

BOARD MEETING: 17 February 2017

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2016/17 QUARTER 3 PERFORMANCE REPORT

Recommendation/action required:

The Board is asked to note this report.

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9 February 2017

NHS Health Scotland 2016/17 Quarter 3 Performance Report

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Purpose

This paper reports NHS Health Scotland's key achievements, progress against corporate priorities and risks and performance against its Delivery Plan 2016-17.

The Board should note that we have changed some of the formatting of this report compared to the reports for quarters one and two. This is to make the paper more accessible for people who use screen readers to read it.

Summary

Highlights this Quarter

We launched healthscotland.scot on 14 November 2016. Evaluation shows that this is already providing a better service for users: Readers are staying longer and reading more pages

- Fewer people are leaving after a single glance at one page and without interacting
- Social media feedback has been positive. For example: 'Great new look and feel to @NHS_HS website amplifying the great range of work and research undertaken' (Ian Welsh, CEO, The ALLIANCE, via twitter)

We organised a very successful conference on adverse childhood experiences with over 200 delegates from a variety of sectors. The aim was to build a common understanding of the impact of early adversity on people across their life course and the subsequent cost to public services and to society. It provided a platform for our national work to prevent and respond to adverse childhood experiences with partners from across disciplines, including Government.

We gave evidence to the Scottish Parliament's Health and Sport Committee on mental health and on obesity.

We gained an invaluable insight into what our customers and partners expect from us and how we live up to that expectation in the findings of our stakeholder satisfaction survey. A separate report on that will be provided to the Board in March.

We collaborated closely and quickly with the Scottish Government to initiate a new phase of the programme Monitoring and Evaluating Scotland's Alcohol Strategy (MESAS).

- We formally concluded the functional realignment and have seen the expected drop in vacancy as a result (see Appendix A for more detail)

We were also pleased to have confirmed that we have maintained our Healthy Working Lives Gold Award.

Issues of note

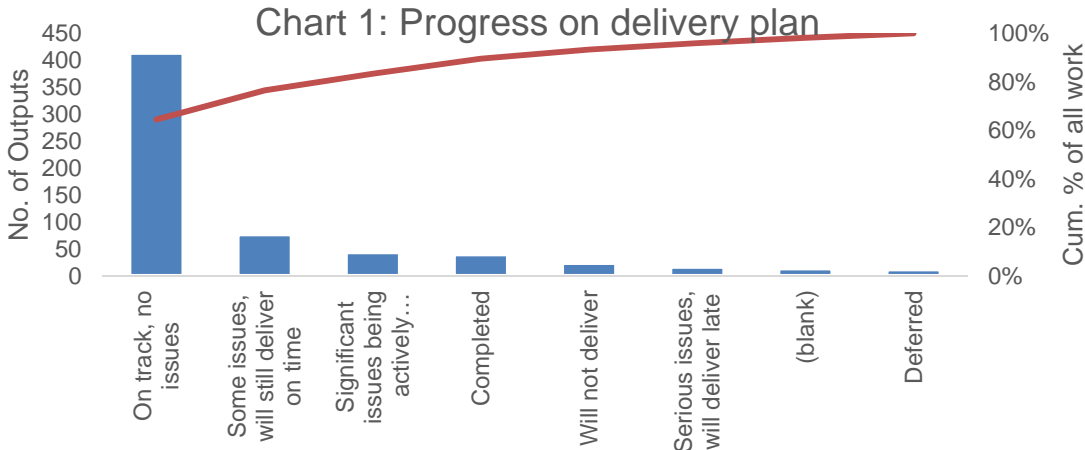
The Scottish Government published the Health and Social Care Delivery Plan on 19 December, announcing the proposed establishment of a new public health body for Scotland. It also announced its Budget Settlement for 2017/18. Both of these have significant implications for the organisation. The Board has received a briefing and discussed our initial response in terms of future strategic planning on 3 February 2017.

Evidence we submitted to the Health and Sport Committee received some negative press coverage relating to a misleading inference drawn from one of the references in the paper. This has been handled appropriately with Scottish Government.

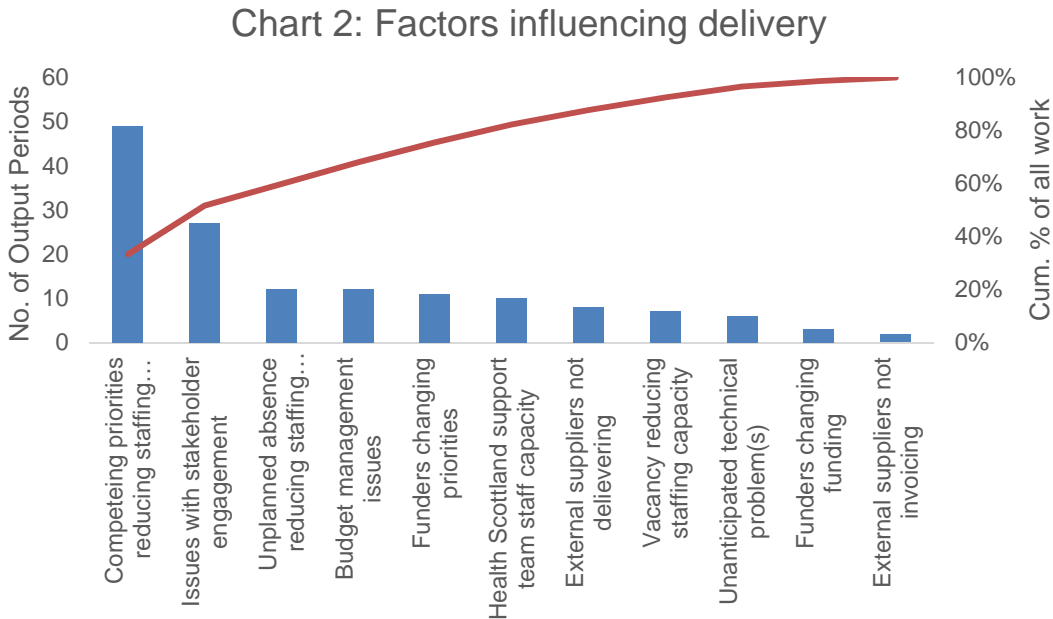
As we approached the end of Quarter 3, the number of outputs, including those under corporate priorities, not expected to deliver on time or on scope rose. This is down to a number of factors, the most significant of which is competing pressures on staff time. Some of this is down to staff being overly ambitious in the amount of work they planned to do at the start of the year. We are working to address this as far as possible through the Commissioning Group having greater scrutiny over in-year decisions and through planning for next year. Another factor has been new asks in-year, the work on MESAS referred above being one example. We expect the MESAS work to be a major focus for our Evaluation team in the next financial year, which has consequences for capacity to take on other work.

Performance Data

Quarter three of 2016/17 has been unremarkable from the perspective of performance data compared to previous years. We are confident of delivering 55% of outputs on time (chart 1). The proportion of our work at risk has risen slightly. This trend towards the end of the financial year is a pattern.



As usual ‘competing priorities reducing staff capacity’ continues to be given as a major reason for not delivering work (chart 2). Emerging data about how our staff spend their time is helping us improve our how we plan for next year. We are now able to provide more realistic assumptions for how staff should plan their time based on data about how they actually spend their time in year. This should help reduce over-planning and leave more time for new work in year so that when new work priorities emerge in year, we can pursue them without compromising existing commitments.



What's coming up next Quarter?

Quarter four has been busy across the organisation in previous years, finishing the work of one year and planning for the next. We expect that to be the same this year.

Early in the quarter we expect more clarity on the Scottish Government's thinking on the new public health priorities and its approach to forming the public health body.

We will finish, approve and make plans for the dissemination of our Delivery Plan and Strategic Framework for Action 2017-22.

The chair will be promoting our work and commitment to collaboration with the third sector at the Gathering, where he will give a presentation and launch, with the chair of SCVO, a collaborating learning plan.

We will be informing the decision by the Scottish Government on a national survey on children's outcomes for local authorities which provides important data on progress on local outcomes.

We will be considering further with Scottish Government and NHS 24 the approach to take for a national smoking cessation service.

We will be putting a proposition to NHSScotland Chief Executives for an improvement plan for BSL provision in the NHS Scotland, which NHS Health Scotland will lead.

We will be undertaking building work at the Gyle Square office to complete our Office Improvement project.

Health & Work Update

Corporate Priorities

Good work: employment and employability

Action

Develop the synergy across Scottish workplace health and wellbeing services, assisting employers to understand and implement their role in maintenance of and return to, good work.

Progress

We continue to work closely across Healthy Working Lives and the Fit For Work Scotland Service including implementing a refresh of the latter's marketing. We are also positioned centrally within the Single Gateway pilot and are currently awaiting a funding decision from DWP to match Scottish Government commitment, thereby enabling commencement in 2017/18.

Action

Lead and coordinate a series of strategic discussions, at national and local level, to scope the development of approaches to working age people with mental health problems – supporting people stay in employment and get into employment.

Progress

Our strategic discussions with regard to approaches to support working age people with mental health problems, stay in employment and get into employment, have been focussed on two Scottish Government led programmes of work:

- New Employment Support powers;
- Disability Health and Employment: Early Interventions Project.

We have joined a Scottish Government short life working group to inform integration and alignment of employment support policy with health policies (including mental health). We continue to collate “what works” in employment support, to help people with mental health problems as well as to promote good mental wellbeing whilst out of work and in work. We are facilitating a health and employment support workshop on 17th February to progress this further.

The Disability, Health and Employment Early Interventions project is complete and the recommendation to develop a Single Gateway approach is being taken forward (see action above).

Action

Lead the development and promotion of the central role of the NHS in promoting the benefits of good work in creating and protecting mental health and wellbeing.

Progress

We contributed to the Health Promoting Health Service review in December, identifying examples of good work and potential areas of concern and providing suggestions for future Board level initiatives. This included a recommendation to focus future Board reports on mental health and other key subjects, rather than covering all topics.

Action

Healthy Working Lives will take a pivotal role in the coordination and co-production of a refreshed Health and Safety Action Plan for Scotland - creating an effective interface between health and safety and good work.

Progress

Q3 saw final approval by the Partnership for Health and Safety in Scotland (PHASS) and agreement to host the content by the Fair Work Convention. The Plan steering group held its last meeting in November ahead of hand-over of implementation to PHASS from January 17. A Web community has been established by HSE and we have approval for 11 actions to be taken forward under the plan. A monitoring and evaluation process was trialled and will be updated in Q4.

Action

Support the Fair Work convention through syntheses of evidence on active labour market policies and other briefings ensuring that the relationship between these and children's health are explicitly referenced.

Progress

We have had a follow up meeting with the Fair Work Convention Academic Adviser to agree scope of future research. The Good Work Research Report and Literature Review were finalised and are being prepared for publication.

Action

Finalise HWL website

Progress

Regular sprint meetings have been held with the developer. 90% of planned content was ready by end of December 2016. This is on track for user testing, content upload and going live in Q4.

Corporate Risks

CR16-11

As a result of financial and workforce related issues linked to the partnership-based delivery of Healthy Working Lives services we may fail to meet the expectations of our customers in terms of the responsiveness of our services and we may not achieve the outcomes we have agreed with our stakeholders

Update

Since the last update we have:

- Continued dialogue with local boards and contributed to an update report on performance for the period April to August. Barriers have been identified which prevent boards working collectively and sharing resources within a Hub structure. The Programme Board is due to review the current model in January, allowing more time for this new structure to bed down and more detailed evidence of what works/does not work to be gathered.
- Monitored levels of service delivery. As face to face services are currently being redesigned and increasingly delivered through alternative channels, the National Team continues to provide support to boards and is working towards establishing more direct contact with customers through the Adviceline and online.
- Continued to prioritise development of digital services, including on line training, website and Award e-portfolio/annual review tools and resources. As a consequence of slippage in development of the new web site and an on-line learning module, marketing campaigns have been rescheduled to early 2017. This has had an impact on employers accessing services (Chart 3).

Chart 3: No. of Employers Accessing Health & Work Services (I Chart)

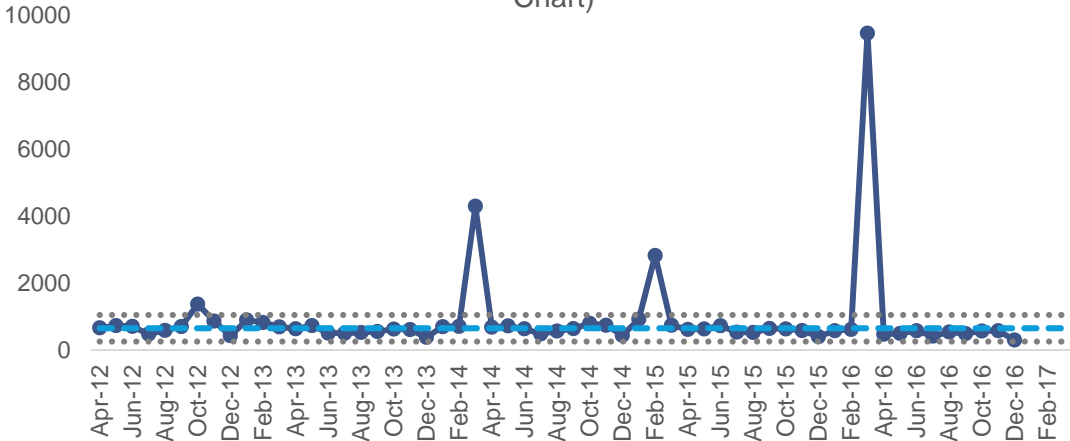


Chart 4: No. of Employers Engaged (I Chart)

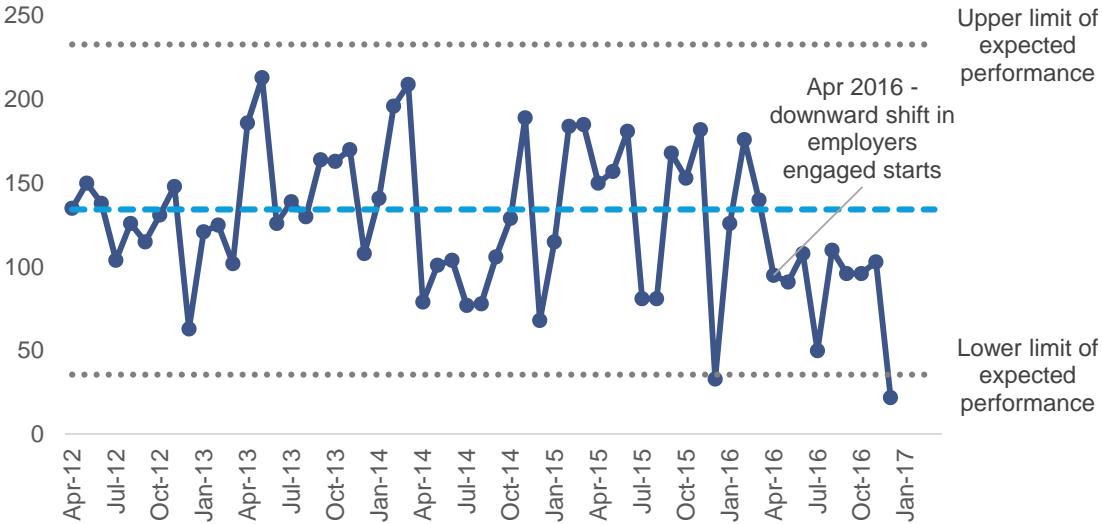


Chart 5: No. of Employers Trained (I Chart)

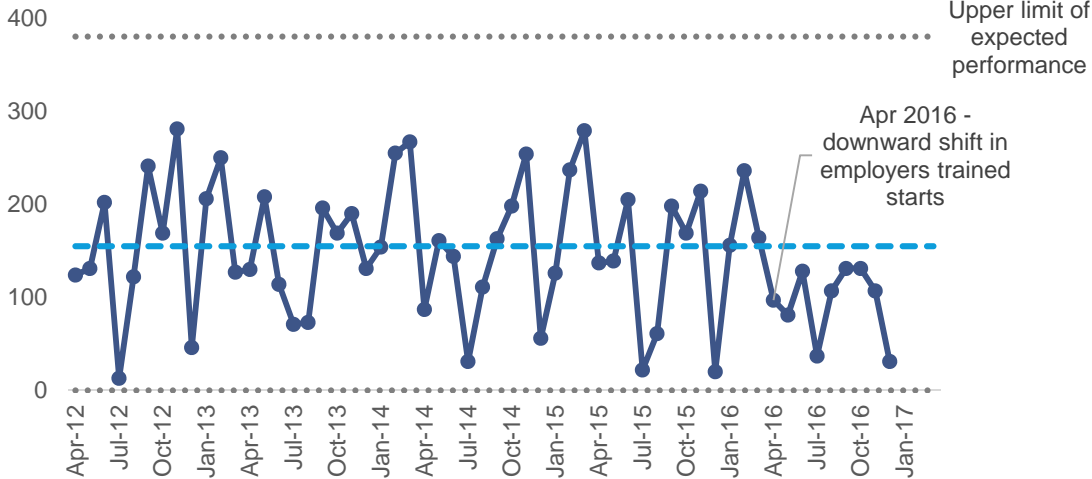
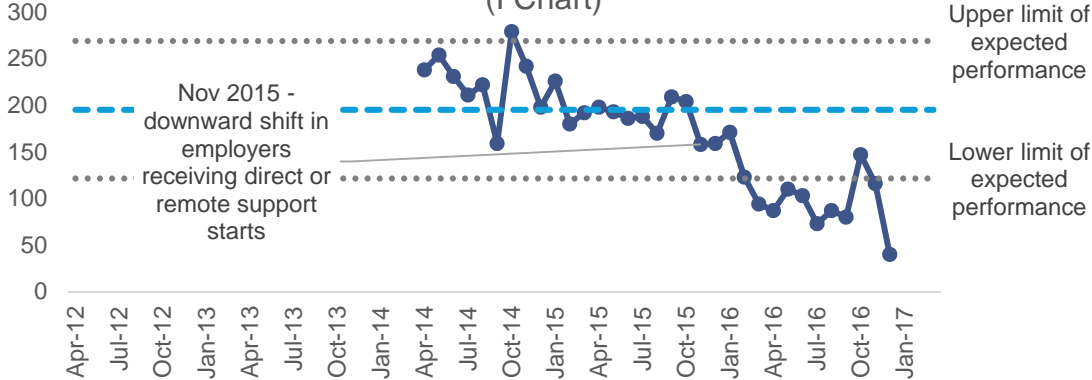


Chart 6: No. of Employers Receiving Direct or Remote Support (I Chart)



Health Equity Update

Corporate Priorities

Local Delivery Model

Action

Work with the Improvement Service, local Public Health teams, NSS and other partners to influence and contribute to local partnerships' work to address health inequalities

Progress

Work has progressed slower than anticipated as the CPPs set their agenda for when they need support and what form this will take. The work with South Lanarkshire CPP will go into the next business year. We will be able to use the learning from what we are doing, linking data analysis to what works and where to target effort and resources, to share with other CPPs. We are about to conduct a review of our input with the CPPs. We will use this and an Improvement Service survey on local area progress with the Local Outcomes Improvement Plans (LOIPs) to plan the next phase of this joint work.

Action

Ensure action to address physical inactivity see Annual Review letter

Progress

NHS Health Scotland initiated and coordinated the collection, analysis and reporting of feedback from over 20 key organisations on the proposed refresh of the national plan for physical activity "A More Active Scotland". This exercise directly impacted on the content of the new draft policy which contains a clear commitment and a series of draft actions that focuses on priority populations. Our contribution was highlighted by Scottish Government and noted at the Ministerial National Strategic Group for Sport & Physical Activity.

Action

Work with Healthcare Improvement Scotland in relation to Integrated Joint boards (IJBs) to deliver outcome improvement work and that effectively brings together national and local public health capacity.

Progress

We shared our review of Health & Social Care Partnerships (HSCP) plans with Scottish Government (SG) and national partners for HSC and have established much closer ties/ connections with the SG HSC team. We have also strengthened connections with HIS (Strategic Commissioning Team) and have a clear invitation to be a partner in the joint inspections via Care Commission.

Children and Young People's Strategic Action Plan

Action

Work with education providers for undergraduate and CPD programmes for health visiting, midwifery and potentially school nursing to develop competences and learning materials on child poverty and its impact on health and to provide related practice sharing events.

Progress

Further dissemination of the child poverty, health and wellbeing e-learning module was undertaken with Higher Education Institutes.

Action

Establish a work stream focused on lone parents, and parents with young children, on low incomes in order to contribute to mitigating the impact of the economic downturn and ongoing austerity.

Progress

The lone parent and welfare reform subgroup concluded and a report is in draft. Recommendations will be presented to the Scottish Government's health impact delivery group on 16 March.

Action

Use routine data to explore the links between work, poverty and health outcomes for parents and their children (particularly lone parents).

Progress

Two papers were published: 'Lone parents in Scotland, Great Britain and the UK: health, employment and social security' and 'Lone parents in Scotland: work, income and child health, in-work progression and the geography of lone parenthood'.

Workforce Planning & Development

Action

In partnership with Scottish Government and others raise awareness and promote implementation of the Place Standard - ensuring its impact is distributed in a way that acts to reduce inequalities

Progress

We successfully held the first Place Standard Alliance event which brought together a range of professionals interested in using the Standard. Our latest monitoring data indicates there are now 75 instances of the Place being used across 21 local authorities.

Action

Inform and evaluate new and emerging food policy in Scotland using the best available data and evidence, through working in partnership with Food Standards Scotland, and the Scottish Government

Progress

We have provided both written and oral evidence to the Health and Sport committee on obesity and we have commented on initial drafts of the forthcoming obesity strategy refresh.

Action

Better community justice planning, practice and collaboration for people in custody and community, through more effective interventions, reduced impact of offending and sentencing and positive, sustainable change.

Progress

The new model for Community Justice in Scotland has involved the creation of a new national agency - Community Justice Scotland (CJS) and the development of a National Outcomes, Performance and Improvement Framework for Community Justice. CJS will provide support and leadership to local areas. Local community justice partners will be responsible for preparing, delivering and reviewing a Community Justice Outcomes Improvement Plan (CJOIP) for their area.

This new model will contribute to the reduction of health inequalities through encouraging joint planning, and increasing opportunities for earlier and more effective interventions which can build resilience. The outcomes and performance framework will drive improvement through effective support to victims and families, increased use of 'diversion and community sentencing' and increased access to support, treatment and recovery

Corporate Risks

CR16-3

Because the knowledge we produce and share about health inequalities is correct but sometimes not followed up with support to apply the knowledge we do not give the people who can act to reduce health inequalities what they need when they need it and so they do not act to reduce health inequalities

Update

Since the last update we have:

- Progressed our KIA (Knowledge into Action) improvement project. The cross organisational Improvement Team has met three times and:
 - Agreed an improvement process.
 - Signed off a project plan.
 - Begun drafting a communication and engagement plan.
 - Initiated work on phase one of the process – understanding the current situation and the problems/opportunities for improvement - using rich pictures as the system diagnostic tool.
- Completed a test version of the EfA (Evidence for Action) Knowledge Matrix for commissioners and Delivery Commitment (DC) leads to use in business planning. The matrix will help identify the types of knowledge that are useful in answering different public health questions NHS Health Scotland is working to address as well as provide staff with guidance on how this knowledge might be appropriately collected.
- Hosted, with NHS Education for Scotland (NES), a second national workshop on collaborating for KIA in Public Health. A joint action plan has been agreed.
- Provided KIA consultancy to Health Scotland Projects/Programmes e.g. Redesigning Health Information for Parents, Mental Health Improvement and Suicide Prevention and Learning and Workforce Development.

CR16-8

As a result of lack of capacity in the Web and Digital team, they cannot deliver in response to demand resulting in failure for the organisation to deliver on commitments

Update

Progress has continued in Q3:

- The restructure is now complete.
- Recruitment of the additional agreed capacity agreed remains challenging in terms of attracting the right calibre of candidates. We will be reviewing our recruitment options again in Q4.

Public Health Science Update

Corporate Priorities

National Position

Action

Provide national leadership and coordination of health equity policy and implementation as part of a public health strategy for Scotland (keeping a focus on HLA, MESAS, Tobacco and public mental health for all, as per the Annual Review letter)

Progress

Health Scotland has made good progress on all its commitments. The MESAS programme has re-activated following the Court decision in the government's favour and in anticipation of success at appeal at the Supreme Court later this year. A cohesive programme is in draft and the Governance Board for the programme will be re-engaging on the work in Q4.

Staff are working closely with Scottish Government (SG), academic and third sector colleagues on refreshed policy on Tobacco, also obesity and alcohol-related harm, with particular focus on inequalities. We look forward to publication by SG of their mental health strategy following a phase of engagement in the autumn, which NHS Health Scotland supported.

Similar influential work has developed with SG colleagues on diverse subjects including the health benefits of public service reform and empowerment, and children / childcare – [see other sections].

Action

Work with Scottish Government policy leads to support the introduction and evaluation of innovative policy ensuring evidence of what works and why is gathered and shared at national level through the Inequalities Action Group.

Progress

Whilst work under this theme proceeds, through channels such as policy evaluation [specifically in primary care], procurement and human resources in the NHS, the Inequalities Action Group has not proven to be the right channelling mechanism. This requires further attention.

Action

Support Scottish Government (SG) with the analysis and dissemination of the relational aspects of the fairer and healthier conversations – integrating the results of HS conversation work with the national conversations.

Progress

The results of the NHS Health Scotland conversation work has been successfully integrated with SG results. This includes the following pledge being made in the [Fairer Scotland Action Plan](#):

“On behalf of NHS Health Scotland, I pledge to help the Scottish Government in its ambition to end child poverty in Scotland. We will take a number of key actions that will help, including:

- By September 2017, develop and deliver training resources and events (in partnership) to raise awareness of child poverty and its impact on health and wellbeing amongst public services staff.
- By March 2018, work in partnership with NHS Boards to develop national referral pathways between NHS services and local advice services to maximise the incomes of patients.
- By March 2018, promote the importance and adoption of routine enquiry about money worries by NHS staff to help patients maximise their incomes and referral to advice services where necessary.”

Action

Work with NHS Chief Executives (CEO) Group and Scottish Government to scope and deliver the application of the economic leverage of NHSScotland within localities with multiple disadvantage.

Progress

A proposal for this work was drafted and discussed with the CEO and lead directors. The appetite of the CEO group for this work was not high and an alternative approach of discussing with leads for procurement and HR was pursued instead. Some progress in raising the possibilities of this agenda has been made, but a different approach, involving modelling of impacts, will be pursued next financial year.

Action

Engage fully in the Public Health Review (PHR) and implementation of agreed recommendations

Progress

The main implications of the PHR - namely proposed development of public health priorities and establishment of a new public health body for Scotland - were published in the Government's Health and Social Care Delivery Plan in September. Early informal discussions with government have confirmed that we will be expected to be involved in the development of both of these. The CEO is meeting with Government colleagues in February in that regard.

Action

Shape national scheme for developing elements of the public health workforce.

Work in partnership with NES and employers to ensure that core PH workforce development is supported.

Progress

A national advisory group has been established. Mapping of current provision and opportunities is ongoing, through engagement with NHS Education for Scotland, NHS National Services Scotland, SHPMG, Directors of Public Health, Faculty of Public Health, Public Health England and COSLA.

Workforce Planning & Development

Action

Lead the collaborative development with partners and stakeholders of an evidence based approach to reduce obesity in Scotland.

Progress

We provided written and oral evidence to the Health and Sport committee session on obesity, which was used to inform the subsequent letter to the public health minister. We also commented on the draft obesity strategy refresh paper.

Strategy Directorate Update

Corporate Priorities

National Position

Action

Establish health equity outcomes through the A Fairer Healthier Scotland (AFHS) stakeholder performance forum that require collaborative action across the public, private and third sectors and inform the review of the National Performance Framework Indicators.

Progress

The Stakeholder Performance Forum completed its work to support the establishment of Health Scotland's Performance Forum. The proposals to review the National Performance Framework and Health and Social Care Targets superseded work of the forum and decision was taken to stand the forum down with a view to review future engagement and proposals to develop collaborative health equity outcomes

Action

Demonstrate that NHS Health Scotland's knowledge and delivery plan is communicated effectively to target audiences.

Progress

We continue to promote, position and protect the organisation and the equitable health improvement agenda. We are utilising our strong social media presence to drive traffic to the new website, e.g., our tweet promoting the child poverty infographic in January resulted in 27 link clicks and 60 retweets prompting further visits.

Action

Complete healthscotland.scot

Progress

Phase 1 of the new corporate website was launched 14 November 2016. Phase 1.1 is scheduled to be completed by 14 February 2017. The

Accessibility Audit has been completed with recommendations currently being implemented.

Action

Lead the further development of the Inequalities Action Group (IAG) as a collaborative endeavour between HS, SG, CoSLA, Directors of Public Health and other key partners.

Progress

The IAG is in not currently meeting as its purpose and utility is being re-considered in an emerging new context. This corporate priority is not being advanced further this year.

NHS

Action

Lead the collaborative development and production of an NHSScotland strategic statement for equitable health improvement, focusing on strengthening the role of NHSScotland in achieving health equity.

Progress

Engagement event held in Q3 resulted in support from strategic planning and commissioning reps. Significant learning re how this will be presented within H&SC context will be brought into next phase.

Action

Ensure close alignment of the NHSScotland strategic statement development with 2030 vision and other strategic NHSScotland policy developments as a result of the national conversations.

Progress

Following the publication of the Health and Social Care Delivery Plan in December 2016, work is underway to ensure that the NHSScotland strategic statement aligns with this.

Action

Work with NES and HIS to develop a health inequalities 'literacy programme' for IJB executive and non-executive directors.

Progress

Delays have been due to staff capacity. Pilot areas are being developed on the NHS Health Scotland Virtual Learning Environment.

Action

Work closely with Primary Care leaders and policy makers to ensure inequalities is a strong theme in development of the sector within Health & Social Care integration.

Progress

Work on Primary care has progressed with work progressing with Scottish Government and Glasgow University to support development and piloting of work with Primary Care on approaches to tackling inequalities and future evaluation to inform practice and dissemination.

Workforce Planning & Development

Action

Refresh performance management processes to ensure staff have a clearer understanding of their contribution to the delivery of AFHS.

Progress

Improvements have been made to the Corporate Planning Tool to enhance user experience. The personal objective pilot has been evaluated and recommendations for future approaches to aligning personal objective setting more closely with outputs have been made to the Partnership Forum and accepted

Action

Review the KSF Framework to ensure staff can access the training and development they need to align their work with our strategic aims.

Progress

The review is complete and ongoing promotion of opportunities in place.

Corporate Risks

CR16-1

As a result of ineffective organisational performance management our performance doesn't improve and we don't deliver our corporate priorities on time and on scope

Update

Since the last update we have:

- Reviewed performance in 2015/16.
- Identified the leading cause of non-delivery: staff capacity planning.
- Developed an approach to tracking actual staff time, the idea being to improve staff capacity planning by providing data on how actual staff time is spent.
- Deployed the new staff time recording approach in Strategy, Health and Work, CEO and Public Health Science directorates. Continue to monitor deployment of this approach.
- Established the Corporate Planning and Performance Group to improve planning systems and processes.

CR16-2

As a result of not aligning staffing and financial resources to corporate and in year emerging priorities we do not make the best use of our resources and we have less impact than we might so our reputation is damaged

Update

Since the last update we have:

- The Commissioning Group (CG) has a process in place to ensure that unallocated funds are used in year to support the delivery of strategically important work.
- CG is meeting on a quarterly basis with CMT to review external strategic drivers, review planning and performance and agree any remedial actions.

CR16-4

As a result of our inability to quickly respond to the new political administration and changing landscape we fail to meet expectations of our funders and stakeholders and so we lose the ability to secure our national position

Update

Since the last update we have:

- Undertaken further analysis of strategic priorities based on our analysis of political manifestos and Programme for Government.
- Reviewed how we shape our strategic intent for the next five years and shared our draft plans with our sponsor division for feedback on our strategic priorities.
- Discussed the plans in draft with the Board

CR16-6

As a result of not aligning and adapting our language to the prevailing public and political discourse there is a risk that we lose our ability to influence our key stakeholders and therefore fail to make an impact

Update

Since the last update we have:

- Undertaken horizon scanning in relation to the economy, society and politics, with leading external figures presenting to the group on each issue.
- Undertaken staff development in relation to effective policy influence, with senior staff from across the organisation attending a session led by the Chief Executive.

CR16-7

As a result of ineffective engagement and/or decision making with regards to our next strategy we will not be effectively positioned for a national leadership position on health inequalities for the next five years

Update

Since the last update we have:

- Continued to meet with the internal steering group who have facilitated directorate level discussion and will support further engagement.

- Provided regular updates on the source and via our corporate communications.
- Held an externally facilitated CMT and internal steering group workshop to inform further external and internal engagement.
- Held a meeting to discuss our future strategy held between the Chair, the Chief Executive and the Minister for Public Health and Sport.

CR16-9

As a result of not properly concluding the functional realignment there is a risk that we don't see the improvements we expect from it as quickly as we need

Update

Since the last update we have:

- Completed the functional realignment in all affected Directorates
- Initiated a review of the change experience with all affected staff.
- Begun a related process to refresh all job descriptions with the Public Health Science Directorate

CR16-10

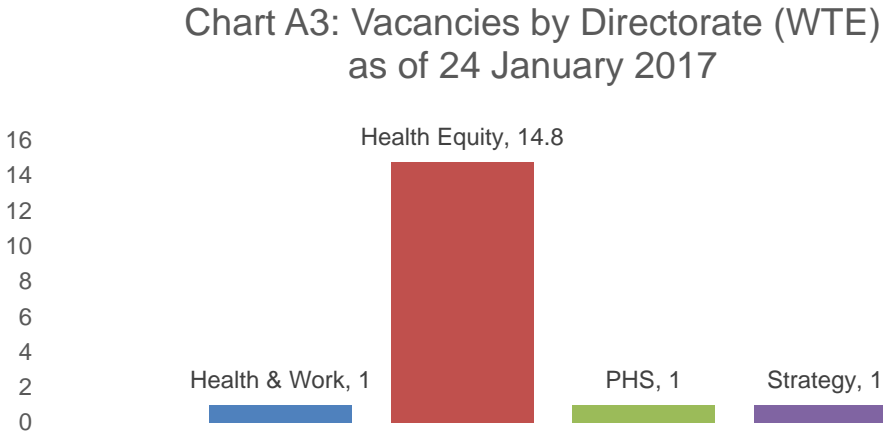
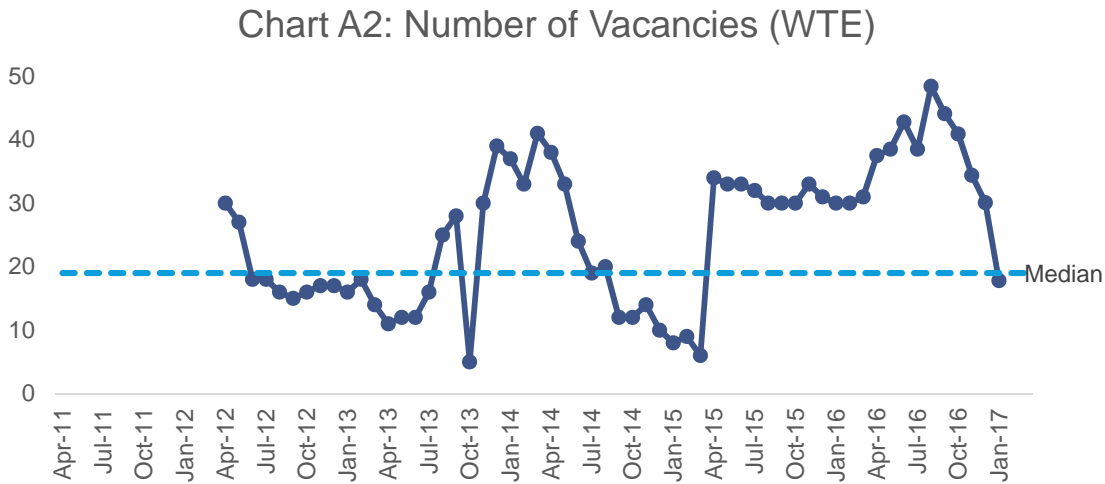
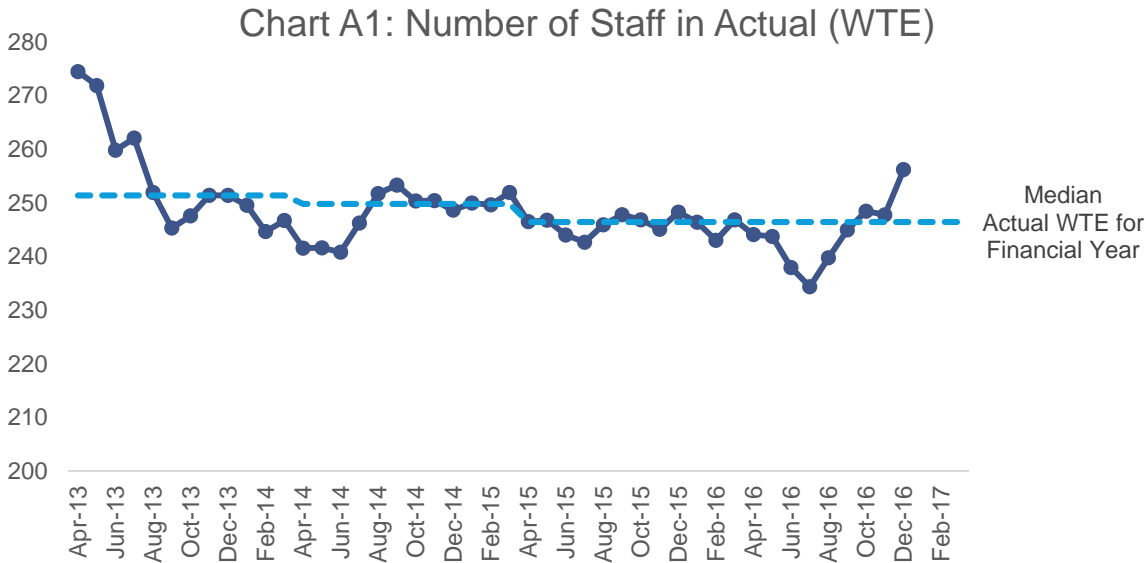
As a result of not having structured but flexible approaches to project management there is a risk that we don't deliver on time, scope and budget resulting in not delivering on our commitments.

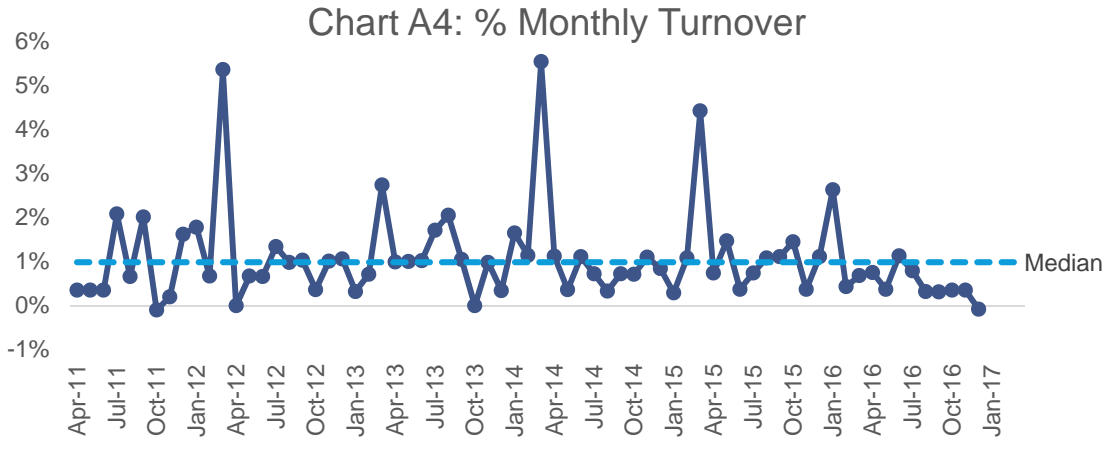
Update

Since the last update we have:

- Improved how we share performance information with directors.
- Started rolling out an approach for sharing performance information with teams who enter the data on the CPT.
- Started feeding in data on current year performance to planning for next year, so our plans are based on data on our capability.
- Started working on plans for next financial year on a 'whole product life cycle' which includes improvements to project management.

Appendix 1: Workforce Statistics





Appendix 2: Finance Report

Health Scotland's financial position for the 9 month period ending 31 December 2016 was reported in detail to the Audit Committee on 1 February 2017.

With regard to the **revenue resource limit (RRL)**, at 31 December there was an underspend of £293k (2.1%) against the budget of £13,753k. The total of unallocated budgets at 31 December was £118k.

Matters to be noted at this stage are as follows.

- The Board's 2016/17 RRL as advised in the 21 December allocation letter from the Scottish Government was £19,341k which includes a non-recurring allocation of £1,109k.
- The £294k underspend against the phased budget consists of 2 main elements; an overall underspend of £77k on staffing and an overall underspend of £216k on projects.
- Staffing: Our strategic realignment took longer than first envisaged which had the consequence of some unplanned salary savings in Health and Work and Health Equity to date. However, the saving in Health Equity is offset by significant temp costs.
- Projects: Variances to date are mainly due to budget phasing with timing issues on spend across all Directorates with six variances above £25k.
- The CMT at their June meeting allocated £68k (£136k FYE) from the unallocated budget to fund additional permanent staffing to help manage pressure points in the organisation. This element is expected to cost £72k in 2016/17.
- Impairment adjustment of £130k, being our write-down of the net book value of assets remaining on the 6th floor at Meridian Court which we have vacated. As our use and the NHS is variable going forward the assets will remain on our books but have a zero net book value. This adjustment was approved by the Directors and then was approved by the Scottish Government in January

Efficiency savings for 2016/17 reported to the Scottish Government are £911k (5%) on core funding which has been recycled, and £61k on certain non-core efficiency savings (10%) which is cash releasing on a non-recurring basis so a one-off for this year.

The core savings are from service re-provision in Health and Work of £600k, and estates savings on the floor reduction in Meridian Court of £225k, which together with some smaller savings of £86k provides us with £911k of recyclable savings. The non-core saving of £61k are cash releasing were due to come from certain non-recurring allocations. The actual cash releasing is now £29k as mental health has received a significant cut in funding for 2016/17 and hence is no longer in the efficiency savings.

We are on target to deliver both on the recycled savings of £911k and the non-core efficiency savings of £29k for the year.

Our year end forecast is split into two component parts being unallocated budgets (taken as project spend) and staff savings. Our previous forecasts indicated a staff saving of £125k and unallocated project budget of £100k. This totalled £225k which the Scottish Government has indicated could be carried forward to 2017/18 but would give no commitment at present. Our revised figures are now a staff saving of £25k due to a higher than expected starters in December and January and the use of temps extended to 31 March. Our unallocated project budget is around £100k, even after the impairment adjustment of £130k, relating to the net book value of leasehold improvements on the vacated part of Meridian Court. However, we expect a number of surrenders on project budgets so the unallocated project budget is expected to rise to £150k giving an overall forecast underspend of £175k for the y/e. Also the £175k forecast v £225k (possible c/f) allows for some underspends across the board of £50k.

The 2016/17 **capital resource limit** (CRL) as allocated by the Scottish Government has been reduced to £250k. We submitted in our LDP a capital resource of £350k, being originally split between IT costs at £150k (renewal £50k and new developments £100k) and office improvements at £200k. On review any new IT developments are unlikely and hence as part of the office improvements project we have offered to reduce our capital allocation to £250k.

Our expenditure on office improvements at Meridian Court and the Gyle will be around £255k with £55k (mainly fees) to be expensed leaving £200k for capital. Our capital spend YTD is £130k being £116k on office improvements, and £14k on equipment.

Our **cash requirement has been revised further to £19m** for 2016/17 partly due to the impairment adjustment, being revised down from our initial requirement of £20m, against which we drew down £13.0m (68%) to 31 December. We are around 1 month behind as 8 months of 12 months drawn down but our final quarter spend is traditionally higher so we remain on track for £19m for the year.

Andrew Patience - Head of Finance & Procurement – 19 January 2017