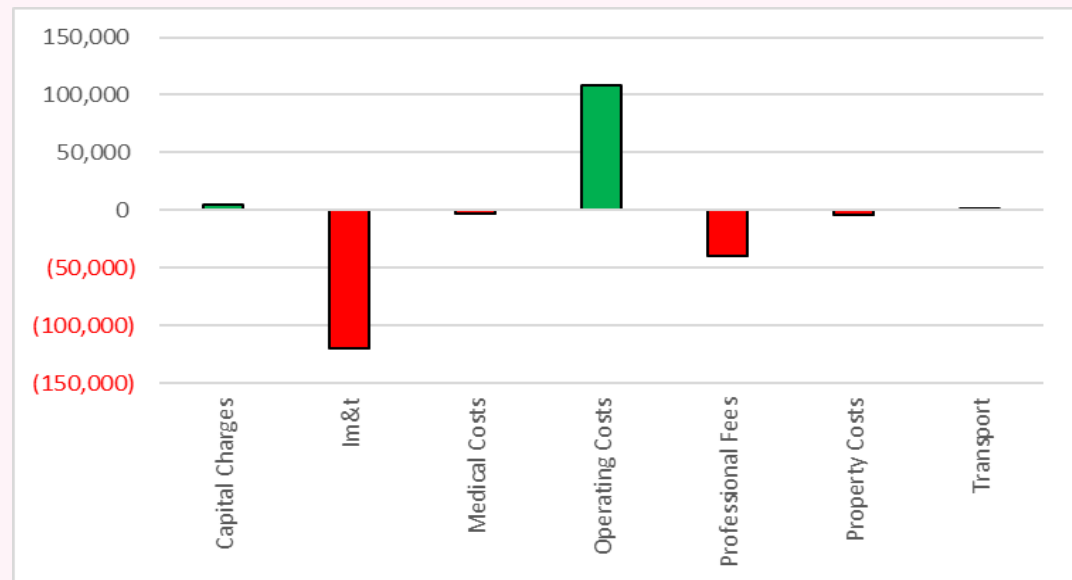
Year to Date Pay Variances Per Staffing Category



NON PAY

- Total 2023/24 non pay budget £21.94m
- YTD Budget £16.38m
- YTD Actual £16.43m
- YTD Variance (£0.05m)
- Cnoris and legal fee increases included in Professional Fees
- Im&t variance due to a number of different small pressures including Cloud hosting costs. Variance less than 1% of overall Im&t budget.

Year to Date Non Pay Variances Per Category



Efficiency Savings

	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)

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.

In addition, NHS 24 has made a significant recurring efficiency on the redesign of the FME Service.

PROGRESS AGAINST TARGETS

Significant progress has been made to secure 82% of the required savings for 2023/24. Plans are in progress to secure the remaining 18% in the months ahead.

Achieved

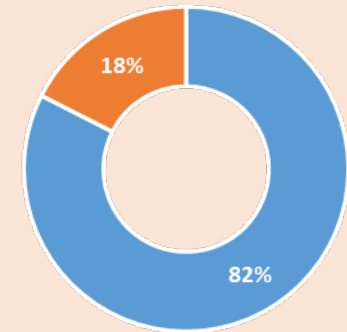
Conferencing Facilities	20,000	20,000
CMS Migration	112,000	112,000
Contract Procurement	51,461	51,461
Establishment Control	180,220	180,220
HIS Team Vacancies	303,082	303,082
Leased Car	7,154	7,154
Mobile Phones	12,226	16,506
Hospitality	4,000	4,000
LED Lighting	50,000	50,000
Shift Review Slippage	262,500	0
Vacancy Factor	1,051,500	0
Tech Refresh	200,000	200,000
FME service	624,000	683,000
Total Achieved	2,878,143	1,627,423
Outstanding balance	(611,857)	(169,577)

In progress

Establishment Control	142,577	142,577
Shift Review Slippage	133,172	0
Hospitality	0	6,000
Admin Control	2,000	8,000
Text messaging contract	9,000	13,000
Vacancy Factor	325,108	0

(Under)/Over Achievement Savings	(0)	0
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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, £1.3m has been factored into the financial position per the table below.

Target	Full Year	YTD
Additional Savings Target	600,000	399,857
Tech Refresh Saving	600,000	399,857
Carry Forward Reduction	800,000	533,143
Total Additional Savings	2,000,000	1,332,858