CHIEF EXECUTIVE'S OFFICE

Mr Gary Cocker
Assistant Clerk to the Public Audit and Post-legislative Scrutiny Committee
Room T 3.60
The Scottish Parliament
EDINBURGH
EH99 1SP

9 December 2016

Dear Mr Cocker

I refer to your letter dated 11 November 2016 and have set out responses to the areas of further information requested by the Committee.

Question 1:

In light of the evidence received, the Committee seeks further information on the revised repayment plan agreed between your Board and the Scottish Government.

Specifically, the Committee would welcome further detail on what savings are being made in order to meet the repayment plan, whether these savings take the form of delayed initiatives or service changes, and the extent of these planned savings.

Response:

As part of the Local Delivery Plan (LDP) process for 2016/17, NHS 24 included a financial plan which set out the repayment profile for the brokerage received to support the implementation of the new technology. It is important to note that £20.156 million related to the implementation costs agreed in the original business case and a further £0.6 million which was required in 2013/14 to support the original delay to the programme.

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The repayment profile remains as planned and is set out in the table below.

	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
Brokerage Repayment Profile	0.400	0.000	0.000	0.123	6.292	5.622	5.256	3.063	20.756

As part of the original full business case to support the implementation of the new technology, NHS 24 developed plans to deliver recurring cash savings in the 5 years up to 2014/15 which totalled £7.5 million. These savings were delivered and were originally to be applied non-recurrently to repay brokerage over a 4 year period from 2014/15 to 2017/18.

Had the implementation been delivered in line with this timescale the brokerage would have been paid in full by 2017/18 and the recurring savings of £7.5 million would have been available to be used to support service development from 2018/19.

Given the delays and additional costs with the programme, these recurring savings were redirected to cover the additional costs incurred between the years 2013/14 to 2017/18.

The implementation is planned to conclude now by the end of December 2017. From that point the savings will be redirected back to support the brokerage repayment profile as it now stands.

NHS 24 will maintain very close monitoring of the financial position to ensure that this commitment can be delivered. The current financial planning assumptions, which include the relevant national pay and prices inflation over the planning period, will deliver against the financial commitment to repay this brokerage.

The most recent rescheduling of full implementation from June 2016 to December 2017 required some additional non-recurring savings to be generated during 2016/17. This change was also reflected in the brokerage repayment plan.

The additional savings required related to re-phasing a number of non-core planned service developments but do not impact on the core services delivered by NHS 24. The quantum of the savings released through this mechanism was £0.750 million. The service developments involved will be delivered in full during 2017/18.

For clarity recurring savings of £7.5 million have been made and NHS 24 has been able to put these towards the additional implementation and double running costs of the system. These additional costs will cease during 2017/18 and NHS 24 is confident that the repayment of brokerage of £20.156 million is achievable without impacting on service delivery.

Question 2:

The Committee also seeks confirmation on what the expected life-cycle of the technology is, given the delays to the project.

Response:

The total cost of the programme of £131.2 million includes provision to cover the 10-year lifecycle costs of the technology. This includes financing built into the associated contracts to deliver a technical refresh of the infrastructure during that 10-year period. The £131.2 million also includes the costs associated with developing the application during 2015/16 and 2016/17 to deliver the full functionality required over the 10-year period.

Question 3:

Finally, the Committee seeks confirmation of when the new full business case will be published and requests that a copy of the business case is sent to the Committee as soon as possible.

Response:

Work has commenced to develop a new business case which will set out the benefits to be delivered from the 10-year running costs associated with the programme. This business case will integrate with the priorities of the new NHS 24 Strategy and Organisational Improvement Programme. The overall aim is to drive greater quantitative and qualitative benefits to the NHS in Scotland and the people of Scotland who use this service. This will involve process improvement within NHS 24 and between NHS 24 and our partners. It will also include areas of service development to support the delivery of the National Clinical Strategy and the Integration of Health and Social Care.

The business case will be considered by the NHS 24 Board in February 2017. I will of course aim to share this with the Committee at the earliest opportunity following the appropriate scrutiny and local governance processes. In the meantime please do get in touch should the Committee require any further information. I trust this response is helpful.

Yours sincerely

Angiolina Foster CBE
Chief Executive