

NHS Health Scotland (Q3) Performance Report January 2016

Contents

INTRODUCTION & CORPORATE HIGHLIGHTS	2
PERFORMANCE SUMMARY	3
CMT CORPORATE PRIORITY UPDATE.....	4
PEOPLE.....	6
DIRECTORATE UPDATES.....	10
Chief Executive's Office	10
Health Equity Directorate.....	12
Public Health Science Directorate.....	18
Strategy Directorate	20
Appendix 1 – Financial Position.....	22
Appendix 2 – Corporate Risk Register (As at 13 th January 2016)	24

INTRODUCTION & CORPORATE HIGHLIGHTS

This is NHS Health Scotland's performance report for the third quarter of our 2015/16 delivery year. It has been a busy, productive and high impact period.

This section provides an overview of organisation level highlights, risks and issues to note together with a summary of progress across our corporate priorities and core programmes.

Highlights

The policy landscape and interest in income, work and social security has provided exciting opportunities for our work in this respect. Our knowledge briefings have clearly had an impact on policy and decision makers. Engagement in relation to work and health is being led efficiently and effectively by our Work and Health directorate, supported by high quality knowledge generation from our Public Health Science teams. The Cabinet Secretary for Social Justice, Communities & Pensioners' Rights, called NHS Health Scotland a "first class organisation" and praised our research on wages, work and wellbeing at a national event.

We provided significant events management; communications support and expert contributions to a number of high profile national conferences including, the National Public Health Conference, the annual smoking cessation conference; the launch of the Place Standard; Managing Stress Training 2015 Partnership event at Hampden and a Family Adversity Conference. In addition our Community Food and Health team ran a well-attended national networking event in Perth that was addressed by the Public Health Minister.

We coordinated a number of successful 'conversations with the people of Scotland' in Dundee, Johnstone and Hawick and have fed these into the Government's national conversation work.

We released a position statement on food poverty and completed the Nutrient and Food Standards for the Scottish Prison Service in partnership with Food Standard Scotland and the Scottish Prison Service.

We continued to strengthen our engagement with the third sector including signing up to the Poverty Alliances 'Stick your Labels' pledge with our CEO signing the pledge at the annual Poverty Alliance Seminar

In 2015, NHS Health Scotland performed better than the NHSScotland average in 24 out of the 33 top line questions and any other board in Scotland in 10 of the questions. In 28 of the questions are within 10% of the best scores in Scotland.

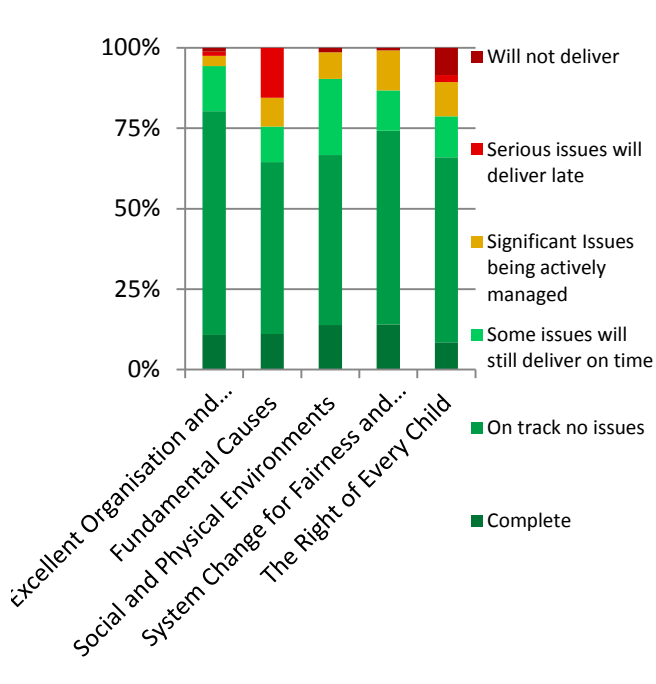
Issues To Note

Policy developments and expectations arising from the impact of austerity on the public's health; further devolution of social security powers; the Government's Public Health Review and the forthcoming parliamentary election in 2016 will influence the shape of priorities for our work during the rest of this delivery year and in the coming year. We are actively considering and modelling our next delivery plan and the development of our next five year strategy in as close alignment with this strategic context as we are able to given the information available to us at this time.

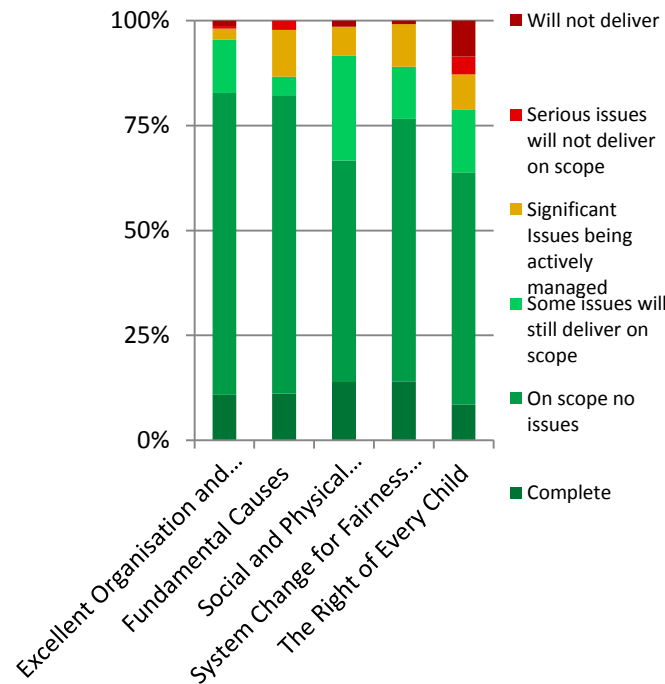
PERFORMANCE SUMMARY

Delivery of our commitments in the 2015/16 Delivery Plan continue largely on time and on scope as is shown in the core programme outputs tables below. Issues constraining delivery are being actively managed

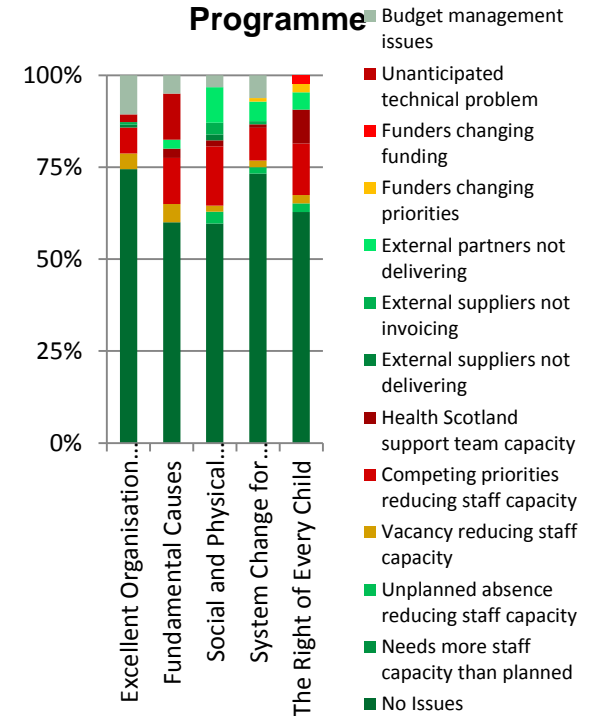
Likelihood of Delivering Outputs On Time by Core Programme



Likelihood of Delivering Outputs On Scope



Issues Affecting Outputs by Core Programme



CMT CORPORATE PRIORITY UPDATE

The table below illustrates our performance in relation to our corporate priorities as of 22/01/16

Title	Progress												Exceptions
Briefings - Families with young Children & Gender	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	F	M	A	M	
Good Work	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	F	M	A	M	
Power & Inequalities	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	F	M	A	M	Unanticipated technical problems
Place Standard	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	F	M	A	M	External partners not delivering
Diet & Obesity - HS Approach	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	F	M	A	M	
HWL and FFWS.	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	F	M	A	M	
NHS Manifesto	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	F	M	A	M	
Local Delivery Model	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	F	M	A	M	
Primary Care	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	F	M	A	M	External partners not delivering
Community Justice	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	F	M	A	M	
Transition Management	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	F	M	A	M	No exception indicated
Health Scotland's Children and Young People Strategic Action Plan	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	F	M	A	M	
KPIs	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	F	M	A	M	

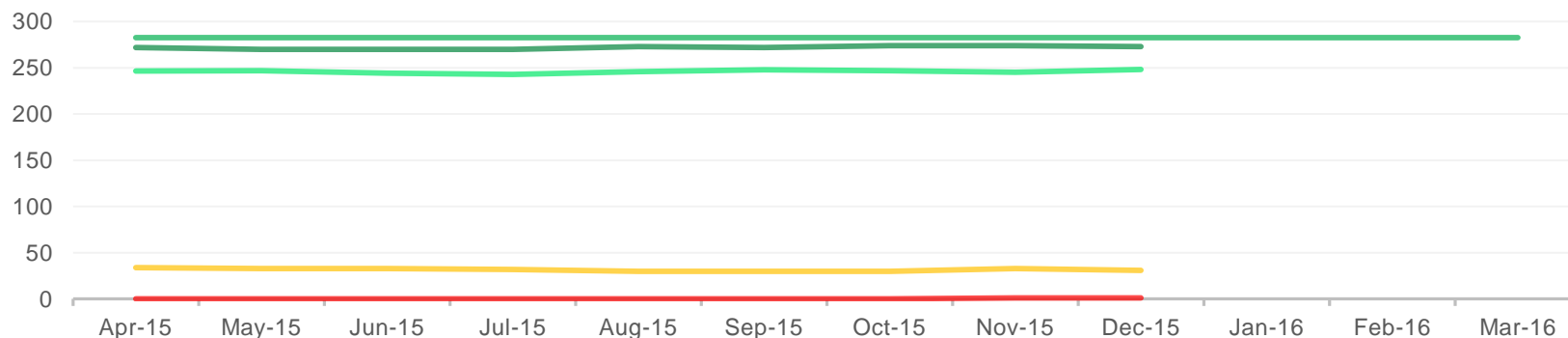
Health Scotland Website	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	F	M	A	M	Competing priorities reducing staff capacity
HWL Website	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	F	M	A	M	Competing priorities reducing staff capacity
ECM	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	F	M	A	M	
Corporate Reporting Tool	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	F	M	A	M	
Network Reviews	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	F	M	A	M	
National Position	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	F	M	A	M	
Office Accommodation		July	Aug	Sept	Oct	Nov	Dec	Jan					No exception indicated

PEOPLE

This section looks at our staffing information and provides detail on our headcount, turnover and absence

Headcount, Turnover and Absence - As at 31 December 2015

Headcount & Number of Posts

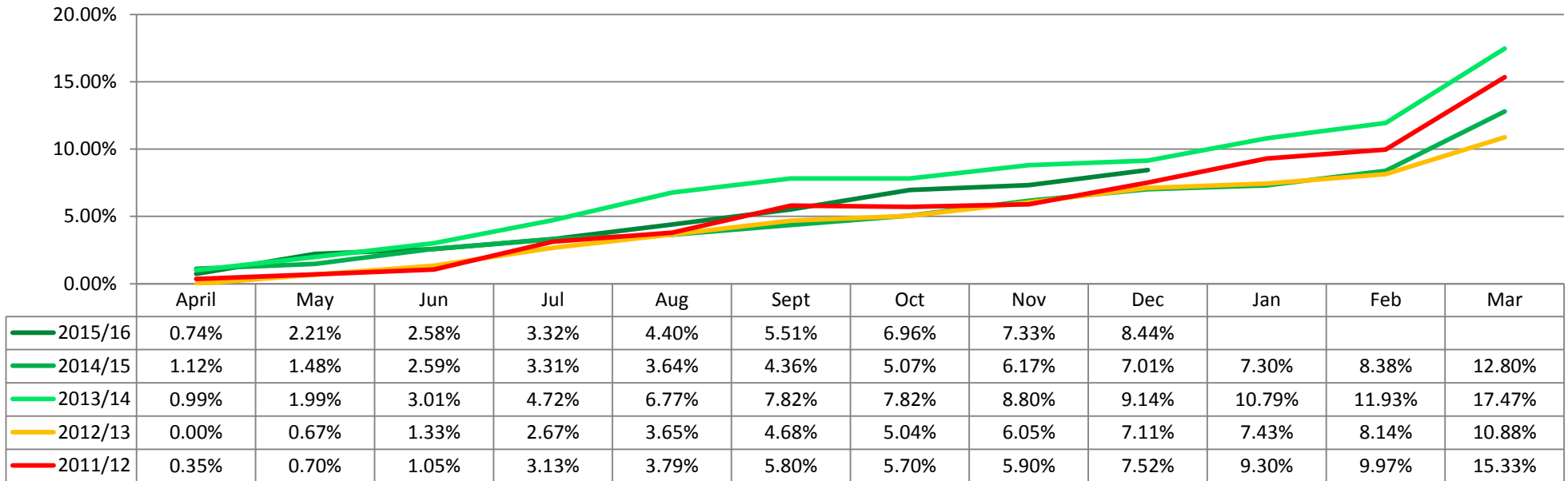


	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Actual Headcount (as per payroll)	272	270	270	270	273	272	274	274	273			
Budgeted WTE	282.58	282.58	282.58	282.58	282.58	282.58	282.58	282.58	282.58	282.58	282.58	282.58
Actual WTE	246.54	246.8	244.04	242.71	245.95	247.82	246.88	245.11	248.32			
Number of Vacant Posts	34	33	33	32	30	30	30	33	31			
Posts Removed	0	0	0	0	0	0	0	1	1			

The table illustrates the number of posts in our overall workforce structure, our actual headcount and Whole Time Equivalent (WTE) including Directors and secondees in and out.

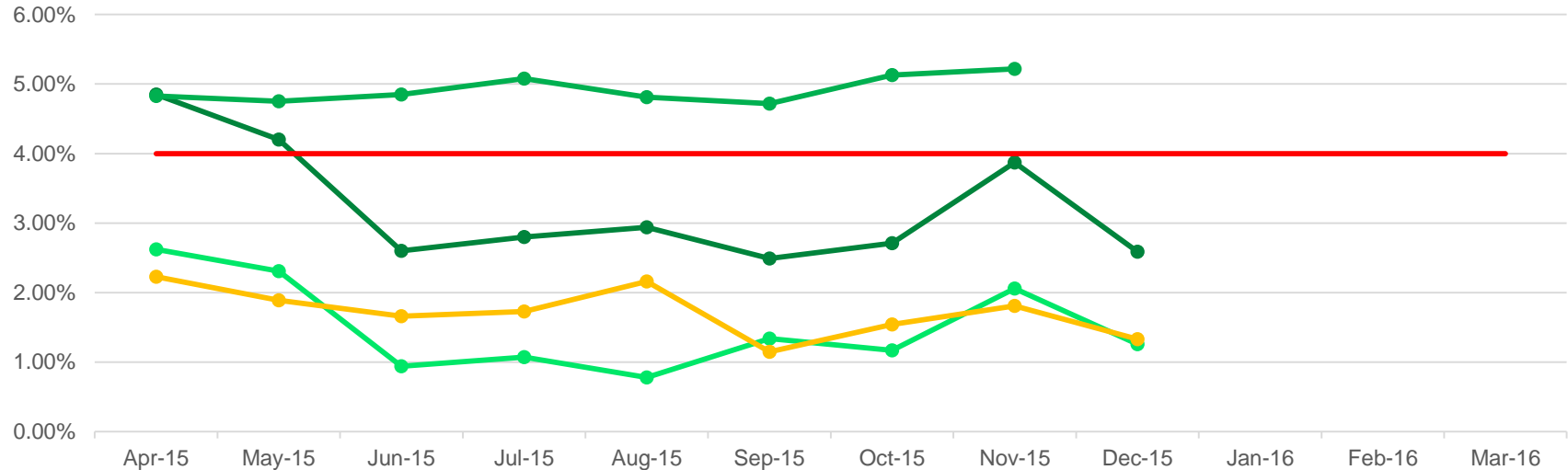
The staffing budget for 2015/16 was approved by the Board in March. The budgeted WTE will not change throughout the year and headcount and vacancies should be managed within this figure. The method of gathering the data has not changed, and the actual headcount and WTE is calculated using the figures from the payroll system. The wte figure is likely to vary each month as various factors are calculated within this figure such as starters, leavers, changes to hours, overtime and maternity leave. We continue to carry a large number of vacancies due to the realignment and this figure should decrease significantly as we move through the year, particularly as we come to the end of Q3. The headcount has remained relatively static over the last three months as we have had similar numbers of starters and leavers throughout this period. Overall we have had 25 new starts in this financial year so far and 24 leavers.

Turnover



In December the organisation saw three leavers and our turnover rate is now at 8.44%. Comparative figures for the period 2011 – 2015 show how we are progressing on the agreed vacancy factor compared to previous years. For reporting purposes, the turnover figures will include both planned and unplanned turnover. Planned turnover is classed as leavers whose reason for leaving is end of fixed term contract or redundancy. Staff moving within NHS Health Scotland are not reported on as part of the turnover figures.

Absence % Year to Date



Whilst the first two months of the year higher than average absence rates, which reached above the 4% HEAT standard for the first time in four years, absence has decreased significantly again from June onwards. Long term absence now makes up the larger portion of the absence overall and we are continuing to work with line managers in supporting staff with a sustained return to work. The information surrounding the working hours available against the sickness absence hours for both sets of information, is taken from the SSTS (Scottish Standard Time System) where all leave (excluding annual leave) is recorded, further to submission of self certification forms, fit notes and information sent by managers.

Q3 KSF Update

The focus of activity and support for staff in this quarter was to ensure that the mid-year reviews were carried out and that the quality of these conversations was to a high standard. A personalised postcard campaign was carried out and appears to have been well received by staff. Nineteen staff attended the five KSF induction/refresher sessions over both sites during October and early November.

A review of PDP activity within e-KSF over the mid-year review period has shown that 66 new PDP activities have been added since the 31 May analysis report. These new activities will now be reviewed and mapped against the *AFHS* competency framework. We will also review to ensure that staff have access to the learning activities identified and support if necessary.

DIRECTORATE UPDATES

This section provides highlights, risks and issues to note and how likely we are to deliver our Delivery Plan commitments on time and on scope, by Directorate.

Chief Executive's Office

Highlights

All governance meetings ran to schedule and plan.

We worked hard to create a smooth transition between Margaret Burns our Chair of eight years stepping down and our new David Crichton beginning his Chairmanship on 1 December 2015.

Further to significant work to attract diverse new Non Executive Board members, with rich experience in the field of health inequalities, two new non-executive announcements were made. Paul McColgan and Jane-Claire Judson will join the Board on 1 February 2016.

Our Board Seminar on 4 December 2015 developed and facilitated by the Strategy Directorate engaged Board members in the development of the strategic direction and vision Health Scotland will follow from 2017 onwards.

Our Chair took a key role in the Chiring of the Place Standard Launch 10 December 2015. Our Events team managed and coordinated this successful event and the significant contribution we made to the Faculty of Public Health Conference held in November 2015.

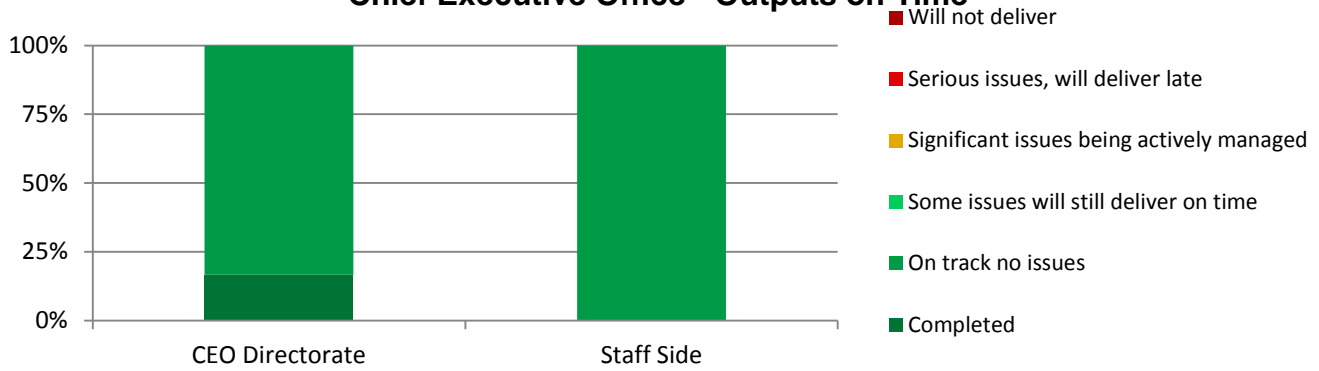
Risks/Issues to note

There are no risks or issues to note for the Board's attention

Performance Summary

All of our outputs are being delivered on time and on scope as shown in the tables below

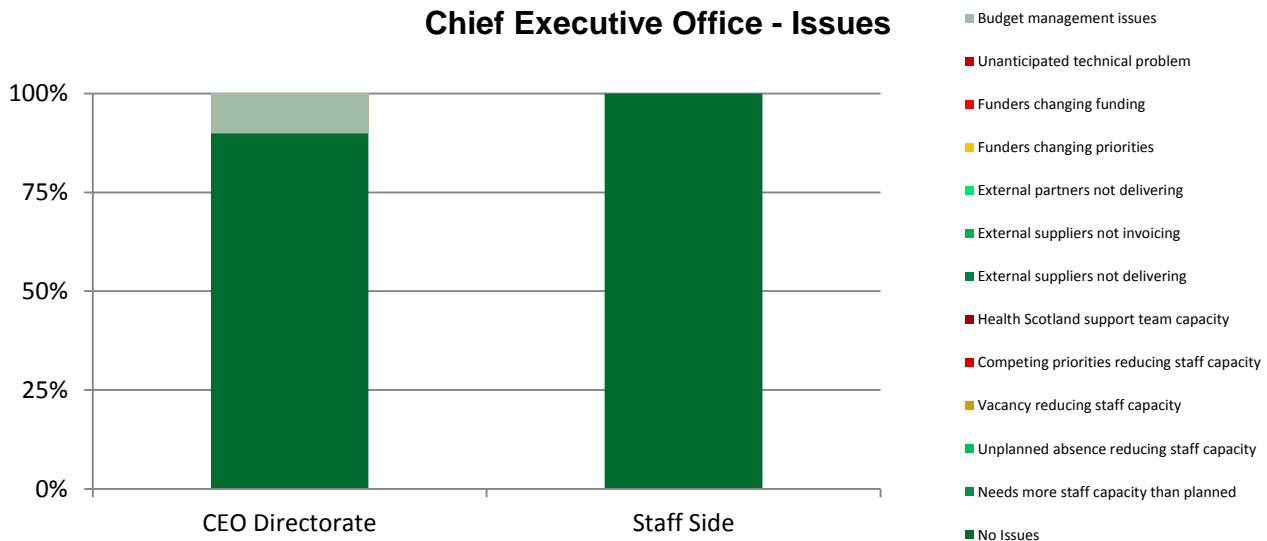
Chief Executive Office - Outputs on Time



Chief Executive Office - Outputs on Scope



Chief Executive Office - Issues



Health Equity Directorate

Highlights

We have completed the recruitment of our top two senior management layers. We now have all four Heads of Service in place. The process for completing recruitment is progressing as planned. We are continually refining the portfolio areas for the Directorate, ensuring they are aligned with corporate priorities, commissioning requirements and stakeholder expectations.

We coordinated a number of successful 'conversations with the people of Scotland' in Dundee, Johnstone and Hawick and our community food and health team ran a well-attended national networking event in Perth that was addressed by the Public Health Minister. We worked with Communications and Engagement to release a position statement on food poverty

A review of the Nutrient and Food Standards for the Scottish Prison Service was finalised in partnership with Food Standards Scotland and the Scottish Prison Service Health Scotland Logic model for Food was finalised and shared with partners including Food Standards Scotland and Scottish Government colleagues.

We ran two of the test events for the new Health and Justice Improvement Game resource in Her Majesty's Prison (HMP) Kilmarnock and the three HMPs in Forth Valley) and held a national workshop with justice and health stakeholders to test out the proposed outcomes of the new framework for health improvement.

Our Organisational Lead for Community Justice is now a member of the Outcomes, Performance and Accountability Working Group led by Scottish Government's Justice Division which is informing the performance indicators for the new Community Justice Strategy.

We are working with the Improvement Service and Healthcare Improvement Scotland to support development of South Lanarkshire's Strategic Commissioning Plan for the new Integrated Joint Board. We are also supporting Aberdeen City CPP with its Strategic Assessment and; Angus CPP with evaluation. We continue to support Inverclyde. Separately, we are currently acting as a critical friend to East Ayrshire Council in shaping their strategic plan.

Working with the Events team we organised and contributed to a Family Adversity Conference. This was established through a collaboration between Health Scotland and Sir Michael Marmot's Unit Institute of Health Equity. The event brought together senior leaders from policy, research, practice and the Third Sector across the UK to discuss how we might strengthen our response to mitigating and preventing the impact of family adversity on health and wellbeing.

The annual smoking cessation conference highlighted new research and practice and to hear from the Chief Medical Officer who gave a lively presentation on current Scottish Government smoking cessation strategy including her position on ecigarettes.

We worked with the strategy directorate to successfully launch the Place Standard

We negotiated with Transport Scotland, Sustrans and Cycling Scotland the inclusion of the Place Standard as criteria for the multi-million pound Community Links Plus programme.

Public Health Wales have expressed keenness to adopt our NHS Physical Activity Pathway, screening tool and resources.

As part of the work to support Health and Social Care partnerships promote physical activity an event was held in Dumfries and attended by over 30 key strategic leads.

We engaged with NHS Boards and Scottish Government colleagues to agree focus and performance measures and successfully influenced the inclusion of an 'inequalities and person-centred care' measure in the next Promoting Health Service (HPHS) CMO letter (2015) 19 This was disseminated to Boards in October. The continued role of HPHS as a vehicle to support delivery of the health inequalities and prevention agenda is endorsed through its inclusion within Local Delivery Plan Guidance for 2016/17.

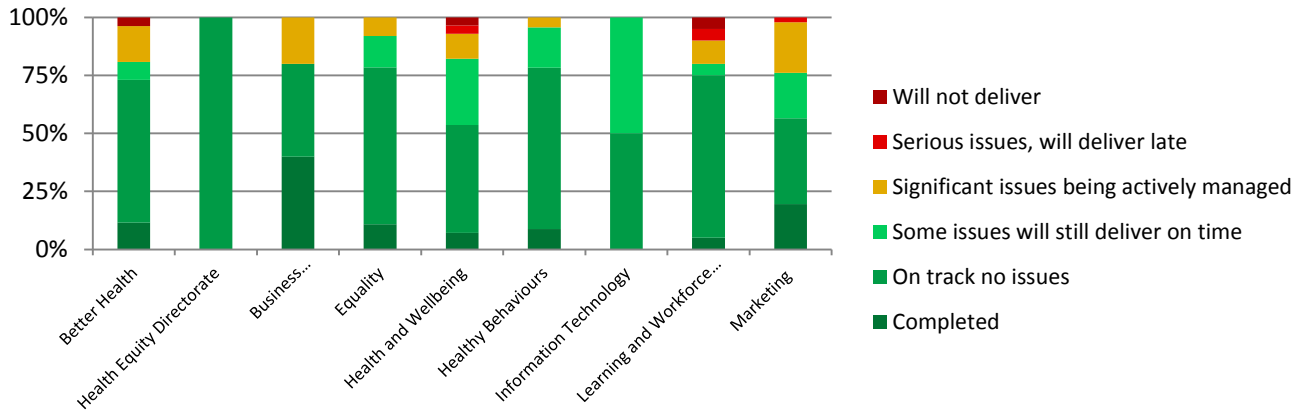
Risks and Issues to Note

The website project board is actively managing risks in relation to delay in the launch of our redesigned website due to go live in March There is active management of other capacity pressures on the Digital Services Team including the redesign of the Healthy Working Lives website.

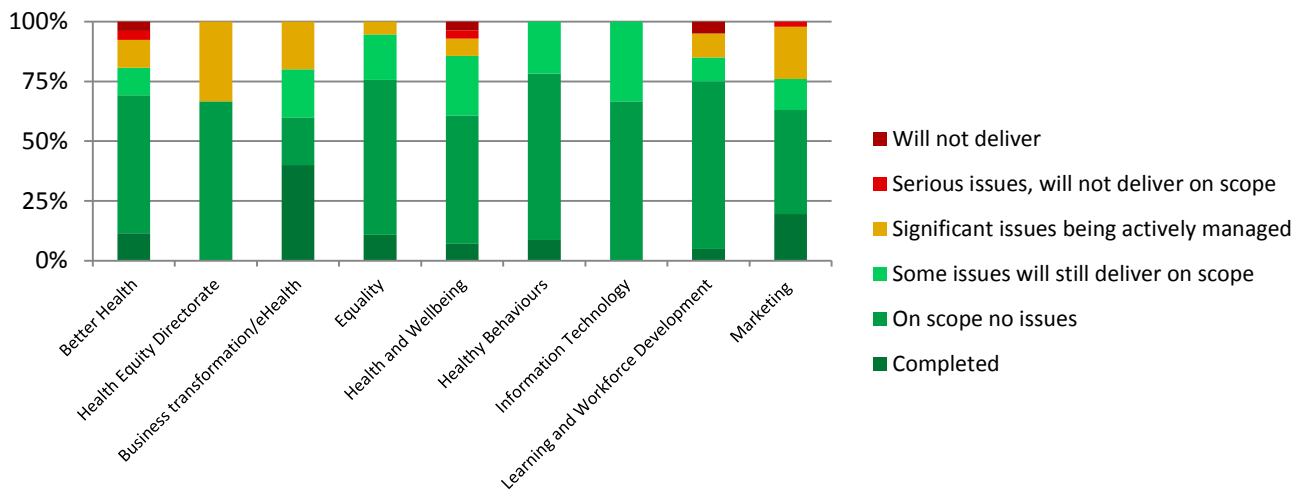
Performance Summary

The Directorate has made good progress in delivering our corporate priorities and other planned work commitments in our delivery plan as shown in the tables below. Currently we have 150 outputs that are scheduled to be delivered on time and scope and only 6 that will either not be delivered or be delivered late/not on scope. We are actively managing issues that are constraining delivery.

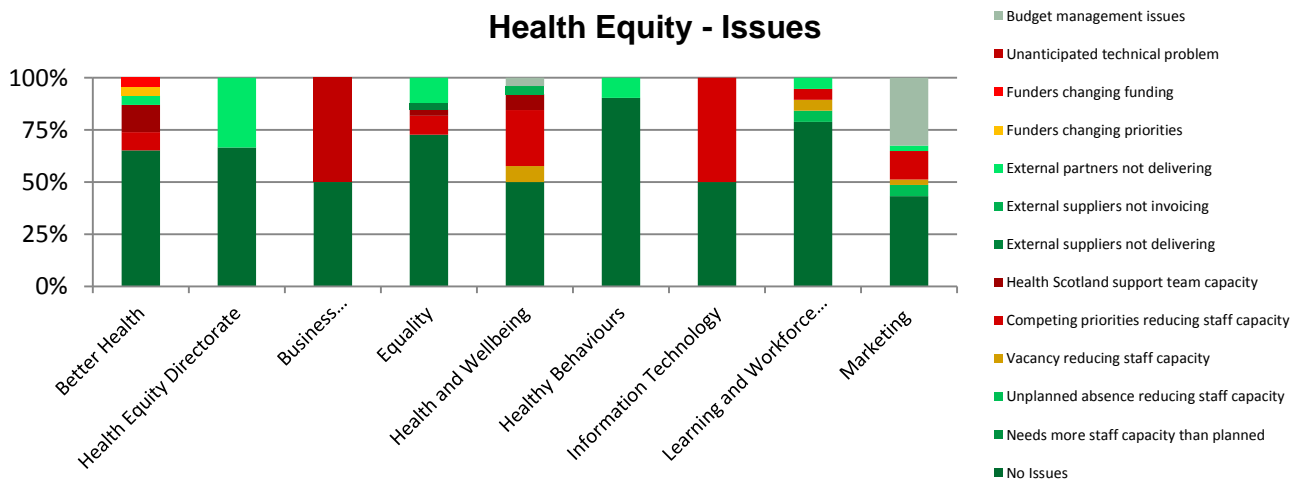
Health Equity - Outputs on Time



Health Equity - Outputs on Scope



Health Equity - Issues



Health and Work Directorate

Highlights

We submitted our formal contribution to the Fair Work Convention during this quarter and engagement work is continuing in advance of the publication of the Fair Work Framework planned for March 2016. We have also worked with Scottish Government to consider actions aimed at reducing the number of women losing their jobs during pregnancy, a situation that has deteriorated over the last ten years, and to consider how we can more effectively tackle issues related to disability, health and employment.

The Managing Stress Train 2015 partnership initiative with the Institute for Occupational Safety and Health came to a conclusion with an event at Hampden Park that showcased three examples from the initiative. 10 train the trainer sessions have been delivered to 110 trainers representing 53 companies employing over 35,000 staff in total.

The Fit for Work service figures remained below target but continued to show a steady rise throughout the quarter. We are working with Department of Work and Pensions and National Services Scotland to improve marketing of the service and delivered seminars on Fit for Work with ACAS and Scottish Engineering to increasing uptake of the service.

The Healthy Working Lives (HWL) led Health and Safety Action Plan working group met in November and December to progress its work and also led a development discussion at the quarterly meeting of the Partnership on Health and Safety in Scotland (PHASS) in November.

HWL have completed a pilot in the social care sector in partnership with Scottish Care, the representative body for the independent care sector in Scotland, addressing psychosocial risks amongst the workforce. Learning from this pilot will be shared across the sector at two events in Q4.

During Q3, HWL worked with the Evaluation Team to deliver four training sessions to 34 (out of 45) HWL Advisers on supporting employers in tackling health inequalities and measuring outcomes. Feedback on the training has been positive and the presentation and resources are now available on the VLE as an e-learning module.

The newly formed Implementation Group responsible for delivery of the HWL Programme across the 15 partner Boards held its first meetings during Q3. Chaired by NHS Ayrshire and Arran, it has been focusing on the development of the 2016/17 implementation plan and the Programme's contribution to tackling health inequalities. The HWL Programme Board has also met and requested submission by the Implementation Group of the draft implementation plan by end February.

KPI targets on the number of employers detecting, engaging and being supported with developing in house policies continue to be met. However, no Boards were able to reach their targets relating to the number of employers accessing HWL services. The number of enquiries made to the National Adviceline is also below target. It is anticipated a direct mail/email marketing campaign planned for Q4 will help to address this.

The 'discovery phase' for the development of the new HWL website was completed in Q3. This has provided an understanding for the contractor of the HWL service, user needs, business requirements and site goals. Timely delivery of this work is critical to enabling HWL delivering its KPIs and actions arising from the Annual Review Action Plan.

The Healthyliving Award (HLA) is almost at the 800 mark, a major achievement in its 10th Anniversary year, and engagement with potential customers has continued at events including

CFHS Conference 28th October, Scottish Chef Conference 2nd November and RTB Live 12-13th November. Working with 'high street' can be a long and complex process. A campaign targeting this sector and B&B's is currently in the planning. A major success in Q3 has been the engagement of Greggs at CEO level, and who have expressed interest in working with the Award.

The HLA Team has also been working with Food Standards Scotland, Scottish Grocer's Federation, NSS and Scottish Government to deliver an NHS Catering and Retail event on 19th January 2016. That will focus on implementation of the new Healthcare Retail Standards that supports delivery of the HPHS CEL.

Q3 saw us beginning work with the Social Security Division in Scottish Government and ScotPHO to discuss how we might support the modelling of new benefits arrangements. ScotPHO are following up meeting with SG Analysts to discuss and agree their input. The Income and Welfare Reform Team will coordinate an NHS reference group to support development of health and disability related benefits

We were represented at the first meeting of the new Fuel Poverty Working Group which will produce an action paper to be put to Scottish Ministers. The group is independent of Government and independently chaired and will work with the Scottish Fuel Poverty Forum and the Scottish Rural Fuel Poverty Task Force to drive forward the elimination of Fuel Poverty in Scotland.

The second instalments of the annual allocations were released to territorial Boards. As it has proved extremely difficult to fill vacant 'hub' adviser posts on a temporary basis, an additional payment was made to NHS Lanarkshire to enable the team to 'buy' in local in-house health and safety support.

Through supporting improvement work across the organisation, definitions were agreed to enable better understanding of relationships with NHS Health Scotland's key stakeholders, in particular, definitions of 'partners' and 'customers', something that is an essential element of our EFQM journey.

Risks

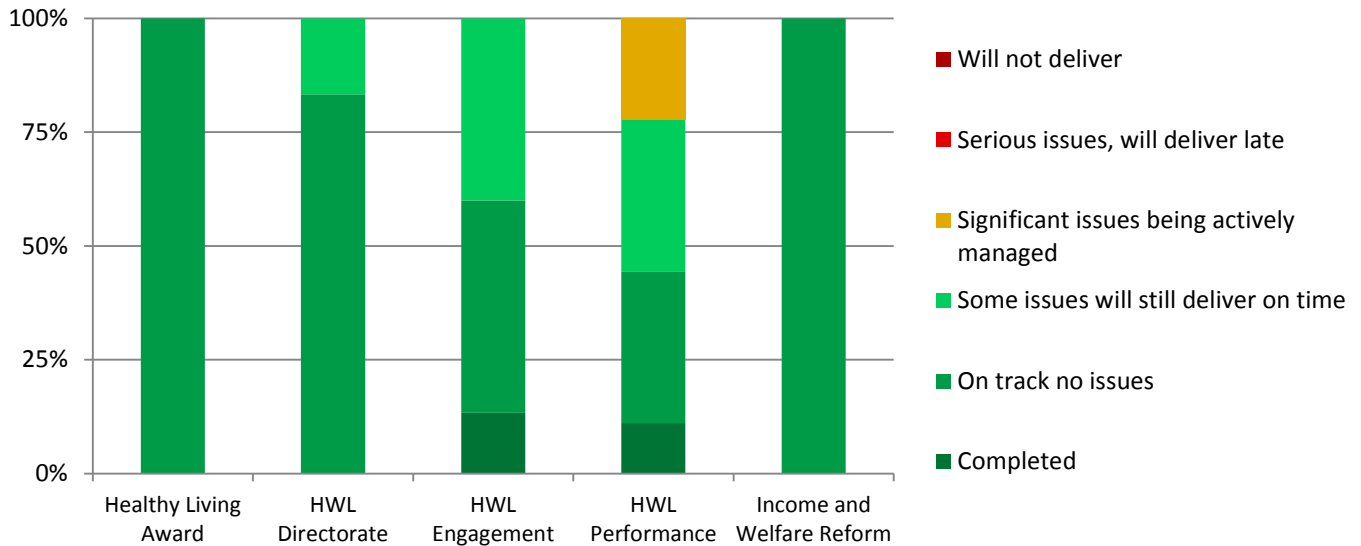
Staffing capacity remains a significant area of risk, especially looking ahead over the remainder of this financial year and into the next. Populating the new Directorate structure, which includes filling a number of vacant posts, will mitigate some of this, though two notable areas of risk remain:

- Current indications suggest the capacity to deliver HWL services through local teams during 2016/2017 will be reduced by 50%. Whilst the shift in focus to develop national channels, including the web and Adviceline, to replace face to face delivery is underway, there is concern that the necessary developments are unlikely to be in place by April 2016.
- The Healthyliving Award Team is facing particular challenges in Q4, traditionally a very busy period, as a consequence of internal vacancies, long term absences and capacity issues in critical support areas elsewhere in the organisation.

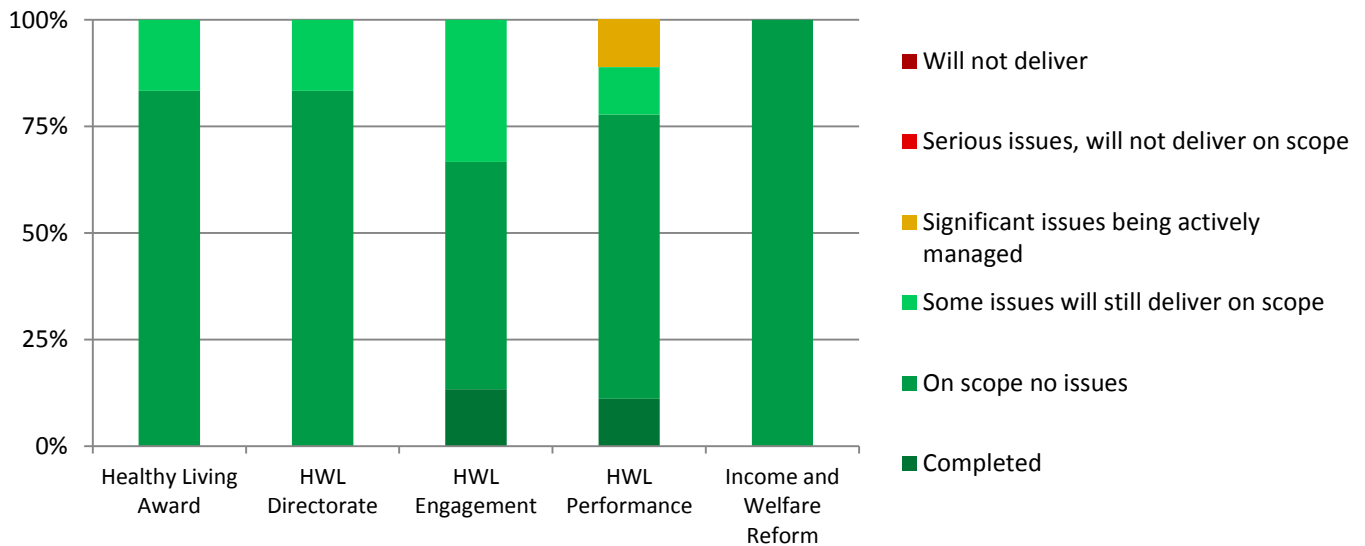
Summary

This has been a successful quarter with significant success in engagement and in alignment with Scottish Government policy priorities. 100% of planned outputs have been completed or expected to be delivered on time and 100% completed or expected to be delivered on scope. We are actively managing the small, though slightly increasing number of outputs where there may be a risk to delivering on time and in scope by the end of the financial year. See tables below

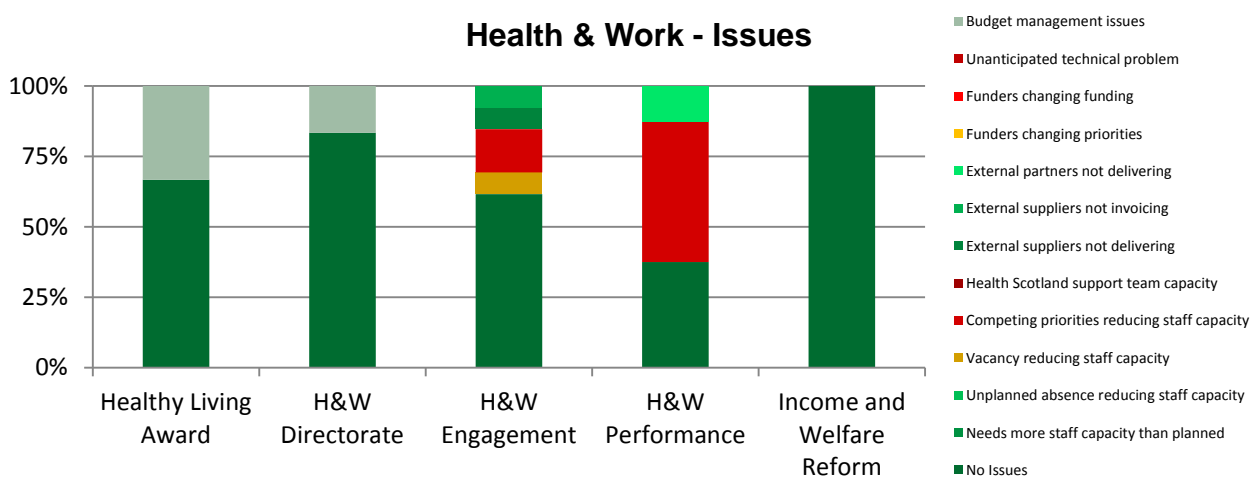
Outputs on time



Outputs on scope



Health & Work - Issues



Public Health Science Directorate

Highlights

Public Health Science remains productive, with satisfactory progress seen in all teams. All teams within PHS have reported financial progress within the target variation. One larger item of expenditure remains under active review. Recruitment into vacancies has attracted a high standard of applicants.

All teams are setting out their programmes for the coming year. It is already clear that requests and commitments exceed capacity to complete each task, and decisions on priorities will shortly be taken in line with the business planning process during Quarter 4. It is already evident that there are postponements and termination so projects resulting from changes in-year. In large measure, these have already been reported.

Following an internal review of the commitments and management loading of the Public Health Observatory team, there has been an increase in management capacity.

The piloting of the Research and Evaluation Governance Framework has been completed. Further piloting will be undertaken in the first two quarters of 2016-17, to allow for a rollout to be prepared in Q3 and 4 of next financial year.

Risks & Issues to Note

The Government public health review will report in February, and may influence the shape and priorities of work in the coming year. Policy developments and expectations arising from them within 2016 will have a similar effect. ScotPHN has been closely involved with the engagement phase and subsequent tasks with the public health review.

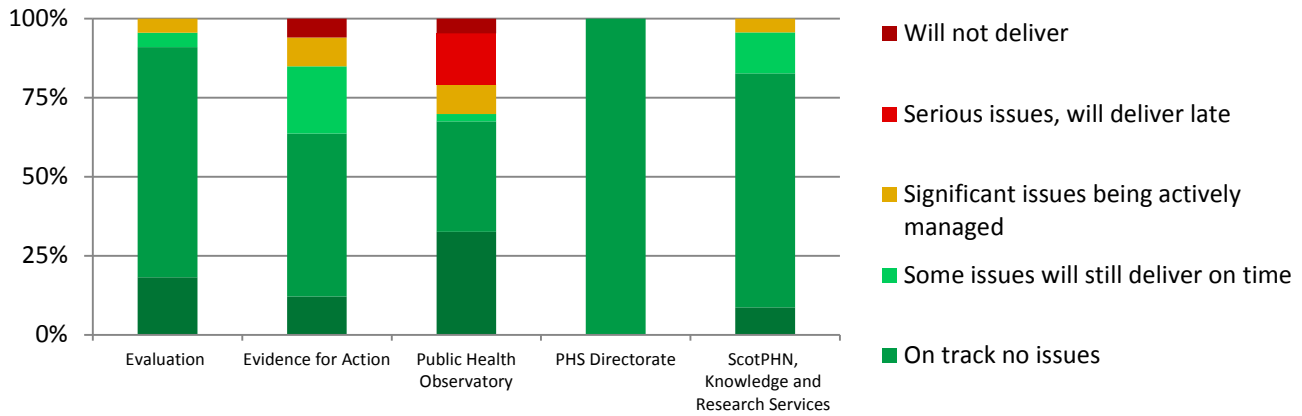
Health Economics was the focus of a spotlight on several initiatives in the Q1 report. Following a number of initiatives to recruit and retain health economists, we are currently taking stock of ways to provide this service.

The PHS DMT has scheduled and regular reviews of risks and pressures, and there is continuing attention to the PHO programme. The Evidence for Action children and young people's programme is also at full capacity. The Evaluation team is coping with change in stakeholder requirements, and seeking to recruit and retain health economists. Teams are managing each pressure and, where possible, considering joint approaches. The fourth team, which includes ScotPHN, has had a particularly productive quarter, with the issue of reports on matters including obesity, and a draft on palliative and end of life care.

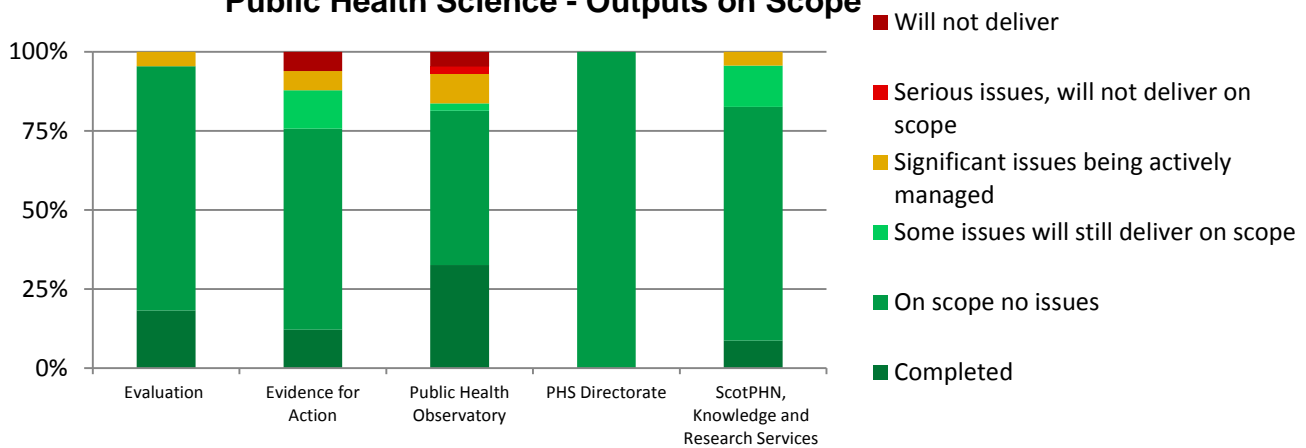
Performance summary

Of 94 business plan outputs, 3 are complete, 89 are on track and ongoing, or being managed, 7 will deliver late and 4 will not deliver. Seven outputs will deliver late, and each was reported in the last quarter. There has been no further slippage (see table below).

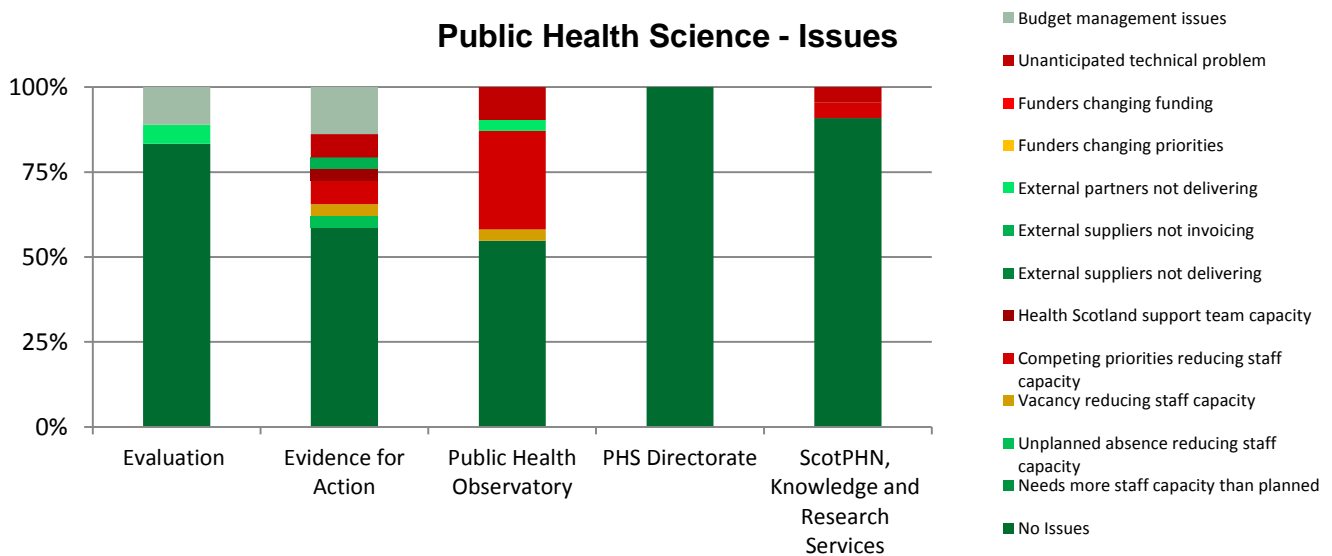
Public Health Science - Outputs on Time



Public Health Science - Outputs on Scope



Public Health Science - Issues



Strategy Directorate

Highlights

This quarter has focused on supporting enhanced delivery of our corporate objectives. We have worked closely and effectively with teams across Directorates to ensure that communication and engagement activity has as much impact as possible and is delivered in a coherent and consistent way. This includes the development of a number of significant organisational position statements and media statements. Our approach to social media continues to strengthen as evidenced by an increasing number of followers, retweets and downloads of our communications. We have been leading work to improve organisational approaches to policy advocacy, corporate branding, and workforce development priorities.

Our work in providing specialist events management has successfully enabled a number of significant national events to take place as described in the organisation highlights in the first section of this report.

We submitted our application for Recognised for Excellence (R4E), the award under EFQM.

The Partnership Forum approved a recommendation from the Office Improvement Group in September to proceed with plans to consolidate accommodation at Meridian Court onto one floor. Implementation plans are now well underway, with formal building warrants submitted in December.

Development of the new Corporate Planning Tool progressed well and we are deploying the new tool for planning for 2016/17.

We have made good progress in developing a suite of KPIs for the organisation, with work underway to collect data for inclusion in the 2015/16 impact report and determine performance measures for 2016/17.

Work to review progress with our current strategy and look ahead to the next one is underway. Our stakeholder engagement session in December to inform our business planning for 2016/17 and beyond was attended by approx. 80 delegates to. We led a successful board seminar in the same week on establishing parameters for the next strategy.

We continued to lead and support organisational functional realignment particularly through specialist human resource advice and support for change management approaches.

Having successfully promoted strong staff engagement with the National NHS Staff survey, our analysis of the results received in December show improvement in all directorates in two specific areas: staff feeling involved in decisions and improved affiliation with the directorate.

Risks and Issues to note

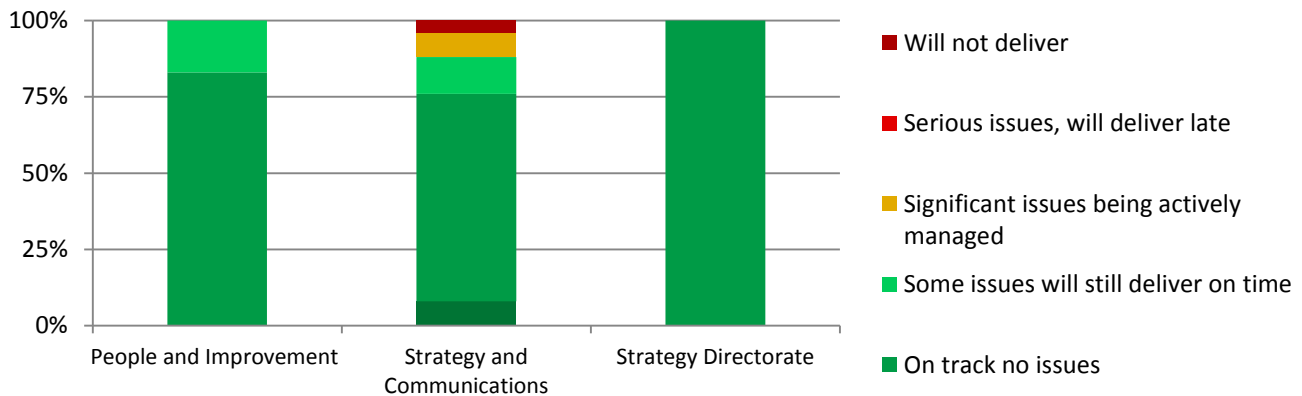
- The delay in implementation of eESS continues to impact on both HR and the People Development team and we still await clear formal clarification of the timeline for completion. Locally, we continue to work around this but it continues to impact on the efficiency of our work as we continue to manually work on specific reports.
- It has been agreed to postpone Management Essentials cohort 3 until the new business year. This will alleviate some of the pressure on line managers during the business planning period while other mandatory training is taking place.

- The Inequalities Action Group has new membership and we are working with our Sponsor Division to develop the group's role and remit further A development session is arranged to take place on the 25th January.
- Although plans are submitted for revisions to Meridian Court and the intention remains to complete this work by the end of this financial year, it does look likely that some work will continue into the first quarter of 2016/17. This relates largely to uncertainty as to when formal approval for building works will be received.

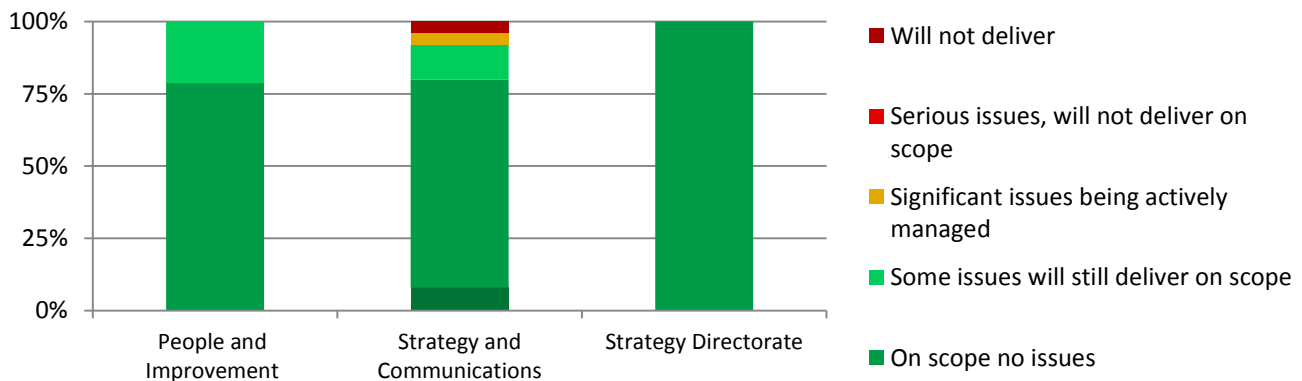
Performance Summary

The majority of our outputs will be delivered on time and on scope as shown below. We are actively managing constraints identified in relation to delivering on time and on scope.

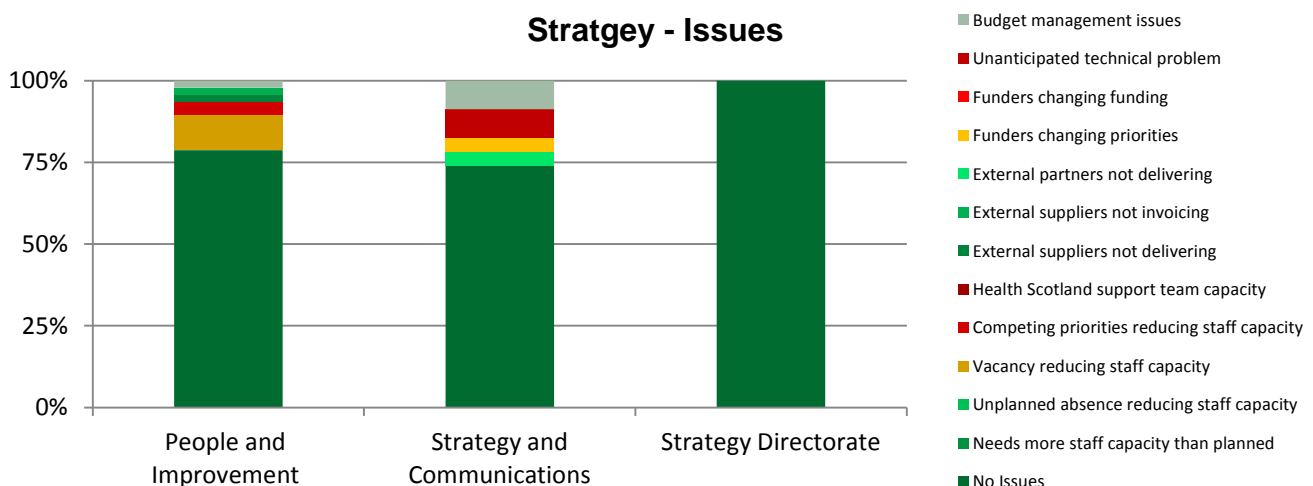
Strategy - Output on time



Strategy - Outputs on Scope



Strategy - Issues



Appendix 1 – Financial Position

The following is a summary of our financial position at the end of Q3 provided to the Audit Committee with additional appendices in February 2016.

2015/16 FINANCIAL POSITION: 9 MONTH REPORT

1. With regard to the **revenue resource limit** (RRL), at the end of the 9 month period there was an underspend of £289k (2%) against the phased budget of £14,649k. The total of unallocated budgets following the Directors meeting in early January was £72k which is being held at present as part of our planned y/e surplus. We expect our staff savings to rise during the year to around £125k which together with project savings also of £125k gives our target y/e surplus of £250k to c/f to 2016/17.
2. Matters to be noted at this stage are as follows.
 - The Board's 2015/16 RRL as advised in the December 2015 allocation letter from the Scottish Government was £19.708m which mainly relates to core funding but we expect this to rise to £19,899k as we receive confirmation on non-core funding in the October to March period.
 - The £289k underspend against the phased budget consists of 2 main elements; an overall underspend of £119k on projects (see following note) and an overall underspend of £168k on staffing.
 - Our strategic realignment is taking longer than first envisaged which has the consequence of some unplanned salary savings in Strategy and Health Equity of around £250k for the year. We had planned for Health Equity vacancies in the first quarter of the year but these will continue for the full year so we will have a higher impact in the last quarter of the year. As a result the CMT took the decision in December to bring forward a payment from 2016/17 (due 1 April 2016) to 2015/16 in relation to a child behaviours due to St Andrews University of £410k. We have allocated £185k from our unallocated project budget and utilised £225k of the forecast salary saving in order to fund this project.
 - Our project variance at December is nearer £344k (£119k + £225k St Andrews) when adjusted and will require some careful management to ensure budgets are spent or surrendered in the financial year. Project variances are mainly small variances across the board with the exception of Estates at £77k but this is under review as a result of the Meridian Court floor changes.
 - The Scottish Government are reluctant to fully commit to c/f surpluses to next year as they have been in previous years however a y/e forecast of £100k to £200k would seem manageable to them in discussions. In our December submission we committed to a y/e surplus of £100k with the wish that this be carried forward to 2016/17. At present I expect our surplus to be in the range £100k to £200k.
 - At present we have a policy of spending our full allocation for the year and managing c/f and b/f surpluses to around 1% (£200k) of our annual allocation (£20m). Essentially the same funding is being b/f and c/f which also gives us some element of contingency should any late issues arise.
3. The 2015/16 **capital resource limit** (CRL) is £100k which relates to our IT replacement program at £30k and expected property costs of £70k in relation to changes in our floor usage at Meridian Court. As our Meridian Court project is likely to be delayed in part to 2016/17 we are reviewing our IT costs notably our BPT project with a view to capitalising the expenditure in 2015/16 of around £50k and bringing forward some IT spend from next year to this of around £30k.

Related to this our transitional revenue costs on our property strategy were increased by £148k to £300k for 2015/16 to allow a full year of funding pending our property review notably on the part floor use at Meridian Court. This additional funding was provided by the Scottish Government as we had conceded £150k of capital as our original capital allocation was £250k.

4. Our **cash requirement is £20m** for 2015/16 and we drew down £14.25m (71.25%) in the first nine months of the year.

Appendix 2 – Corporate Risk Register (As at 13th January 2016)

Ref	Potential threat or risk identified
	Reputational Risks Appetite – Open (Target score 12 – 16)
1.1	As a result of unsuccessful strategic engagement or national positioning, there is a risk that we will not have the influence required to effect the changes needed to improve policy, practice and support for action at national level or that some current delivery partners will disengage.
1.2	Closed
1.3	Closed
1.4	As a result of an ambitious strategy that relies on the contribution of many agencies to effect real reduction of inequality in health, there is a risk that the organisation cannot demonstrate measurable impact.
1.5	As a result of inadequate and/or ineffective policy advocacy, there is a risk that could make public a policy position that is not consistent or feasible within the current policy context.
	Financial Risks Appetite – Cautious (Target score 5 – 10)
2.1	As a result of inadequate financial planning and performance management, there is a risk that we fail to optimise the effectiveness and efficiencies of our resource allocation.
2.2	As a result of changing political priorities impacting on spending plans and efficiency targets, there is a risk that our financial planning assumptions may become unrealistic.
2.3	As a result of poor planning or prioritisation processes, there is a risk that our financial resources will not be spent on the most important or effective things to achieve a reduction in health inequalities.
	Compliance and Regulatory Risks Appetite – Minimalist (Target score 3 – 4)
3.1	As a result of inadequate management of processes for corporate governance and compliance, there is a risk that we will not meet our regulatory, legislative or business continuity obligations.
	Operational Risks Appetite – Open (Target score 12 – 16)
4.1	As a result of unsuccessful change management processes, there is a risk that staff will not feel engaged with organisational aims.
4.2	As a result of changing strategic direction and economic constraints, there is a risk that our workforce resource is not aligned with our priorities or not sufficient.
4.3	As a result of recruitment challenges in an improving employment market there is a risk that we are unable to attract and retain the right staff to implement AFHS.
4.4	As a result of actual or perceived lack of partnership working, there is a risk that employee/employer relations will be impaired.

Ref	Potential threat or risk identified
4.5	As a result of not continuing to improve ways of introducing and maintaining technology in a coordinated and consistent way, there is a risk that our technology footprint will become disjointed and the risks will not be fully articulated and managed.
4.6	Closed
4.7	As a result of limited experience or expertise within a small organisation, there is a risk that contracts and SLAs have been or will be entered into that are not appropriate or have significant flaws.
4.8	As a result of reduced financial allocation we will not be able to do the range of work necessary to achieve our corporate ambitions.