NHS 24
BOARD MEETING
24 APRIL 2025
ITEM NO 9.2
FOR APPROVAL

2025/26 THREE YEAR FINANCE PLAN

Executive Sponsor:
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Lead Officer/Author:
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Action Required:
The Board is asked to approve the 2025/26 Three Year Finance Plan.

Key Points for the Board/Committee to consider:
The main points to note:

- The plan is based on the indicative 2025/26 funding envelope provided by Scottish Government Health & Social Care Directorate (SGHSCD).
- Pay uplift is currently assumed as funded in line with the 3% uplift announced in the SGHSCD December budget.
- Non pay inflation has been funded as part of the base funding allocation.
- Agenda for Change incremental progression impacts in 2025/26 to be funded internally.
- National Insurance changes are anticipated to be funded at 60% of the costs, impacting on the recurring deficit.
- Costs of the Digital Transformation Programme shall be funded internally.
- Efficiency proposals demonstrate the areas where savings have been targeted and are well developed for 2025/26. The figures for future years are based on what is deemed a realistic level of efficiencies at this point and it is expected that the unallocated section shall move to targeted plans as time progresses.
- The underlying deficit shall reduce in 2025/26, however at this point it is anticipated that it shall grow in future years without management action. This shall require additional efficiency plans and non-recurring schemes being converted to recurring ones if the organisation is to remain in a balanced financial position. Due to NHS 24's success at breaking even each year it has been anticipated that this will continue, albeit far more challenging to achieve than in any other period.
- The Three-Year Finance Plan has been approved by SGHSCD with one minor change in relation to a non-recurring allocation that shall no longer be received. To compensate, this has been offset by an increase in the non-recurring savings target to accommodate and is deemed achievable.

Governance process:

- A draft savings target was presented to EMT in December 2024.

- First cut of the full finance plan to EMT 20 January 2025.
- Board Workshop on 30 January 2025, triangulating the Finance, Corporate Delivery, and Workforce Plans.
- First cut submission to SGHSCD by end of January 2025.
- Discussion with Senior Management Team (SMT) in February 2025.
- Discussion with Partnership colleagues on the key themes in February 2025.
- Discussion with Sustainability & Values Group in February 2025.
- Submission of proposed final plan to PPC in February 2025.
- Submission of final draft plan to Reserved Board in February 2025.
- Submission of final draft plan to SGHSCD early March 2025.
- Submission of final plan to Board in April 2025.

Strategic alignment and link to overarching NHS Scotland priorities and strategies:
This paper demonstrates how NHS 24 can meet its financial targets in 2025/26, and the challenges faced in achieving them.

Strategic alignment and link to Corporate Delivery Plan activity:
This paper is prepared in alignment with the Corporate Delivery Plan.

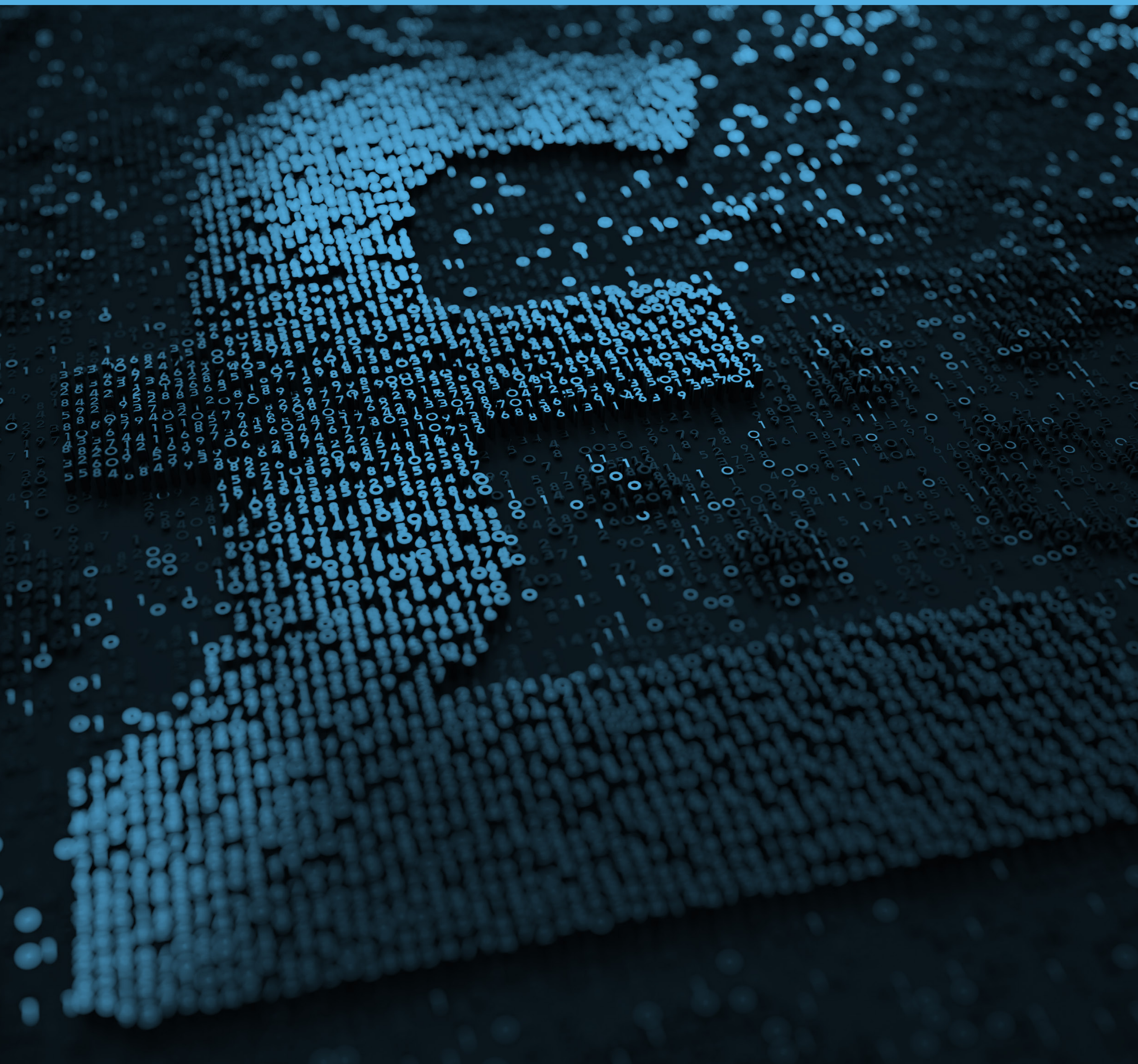
Key Risks:
NHS 24 may not meet its statutory requirement to breakeven if actions are not taken.

Financial Implications:
Ensuring a balanced financial plan is achievable.

Equality and Diversity:
The finance plan has fed in to the CDP process and assessed in line with the appropriate requirements in relation to equality and diversity.

NHS 24

2025/26 FINANCE PLAN



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1. 2024/25 Finance Plan Recap

Prior to reviewing the 2025/26 draft finance plan the table below provides a reminder of the three year plan previously signed off by Board.

	2024/25			2025/26			2026/27		
	Recurring £m	Non Recurring £m	Total £m	Recurring £m	Non Recurring £m	Total £m	Recurring £m	Non Recurring £m	Total £m
Income Base	102.2	1.1	103.4	119.2	1.1	120.4	119.2	1.1	120.4
Uplift									
Earmarked Recurring	17.0	0.0	17.0	0.0	0.0	0.0	0.0	0.0	0.0
c/f 2023/24 underspend	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Income	0.0	1.0	1.0	0.0	1.0	1.0	0.0	1.0	1.0
Total In-Year Funding	119.2	2.1	121.4	119.2	2.1	121.4	119.2	2.1	121.4
Applications of Funds									
Expenditure Base	102.2	1.1	103.4	119.2	1.1	120.4	119.2	1.1	120.4
Prior Year Recurring Gap b/f	0.9	0.0	0.9	0.8	0.0	0.8	0.3	0.0	0.3
Earmarked Recurring	17.0	0.0	17.0	0.0	0.0	0.0	0.0	0.0	0.0
Secondments	0.0	1.0	1.0	0.0	1.0	1.0	0.0	1.0	1.0
General Inflation / Growth etc									
Salaries	0.4		0.4	0.4		0.4	0.4		0.4
Supplies	1.0	0.0	1.0	0.4		0.4	0.5		0.5
Other Commitments									
Unavoidable Pressures	0.3		0.3						
Priority Investments	0.2	1.8	2.0	0.3	1.6	1.8	1.0	1.5	2.5
Expenditure Total	122.2	3.9	126.2	121.1	3.7	124.9	121.4	3.7	125.1
Financial Gap	**(3.0)**	**(1.8)**	**(4.8)**	**(1.9)**	**(1.6)**	**(3.5)**	**(2.2)**	**(1.6)**	**(3.7)**
Pessimistic Savings	1.6	1.7	3.3						
Financial Gap	***(1.4)***	***(0.1)***	***(1.5)***						
Realistic Savings	2.2	2.0	4.2	1.7	1.9	3.5	2.2	1.6	3.7
Financial Gap	***(0.8)***	***0.2***	***(0.6)***	***(0.3)***	***0.3***	***0.0***	***(0.0)***	***0.0***	***0.0***
Optimistic Savings	2.4	2.4	4.8						
Financial Gap	***(0.6)***	***0.6***	***0.0***						

In summary:

- A break-even position was achievable each year, however, with an underlying recurring deficit. The deficit would be offset by non recurring means each year and reduce each year until recurring balance is achieved in 2026/27. Savings Plans in future years are based on historic achievement rather than detailed plans.

Current position in 2024/25:

- A break-even position is being achieved in-year due to a pays underspend from vacancies.
- Recurring savings of 3% have been achieved in full, however not all were cash releasing.
- The £0.8m recurring deficit under the realistic plan is the roll forward recurring gap in to 2025/26.

2. 2025/26 National Context

The health budget was announced in December 2024. The main points of impact to NHS 24 are:

- Boards will receive a 3% uplift to their base budget. This is to meet the expected costs of the 2025-26 pay deal in line with public sector pay policy with pay remaining fully funded and provides a 3% uplift for non-pay to support inflationary pressures.
- The timeline of moving to the 36 hour working week has been confirmed as 1st April 2026 – no impact on 2025/26 finances anticipated.
- Boards to assume 60% of the National Insurance changes presented in the UK budget will be funded for direct pays at this point.
- Board Three Year plans have to robustly evidence financial balance, providing clear evidence of proposed service redesign and whole system working.
- Efficiencies to be made from the 15 box grid, productivity improvements, and value based healthcare. As a reminder the 15 box grid includes:
    - Prescribing (5)– national formulary rollout; digital prescribing to be accelerated; polypharmacy reviews; low clinical value medications; affordability of new medicines.
    - Workforce (5) – agency reduction; sickness absence reduction; pay protection; bank optimisation; shared services.
    - Other (5) – theatre optimisation; remote outpatient appointments; review of integration schemes; procedures of low clinical value; CfSD pathway changes and heatmaps.
- There is a commitment to passing out 80% of policy funded allocations by the end of the first quarter.
- Capital budgets to be increased by 5% next year.

3. NHS 24 – 2025/26 Finance Plan

The table below shows the 2025/26 starting position, based on current known funding and spend assumptions. £4.4m of savings are required to break-even.

	2025/26			
	Recurring £m	Non Recurring £m	Total £m	Para
Income Base	114.9	1.9	116.8	A
Uplift	3.4	0.0	3.4	B
National Insurance Uplift	1.4	0.0	1.4	B
Earmarked Recurring	11.3	0.0	11.3	C
Carry forward underspend	0.0	0.0	0.0	D
Other Income	0.0	0.9	0.9	E
Total In-Year Funding	**131.1**	**2.8**	**133.9**	
Applications of Funds				
Expenditure Base	114.9	1.5	116.4	F
Prior Year Recurring Gap b/f	0.8	0.0	0.8	
Earmarked Recurring	10.4	0.0	10.4	C
Secondments	0.0	0.9	0.9	E
General Inflation / Growth etc				
Salaries	3.4	0.0	3.4	G
National Insurance changes	2.4	0.0	2.4	G
Supplies	0.8	0.0	0.8	G
Other Commitments				
Unavoidable Pressures	1.0	(0.0)	1.0	H
Priority Investments	0.8	1.6	2.4	I
Expenditure prior to Savings	**134.5**	**3.9**	**138.5**	
Savings required to break even	**(3.4)**	**(1.1)**	**(4.5)**	

In summary, the main reason for the financial gap is as follows:

- £1.0m National Insurance pressure
- £0.5m Agenda for Change pay scale incremental increases
- £0.1m anticipated energy increases
- £1.0m new pressures entering 2025/26
- £0.8m priority investments entering 2025/26
- £3.4m recurring pressure
- £1.1m non recurring Digital Transformation Programme
- £4.5m total savings required in 2025/26

The underlying recurring deficit roll forward from 2024/25 has been offset by Earmarked Recurring Sustainability funding.

It is a statutory requirement for Boards to break-even financially so if spend is incurred per above then £4.5m of efficiencies require to be achieved.

The following notes provide some narrative on the figures in the table above:

A. Income Base

The recurring Income Base budget has been reconciled to the recurring funding on the Scottish Government Budget 2025-26 letter received in December 2024 at £114.9m, prior to inflationary uplift.

This is then supplemented by non recurring allocations from portfolio teams, totalling £1.3m, that it is assumed shall be received. The risk of not receiving these allocations is deemed low due to them being received for a number of years now.

The non recurring funding includes £0.6m of funding that was previously agreed with NHS 24 as a contribution towards the Digital Transformation Programme.

Description	2025/26 Recurring £'000	2025/26 Non Recurring £'000	2025/26 Total £'000
2025/26 initial allocation	114,924		114,924
Non Recurring assumed each year			
Nursing - OU Students		30	30
ICT - e-health strategic allocation		0	0
Nursing - Implementation of Health Staffing Act		47	47
Improvements to Forensic Medical Services		322	322
ICT - Primary Care Projects (PCDS)		491	491
Realistic Medicine Clinical Lead and PM		50	50
Depreciation		397	397
DTP technology refresh		600	600
Income 'Base'	114,924	1,937	116,860

B. Funding Uplift

Boards have received a general uplift allocation of 3% on their base roll forward budget from the prior year. This increases the NHS 24 income by £3.4m as at 1st April 2025. This funding is to cover the cost of the 2025/26 pay award and inflation on supplies costs.

National Insurance funding has been confirmed at 60% of the expected cost. This increases funding by £1.4m in 25/26.

C. Earmarked Recurring Income

NHS 24 continues to receive a portion of portfolio funding for Redesign of Urgent Care (RUC) and Mental Health (MH) on a non recurring basis while vacancies are recruited to. It is anticipated that the remaining vacancies will be filled in 2025/26, allowing the funding to be moved to baseline during the year.

However, there is a risk, given the national financial position, that not all funds shall be received, or posts able to be recruited to. This risk is not deemed a financial one as posts will only be recruited to within the funding envelope available but could have a negative impact on performance. Any changes to the funding allocation will be worked through with the portfolio teams to assess the impact on performance. The monthly update on recruitment trajectories helps inform all parties of any potential slippage in-year.

	2025/26		
Description	**Recurring £'000**	**Non Recurring £'000**	**Total £'000**
Mental Health Hub	2,269		2,269
Redesign of Urgent Care	6,688		6,688
Enhanced Mental Health Care Pathway	1,410		1,410
Sustainibility funding	960		960
Earmarked Recurring	11,326	0	11,326

D. Carry forward underspend

At this point, NHS 24 is not anticipating any year end underspend in 2024/25 due to the Digital Transformation Programme works that are underway. As such, there is no carry forward underspend anticipated in the finance plan for 2025/26.

E. Other Income

NHS 24 has a number of people on secondment to other Boards/organisations. This is treated as non recurring income and offsets the expenditure costs of these individuals who still sit on NHS 24's paybill. This can be a non recurring gain to NHS 24 if backfill is not required and has nil effect if they are.

F. Expenditure Base

The expenditure base roll forward is the full year effect of 2024/25 expenditure budgets across each Directorate in NHS 24. It squares to the income base roll forward, with the exception of the underlying recurring deficit.

G. General Inflation

At present, the pay award is forecast at 3%, in line with the funding uplift received.

NHS 24 has not built in any additional costs or funding for the Reduced Working Week as confirmation has been received that the next phase will not be implemented until April 2026. If this is not funded in frontline areas to maintain current shift patterns, then it will have an impact on performance when implemented.

The cost of the National Insurance changes has been calculated at £2.4m, resulting in an additional pressure in 2025/26.

A review of staff on the paybill and turnover trends has enabled the impact of incremental progression on the Agenda for Change payscales to be forecast. It is anticipated that this will increase the paybill by £0.5m in 2025/26 with a number of staff who joined the organisation since the pandemic moving up spine points.

For non pay areas, inflation continues to be a pressure, mainly due to the Managed Service Contracts being index linked to RPI. As at December 2024, the Consumer Price Index in the UK was 2.6% and Retail Price Index at 3.6%. Recent Office for Budget Responsibility (OBR) forecasts suggest average inflation of 2.6% in 2025/26. For prudency the plan is currently based on the following to account for current inflation and potential National Insurance impact on supplies cost:

- 3.0% for main non pay areas
- 10.0% for utilities
- 5.0% for managed service contracts

In summary, inflation uplift has been confirmed at £3.4m and expenditure inflation is forecast at £4.2m. This is due to anticipated incremental pressure on staff moving up the payscale and forecast increases to the energy bills and prudency in regard to technology contract indexation. However, this is a significant improvement on 2024/25 where there was 0% funding uplift on supplies adding a £1m pressure, in addition to incremental pay progression increases.

H. Unavoidable Pressures

There are some unavoidable pressures that it is prudent to build in to the finance plan for 2025/26 as new costs going forward.

Description	2025/26 Recurring £'000	2025/26 Non Recurring £'000	2025/26 Total £'000
CRE (AWS Hosting and Content Update)	700		700
Licence pressures	201		201
Loss of Estates income	141	(71)	71
Business Systems Transformation		5	5
Estates Relocation Costs		50	50
Unavoidable Pressures	1,042	(16)	1,027

- When reviewing the renewal of the current Decision Support tool used within the 111 service it was concluded that the product was end of life and required replacement. After a robust procurement exercise the Clinical Reasoning Engine was procured. This will replace the current system in 2025/26, with implementation taking place pre Easter.
- The current M365 contract is up for renewal, alongside some smaller licence contracts. It is anticipated that the cost to NHS 24 shall be higher than previous due to additional licences required and changes in the charging mechanism. This shall be continuously reviewed as the commercials are still being worked through.
- It is anticipated that there will be a loss of estates income to NHS 24 in 2025/26 due to reconfiguration of space on a site that is shared with other organisations. This could have longer term gains for NHS 24 in line with future estates consolidation in the West.
- There are some one off costs in relation to the Estates Sustainability Plan which results in a reduced estates footprint and is a key part of the Board's savings plan in 2025/26.
- NHS 24 has a requirement to pay a share of the national business systems project costs in 2025/26.

I. Priority Investments

There are some investments that it is recommended are funded in 2025/26. These are aligned with Corporate Delivery Plan objectives and relate to invest to save plans.

Description	2025/26		
	Recurring £'000	Non Recurring £'000	Total £'000
Digital Transformation		1,613	1,613
ICT Inhouse Service Desk	519		519
Sysaid	60		60
SPRA Invest to save pot	180		180
Total Investments	759	1,613	2,372

- The Digital Transformation Programme requires non recurring budget in 2025/26 to implement the new system. NHS 24 is self financing this change programme.
- NHS 24 is investing in bringing the service desk inhouse. This recurring investment of £0.5m within NHS 24 shall release £1m of private sector contracts as a result.
- Investment in the Sysaid system helps support the inhouse team with managing the multiple contracts in place across the organisation.
- Each year a small recurring pot is set aside to help invest in plans which result in future efficiencies. A small pot of £180k has been included in the plan in 2025/26 but may not be able to be released due to the recurring savings gap in the plan at present.

Summary Position Prior to Cost Savings

NHS 24 starts the new financial year with a £3.4m recurring and £1.1m non recurring gap.

NHS 24 has a statutory responsibility to break-even on its finances so this £4.5m gap requires to be met from efficiencies across the organisation.

SGHSCD expect Boards to achieve a 3% savings target each year from generating internal efficiencies to invest back into the service or to meet ongoing pressures. A 3% target on NHS 24's base funding equates to £3.4m which is in line with the £3.4m recurring gap highlighted in this paper.

The Executive Management Team considered setting each Directorate a pro rata % target against their budget however, to ensure collaborative working it was agreed that the efficiencies programme should be themed to avoid putting an unfair target on areas where spend cannot be reduced in year, for example fixed contract payments, and to reduce the impact on frontline performance as much as possible. This approach helps reduce the risk of conflicting financial priorities in terms of the Corporate Delivery Plan deliverables and focuses in on two main, significant savings opportunities, being Digital Transformation and Estates Sustainability.

2025/26 is going to be a significant year for NHS 24 with the delivery of the biggest change programme in years. The Digital Transformation Programme is going to revolutionise the way NHS 24 can work going forward. However, the main priority in 2025/26 will be to implement the new system, train staff to use it, and transfer from the current service to the new one, while continuing to deliver seamless care to the people of Scotland. It cannot be underestimated the effort involved in delivering this.

The finance plan has tried to ensure that it has taken the Digital Transformation Programme fully into account, assessing the risks and opportunities that it will bring, while recognising that people's priorities will be focused on delivery of the programme rather than on in-year efficiencies. First priority shall always be patient safety, ensuring the new system is up and running in a safe and timely manner. If this is delivered on time, then efficiencies flow from this.

The following table highlights the current view on savings plans and is another year of significant recurring savings requirement.

Description	2025/26 Recurring £'000	Non Recurring £'000	Total £'000
Savings required	**(3,400)**	**(1,115)**	**(4,516)**
% against base	***-3.0%***	***-1.0%***	***-3.9%***
Service Desk	1,043	(463)	580
Estates Reduction	748	(317)	431
2% Vacancy Factor	0	1,986	1,986
Estates Security	56	0	56
Regional Planning Team income	11	0	11
Internal Audit days reduction	17	0	17
N&C restructure fye	150	0	150
Learn More 24 cessation	41	0	41
Risk & Resilience Restructure	20	0	20
Managed Print	10	0	10
Virtual Queue	100	0	100
Mobile Phone reductions	5	0	5
RPI on MSC's saving	132	0	132
CLI retrieval	50	0	50
Advertising	20	0	20
Travel	25	0	25
Plans to date	**2,428**	**1,207**	**3,635**
Unallocated Targets			
Establishment Control	200	0	200
Sustainability & Values Group	100	0	100
In-year one off gains	0	581	581
Total Savings Plans	**2,728**	**1,788**	**4,516**
Financial Gap	**(672)**	**672**	**(0)**
Savings Plans % against base	***2.4%***	***1.6%***	***3.9%***

The above table shows savings plans to date totalling £3.6m. Additional plans of £0.9m are required to get to a break-even position.

While a break-even financial position is deemed achievable, an underlying recurring deficit shall remain. This will have improved by £0.1m from the roll forward deficit into 2025/26.

Boards are expected to achieve a 3% recurring efficiency each financial year. The above table demonstrates that 2.4% is deemed achievable from cash releasing efficiencies at present. Work will continue throughout the year to assess if any of the non recurring efficiencies can convert to permanent savings.

Main points to note on each of the savings proposals in the table:

- It is assumed that 2024/25 recurring savings shall be achieved in full before roll forward to 2025/26.
- Bringing the service desk in-house shall save £1.0m on private sector contracts. This is achievable on termination of the current contracts in September 2025. A non recurring reduction has been included to account for the in-year gap.
- The reduction in the West estate from the lease break enactment provides a recurring saving of £0.7m. This is achievable on exit of the two floors from September 2025. A non recurring reduction has been included to account for the in-year gap.
- Vacancy factor is based on 2% of the recurring pays budget. In recent years this has been a prudent estimate with underspends being far higher than this. It is not proposed that the 2% is increased any higher due to some of the recurring plans eroding the pays underspend.
- Site security has been reduced after assessment by Police Scotland. This was provisionally put in place when the site opened until it could be reviewed.
- The Regional Planning Team have moved in to NHS 24 premises providing a new income source.
- When the internal audit plan was renewed the number of days being paid for was reviewed and reduced from 145 to 130. The balance of funds was held aside while it was assessed if the additional days were required or not. After two years of managing within the current number it is proposed that the spare days can be released.
- The Nursing & Care Directorate concluded a restructuring during 2024/25, providing savings in that year. As the plan is now concluded the balance of the plan can be realised entering 2025/26.
- Learn More 24 modules are being moved to Turas and Sharepoint reducing the overall cost of the service.
- A vacancy in the Risk & Resilience team provides an opportunity to restructure, providing a saving.
- A review of the current print usage across NHS 24 has identified areas where printing can be reduced. This is also a key theme of the sustainability agenda.
- The introduction of the virtual queue reduced the need for the call wait cost and then the call is 'free' as the outbound call is covered via the SIP channel which is already paid for. Savings were realised in 2024/25 but not at the level originally forecast. Recent uptake in the use of the virtual queue would suggest there is additional scope for savings in this area.
- A review of mobile phone usage has identified a number of handsets that are no longer required.
- The current managed service contracts are linked to the Retail Price Index. The new digital transformation contract is not linked to RPI resulting in indexation efficiencies going forward.
- There is currently an additional charge every time an anonymised caller in distress requires their number to be identified. A recent technology solution should significantly reduce this charge while maintaining the discretion required for such callers.

- It is proposed that the recent move from television advertising to more radio and social media presence should result in efficiencies. This shall be monitored to ensure it has been successful before savings are taken.

- A few years ago, the travel budgets were reduced in line with the introduction of Teams and the pandemic changing the mindset of staff in attending meetings in person. There are a number of areas where travel budgets are still above current travel costs. In line with the sustainability agenda, it is proposed that travel costs continue to be closely monitored and spare budget released.

The following savings targets have been set based on prior year success in targeting such areas.

- Establishment Control Panel - Given the robust controls in place it is not unrealistic to anticipate that a savings target of £0.2m should be set recurringly.

- The S&V group have a savings pipeline of ideas received from across the organisation which are currently being reviewed with lead names and timelines being worked through. A target of £0.1m has been set, over and above the work undertaken to date to detail the current savings schemes for 2025/26.

- Every year there is an element of slippage on programmes, providing one off gains to the organisation. It is estimated that this could provide up to £0.6m of non recurring support to the savings plan in-year.

The above efficiencies programme shall be a challenge but is deemed achievable to enable NHS 24 to breakeven financially in 2025/26. A recurring/non recurring imbalance remains but is an improvement on the previous year in what shall be an extremely challenging year due to self financing the Digital Transformation Programme in-year.

Areas that shall continue to be monitored throughout the year are:

- It is anticipated that the Service Optimisation group, once fully established, can review areas of low health gain and maximise efficiencies. However, it is recognised that these may not all result in cash releasing efficiencies but improved performance.

- Non pay inflation – the % figures used in the finance plan are not far off current inflation levels. If inflation were to drop by 1% this would reduce the cost assumptions by c£0.2m. However, the opposite is also a possibility due to recent National Insurance changes and the potential for inflation to increase creating an additional pressure.

- The investment fund includes £0.2m of invest to save recurring funding. This has been set aside to help pump prime future invest to save opportunities and has served the organisation well in the past. It is possible this funding shall not all be required in-year, with the main focus on delivery of the DTP, but shall be important in helping support the future efficiencies that require to be identified in the future years which have quite a gap at present.

- Work will continue throughout the year to evidence whether any of the non recurring efficiencies identified can be converted to recurring efficiencies.

- All departments within NHS 24 require to review their structures in light of the financial position. There has been an expansion in most departments in recent years due to additional investment in the organisation, however, it is now time to reflect on whether departments across the organisation can now reduce their staffing requirements to pre pandemic levels, recognising that NHS 24 did grow significantly during this period.

Three Year Financial Planning

The three year financial plan has been produced to help provide the medium term look ahead in line with the Corporate Delivery and Workforce Plans and to assess forecast future pressures and savings opportunities.

At present it assumes:

- any agreed national pay negotiations are fully funded.
- inflation funding is provided on non pay areas, based on 2025/26 funding;
- it is prudent to build in a pressures fund as every year there are new pressures to deal with;
- the focus is on Digital Transformation and Service Optimisation with minimal investment in other areas, and that the non recurring funds set aside for these areas is enough to cover any implementation costs;
- that there is a heavy reliance on longer term anticipated efficiencies from the new technology systems being procured and reviewing the Estates footprint going forward in line with lease breaks and/or income generation from sharing the estate with other public sector bodies.
- 2026/27 efficiencies provisionally added to the plan at present are:
    - £0.3m additional DTP savings based on the approved Board paper
    - £0.5m from cessation of the DTP programme management team
    - £0.5m from further estates rationalisation potential
    - £0.1m indexation gain from move to the new contracts
    - £0.2m from establishment control review
    - £0.1m from S&V group savings pipeline
    - Non recurring vacancy factor and one off gains
- 2027/28 efficiencies provisionally added to the plan at present are:
    - £0.1m indexation gain from move to the new contracts
    - £0.2m from establishment control review
    - £0.1m from S&V group savings pipeline
    - £1.5m general target for Service Optimisation in light of the new system. No detail at present.
    - Non recurring vacancy factor and one off gains.

The plan currently suggests that NHS 24 shall increase its recurring deficit in the next three years as it becomes more challenging to achieve 3% recurring efficiencies year on year. The reliance on non recurring measures is anticipated to increase and there is a significant requirement for service transformation in future years in line with the new technology infrastructure investment. The main focus will be on working up the detail behind the recurring targets proposed and converting non recurring gains to recurring efficiencies to ensure recurring balance is maintained.

	2025/26			2026/27			2027/28		
	Recurring £m	Non Recurring £m	Total £m	Recurring £m	Non Recurring £m	Total £m	Recurring £m	Non Recurring £m	Total £m
Income Base	114.9	1.9	116.8	131.1	1.3	132.5	135.1	1.4	136.4
Uplift	3.4	0.0	3.4	3.9	0.0	4.0	4.1	0.0	4.1
National Insurance Uplift	1.4		1.4						
Earmarked Recurring	11.3	0.0	11.3	0.0	0.0	0.0	0.0	0.0	0.0
Carry forward underspend	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Income	0.0	0.9	0.9	0.0	0.9	0.9	0.0	0.9	0.9
Total In-Year Funding	131.1	2.8	133.9	135.1	2.3	137.3	139.1	2.3	141.4
Applications of Funds									
Expenditure Base	114.9	1.5	116.4	131.1	1.4	132.6	135.1	1.5	136.6
Prior Year Recurring Gap b/f	0.8	0.0	0.8	0.7	0.0	0.7	1.1	0.0	1.1
Earmarked Recurring	10.4	0.0	10.4	0.0	0.0	0.0	0.0	0.0	0.0
Secondments	0.0	0.9	0.9	0.0	0.9	0.9	0.0	0.9	0.9
General Inflation / Growth etc									
Salaries	3.4	0.0	3.4	3.8	0.0	3.8	3.9	0.0	3.9
National Insurance changes	2.4		2.4						
Supplies	0.8	0.0	0.8	0.8	0.0	0.8	0.9	0.0	0.9
Other Commitments									
Unavoidable Pressures	1.0	(0.0)	1.0	0.5		0.5	0.5		0.5
Priority Investments	0.8	1.6	2.4	1.4	1.3	2.7	1.7	0.5	2.2
Expenditure Total	134.5	3.9	138.5	138.3	3.7	142.0	143.1	2.9	146.0
Financial Gap	**(3.4)**	**(1.1)**	**(4.5)**	**(3.3)**	**(1.4)**	**(4.7)**	**(4.0)**	**(0.6)**	**(4.6)**
Proposed Savings Targets	2.4	1.2	3.6	1.7	1.9	3.6	0.4	2.1	2.6
Unallocated Savings Targets	0.3	0.6	0.9	0.5	0.6	1.1	1.5	0.5	2.0
Financial Gap	***(0.7)***	***0.7***	***0.0***	***(1.1)***	***1.1***	***0.0***	***(2.0)***	***2.0***	***(0.0)***

4. Risks

The risks to the plan:

Risk Description	Mitigations	Rating
There is a risk that efficiency plans are not fully achieved in line with expectations and lead to the organisation not meeting its financial targets. In particular there is reliance on delivering two major savings schemes halfway through the year, with less time to put remedial plans in place	DTP and Estates have Programme Boards in place to monitor and ensure plans stick to their agreed timetables. Any potential slippage shall be identified as early as possible and escalated to ensure remedial measures are prioritised. For the smaller schemes the S&V group will assign leads for each scheme and delivery dates to adhere to. The group will help support any blockages to achievement and will meet as frequently as required to support the efficiencies programme.	**High**
There is a risk that the DTP and Estates plans are delayed with doublerunning costs then incurred. This would have a double impact on the finance plan with non delivery of savings and also potential double running costs.	As above, the Programme Boards shall monitor progress and escalate where required. An impact assessment on contract renewals has been undertaken to understand the financial impact of double running costs.	**High**
There is a risk that the changes to National Insurance are not fully funded. In particular, the knock on impact on supplier costs if only pay costs are uplifted.	Pay implications shall be verifiable from the paybill to evidence cost increases to justify pay funding requirements. The non pay inflation budget has been set slightly above current inflation levels which may help fund potential increases passed on from suppliers.	**High**
There is a risk that increases in inflation rates or changes to planning assumptions may place additional pressures on NHS 24 that will require further savings. Inflation links to the costs of the current managed service provider contract.	Lessons have been learned from prior years. The 2025/26 plan includes a prudent level of funding for inflation. Most contract changes will be known early in the financial year reducing the risk of the unknown. This risk cannot be fully mitigated due to external factors outwith NHS 24's control but will be closely monitored with corresponding remedial actions provided where necessary.	**Medium**
There is a risk that pay award implications are not fully funded. Every 1% variance from the 3% assumption in the finance plan is an additional £1m cost pressure.	The public sector pay recommendation is in line with the funding uplift proposed from SG. There is a risk the Health budget shall not be approved but by the time this plan is ready for Board sign off that shall be known.	**Medium**

There is a risk that Scottish Government are unable to fund the full allocations to NHS 24 due to wider Health and Social Care financial pressures.	All funding assumptions are clear in the paper and SG colleagues have been asked to confirm their agreement as early as possible. SG have given a commitment to getting 80% of allocations out in the first quarter of the new financial year. Work continues to baseline as much funding as possible for RUC and Mental Health.	**Medium**
There is a risk that long term outward secondees return to the organisation placing additional staffing cost pressures if funding ceases at their current place of employment.	The establishment control group have a list of all secondees, and RAG rated it in terms of impact of staff returning. This shall be closely monitored against vacancies at each meeting to minimise this risk.	**Low**
There is a risk that EMT do not agree on the best way forward to deliver the savings and efficiencies needed to meet the financial plan requirements.	Draft savings plans are being discussed with EMT, SMT, S&V, and with Partnership to alleviate any concerns. PID documentation shall capture actions required to ensure all the relevant areas are considered.	**Low**
There is a risk that NHS 24 are unable to make challenging financial decisions due to political constraints.	NHS 24 shall ensure that there is robust data available to support any decisions made.	**Low**

The wider consequences of the finance plan to NHS 24 corporate delivery plan objectives:

- The financial plan will have an impact on existing risks – recruitment, attrition, culture and wellbeing, service improvement, compliance with KPI's. This will continue to be assessed by Directors and escalated where required.
- There is a risk that NHS 24 does not have the capacity to deliver current service provision and delivery of key strategic programmes if current planning assumptions are not realised. The Programme Boards may require individual Directorate objectives to be reviewed in light of organisational priorities.
- There is a risk to recruitment to target operating model for RUC and Mental Health if full funding is not received. This may result in KPI's not being met. This is being monitored closely in line with the Workforce Strategy.

The benefits of the challenging financial situation will be considered through this plan and remain a focus of the EMT.

- NHS 24 objectives and focus will require to be on best value use of resources.
- It's recognised that financial pressures may limit innovation, though conversely, may focus attention to create innovative solutions to the challenges being faced.
- There is an opportunity for collaborative working and income generation through exploring avenues such as estates and commissioning of new services. This will need to be explored further and should be encouraged by the EMT.

5. Climate Emergency Sustainability & Value

The Sustainability and Value group has been established with a focused action plan that aims to maximise efficiency, identify opportunities for savings and investment, exploit technology and innovation and ensure delivery against the NHS 24 Climate Emergency and Sustainability Strategy.

It is important that the finance plan is linked with this agenda. To date, good progress has been made in reducing the energy footprint across the estate. In 2024/25 the Estates Sustainability Plan produced a business case highlighting current demand v's capacity and opportunities to reduce the estates footprint in line with lease break dates. Work requires to continue in 2025/26 on reviewing opportunities to save on energy usage, for example by working smarter in terms of closing off areas in quieter periods to reduce heating and lighting costs and maximising the sharing of space with other tenants.

6. Collaboration

A key component of ensuring financial balance is going to be through strong collaboration with key partners to support areas where efficiencies can be made.

Work continues via the Scottish Ambulance Service & NHS 24 Collaboration Board on joint working in a number of areas in anticipation of better clinical pathways and potentially cash releasing efficiencies.

As part of the Estates Sustainability Plan work will continue in identifying opportunities for other public sector bodies to utilise space with NHS 24 in the in-hours period. This has been successfully implemented in the last twelve months with NES in Aberdeen and the West Regional Planning Team in Hillington. This could be particularly appealing to Boards, who have staff based in old, inefficient buildings and working from home part of the week who need a touchpoint.

Investment in public sector IT staffing will result in the exit of our current managed sector contract with a private supplier. This will boost public sector inhouse technology skills and knowledge while creating financial efficiencies.

There are various national groups that EMT members are involved in with the focus being on where boards can work closer together. The Directors of Finance meeting has recently focused on sharing a list of efficiency ideas from across the various Boards for consideration. In addition, a number of benchmarking exercises have been taking place to identify outlying areas for review.

7. Capital

NHS 24 receives £269k formula capital each year to support ongoing maintenance of the estate. The recent budget announcement confirmed that capital allocations would increase by 5% in 2025/26.

The estate is in good condition and there is a confidence that the backlog maintenance priorities can be covered within the funding available.

Additional funding was requested and received in late 2024/25 which has helped to accelerate works at the Cardonald site in advance of staff moving over from the closure of two floors at Lumina.

It is likely that capital monies in 2025/26 will be prioritised against potential future estates rationalisation to support the sustainability agenda and also the financial efficiencies programme.

8. In Summary

The financial position is going to be extremely challenging across NHS Scotland for the foreseeable future. The current draft finance plan highlights a significant increase in new funding but also a significant efficiencies target required to breakeven. It is unlikely the current underlying recurring deficit shall be eliminated in 2025/26 but if efficiencies are achieved per the plan, then this is likely to reduce slightly, which is a significant achievement in a year where the organisation is implementing its biggest ever change programme. It is anticipated that this change programme shall position the organisation well for the future where advances in technology can be mainstreamed in to every day working.

The biggest risk to financial achievement in 2025/26 and beyond is going to be delivery of the Digital Transformation Programme. If this programme slips this shall have a material impact on the savings programme but could also result in significant double running costs. An extension to December 2025 would result in additional costs of £0.7m plus unachievement of savings, resulting in a c£1.0m pressure, for a delay of two months. This would significantly increase if delays went beyond December.

A number of scheduled sessions have taken place to discuss the finance plan at a management level. A Board Workshop was undertaken to provide assurance that the Corporate Delivery Plan, Workforce Strategy and Finance Plan were all in alignment prior to Committee and Board analysis and that the Risk Register was updated accordingly. In addition, the plan has been presented to partnership colleagues.

Once approved by the Board and SGHSCD a summarised version of the finance position shall be communicated to staff via TeamTalk and staff engagement presentations to inform them of the actions being taken and to discuss any concerns and savings opportunities raised.

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