



## NHS 24

**Updated Final report to the Audit & Risk Committee, the Board and the Auditor General for Scotland on the 2024/25 audit**

**Issued on 13 June 2025 for the meeting on 16 June 2025**

# Contents

## 01 Final report

---

|                                                    |                           |
|----------------------------------------------------|---------------------------|
| Partner introduction                               | <a href="#"><u>4</u></a>  |
| Quality indicators                                 | <a href="#"><u>7</u></a>  |
| Our audit explained                                | <a href="#"><u>8</u></a>  |
| Significant risks                                  | <a href="#"><u>9</u></a>  |
| Your control environment and findings              | <a href="#"><u>15</u></a> |
| Other significant findings                         | <a href="#"><u>16</u></a> |
| Our audit report                                   | <a href="#"><u>17</u></a> |
| Your annual report and accounts                    | <a href="#"><u>18</u></a> |
| Wider scope                                        | <a href="#"><u>19</u></a> |
| Purpose of our report and responsibility statement | <a href="#"><u>43</u></a> |

## 02 Technical update

---

|                                                            |                           |
|------------------------------------------------------------|---------------------------|
| State of the State 2025                                    | <a href="#"><u>45</u></a> |
| The 'failure to prevent fraud' offence                     | <a href="#"><u>46</u></a> |
| Recently published Deloitte reports, articles and podcasts | <a href="#"><u>47</u></a> |

## 03 Appendices

---

|                                                    |                           |
|----------------------------------------------------|---------------------------|
| Action plan                                        | <a href="#"><u>49</u></a> |
| Audit quality and our system of quality management | <a href="#"><u>52</u></a> |
| Our approach to quality                            | <a href="#"><u>53</u></a> |
| Audit adjustments                                  | <a href="#"><u>54</u></a> |
| Our other responsibilities explained               | <a href="#"><u>57</u></a> |
| Independence and fees                              | <a href="#"><u>58</u></a> |

Final report



# Partner introduction

## The key messages in this report

Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

- A robust challenge of the key judgements taken in the preparation of the financial statements.
- A strong understanding of your internal control environment.
- A well planned and delivered audit that raises findings early with those charged with governance.

I have pleasure in presenting our final report to the Audit and Risk Committee (“the Committee”) of NHS 24 (“the Board”) for the 2024/25 audit. The report summarises our findings and conclusions in relation to the audit of the Annual Report and Accounts and the wider scope requirements, the scope of which was set out within our planning report presented to the Committee in February 2025.

I would like to draw your attention to the key messages of this paper:

### **Conclusions from our testing**

Subject to completion of the outstanding procedures as set out on [page 5](#), we expect to issue an unmodified audit report.

The Performance Report and Accountability Report comply with the statutory guidance and proper practice and are consistent with the Annual Report and Accounts and our knowledge of the Board. We provided management with comments and suggested changes based on review of the first draft and an update has been received confirming compliance.

The auditable parts of the Remuneration and Staff Report have been prepared in accordance with the relevant regulation. A summary of our work on the significant risks is provided in the dashboard on [page 9](#). The Board met its financial targets for 2024/25, achieving a small surplus of £31,000.

We have identified three errors to date which have been corrected by management. There are no uncorrected misstatements.

**Nicola Wright**  
Lead audit partner

# Partner introduction

## The key messages in this report

### Status of the Annual Report and Accounts audit

Outstanding matters to conclude the audit include:

- Receipt of bank confirmation
- IT review of service organisations
- Amendment to final annual report and accounts - some disclosures and changes to the annual reports still outstanding. We require these to be updated prior to signing.
- Concluding procedures
- Our review of events since 31 March 2025
- Receipt of signed management representation letter
- Partner review
- Quality review

### Conclusions from wider scope audit work

- **Financial management** - NHS 24 continues to have effective budget setting and monitoring arrangements in place.
- **Financial sustainability** - NHS 24 has achieved financial balance in 2024/25 and has set a balanced budget for 2025/26, therefore is financially sustainable in the short-term.

The Board is currently undergoing a Digital Transformation Programme (DTP) which will fundamentally change how NHS 24 deliver services by improving and enhancing the technical infrastructure within the organisation. The estimated value of the new integrated Contact Centre (CC) & Customer Relationship Management (CRM) system is £39.6m over the life of the contract.

- **Vision, leadership and governance** - NHS 24's Corporate Strategy 2023 – 2028 centres around delivering sustainable high-quality services, in a workplace where people can thrive whilst being a collaborative forward-thinking partner. The DTP is a key component of enabling NHS 24 to deliver its strategic objectives.

- **Use of resources to improve outcomes** - NHS 24 has a clear and robust performance management framework in place which analyses data and tracks progress against targets.

Performance continues to be impacted by capacity restrictions caused by an increasing demand for services and staff absence during 2024/25. It is important these aspects are considered and taken into account in future resource planning.

# Partner introduction

## The key messages in this report (continued)

### **Next steps**

An agreed Action Plan is included on [pages 49 to 51](#) of this report, including a follow up of progress against prior year actions.

### **Added value**

Our aim is to add value to the Board by providing insight into, and offering foresight on, financial sustainability, risk and performance by identifying areas for improvement and recommending and encouraging good practice. In so doing, we aim to help the Board promote improved standards of governance, better management and decision making, and more effective use of resources. This is provided throughout the report.

We have also included our “sector developments” on [page 44](#) where we have shared our research and informed perspective and best practice from our work across the wider public sector that is specifically relevant to the NHS.

# Quality indicators

## Impact on the execution of our audit

Management and those charged with governance are in a position to influence the effectiveness of our audit, through timely formulation of judgements, provision of accurate information, and responsiveness to issues identified in the course of the audit. This slide summarises some key metrics related to your control environment which can significantly impact the execution of the audit. We consider these metrics important in assessing the reliability of your financial reporting and provide context for other messages in this report.

| Area                                                 | Grading                                                                             | Reason                                                                                                                                                                                                                                                                                                                                                                                                                    | Further detail          |
|------------------------------------------------------|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| Timing of key accounting judgements                  |    | Deliverables and responses to follow ups provided promptly.                                                                                                                                                                                                                                                                                                                                                               | N/A                     |
| Adherence to deliverables timetable                  |    | Annual Report was available at the start of the audit. The majority of the requests for supporting evidence were actioned promptly and of good quality.                                                                                                                                                                                                                                                                   | N/A                     |
| Access to finance team and other key personnel       |    | Finance team have been accessible throughout, with the audit team informed of holidays in advance of audit fieldwork.                                                                                                                                                                                                                                                                                                     | N/A                     |
| Quality and accuracy of management accounting papers |    | Management provided a paper on the treatment of costs for the DTP and why NHS 24 did not recognise the associated expenditure as an intangible asset. While this paper was of good quality in explaining this reasoning, it could have been improved further by supporting documentation and articulation of management's interpretation of the IFRIC guidance in relation to Software as a Service implementation costs. | N/A                     |
| Quality of draft financial statements                |  | Quality of the first draft was generally of a high standard. However, there were areas in the Performance Report and in the Accountability Report requiring amendment. Review comments were addressed promptly.                                                                                                                                                                                                           | N/A                     |
| Response to control deficiencies identified          |  | One control deficiency has been identified in regard to evidence of invoice date received, consistent with our prior year finding. Please see our comment on management's response on <a href="#">page 15</a> . No other issues noted.                                                                                                                                                                                    | <a href="#">Page 15</a> |
| Volume and magnitude of identified errors            |  | Three misstatements above our reporting threshold were identified, with two relating to DTP expenditure as explained on <a href="#">page 13</a> .                                                                                                                                                                                                                                                                         | <a href="#">Page 55</a> |



# Our audit explained

We tailor our audit to your business and your strategy

## Identify changes in your business and environment

In our planning report we identified the key changes in your business and articulated how these impacted our audit approach.

## Scoping

Our planning report set out the scoping of our audit in line with the Code of Audit Practice. We have completed our audit in line with our audit plan.

## Other findings

As well as our conclusions on the significant risks we are required to report to you our observations on the internal control environment on [page 15](#) as well as any other findings from the audit on [page 16](#).

Identify changes  
in your business  
and environment

Determine  
materiality

Scoping

Significant risk  
assessment

Conclude on  
significant risk  
areas

Other  
findings

Our audit  
report

## Determine materiality

When planning our audit, we set our materiality at £1.590m based on forecast gross expenditure. We have updated this to reflect final figures and completed our audit to a materiality of £1.740m and a performance materiality of £1.305m. We report to you in this paper all misstatements above £0.087m.

## Significant risk assessment

In our planning report we explained our risk assessment process and detailed the significant risks we have identified on this engagement. We report our findings and conclusions on these risks in this report.

## Conclude on significant risk areas

We draw to the Audit and Risk Committee's attention our conclusions on the significant audit risks. In particular the Committee must satisfy themselves that management's judgements in relation to year-end expenditure are appropriate. We note that these judgements may be impacted by the Board attempting to align with its tolerance target or achieve a breakeven position.

## Our audit report

Subject to completion of our final audit procedures on [page 5](#), our opinion on the financial statements is unmodified.



# Significant risks

## Significant risk dashboard

| Risk                                            | Fraud risk                                                                        | Planned approach to controls                                                      | Controls conclusion | Management paper received                                                           | Consistency of judgements with Deloitte's expectations                              | Slide no.               |
|-------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|---------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------|
| Management override of controls                 |  |  | Satisfactory        |  |  | <a href="#">Page 10</a> |
| Operating within the expenditure resource limit |  |  | Satisfactory        |  |  | <a href="#">Page 14</a> |

### Controls approach adopted



Assess design & implementation

### Level of management judgement



Significant management judgement



A degree of management judgement



Limited management judgement

# Significant risks

## Management override of controls



### Risk identified

In accordance with ISA (UK) 240, management override is a significant risk. Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Although management is responsible for safeguarding the assets of the body, we planned our audit so that we had a reasonable expectation of detecting material misstatements to the financial statements and accounting records.

### Deloitte view

We have challenged management as to the accounting treatment of the expenditure related to the DTP which has resulted in a subsequent corrected misstatement. Please see [page 13](#) for further explanation.

We have nothing specific to report in respect of the other procedures carried out in response to this risk.



### Deloitte response and challenge

In considering the risk of management override, we have performed the following audit procedures that directly address this risk:

#### Journals

We have tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the Annual Report and Accounts. In designing and performing audit procedures for such tests, we have:

- Tested the design and implementation of controls over journal entry processing;
- Made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments;
- Selected journal entries and other adjustments made at the end of a reporting period; and
- Considered the need to test journal entries and other adjustments throughout the period.

#### Accounting estimates and judgements.

We have reviewed accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud. In performing this review, we have:

- Evaluated whether the judgments and decisions made by management in making the accounting estimates included in the Annual Report and Accounts, even if they are individually reasonable, indicate a possible bias on the part of the entity's management that may represent a risk of material misstatement due to fraud. From our testing we did not identify any indications of bias. A summary of the key estimates and judgements considered is provided on the next page; and
- Performed a retrospective review of management judgements and assumptions related to significant accounting estimates reflected in the Annual Report and Accounts of the prior year.

#### Significant and unusual transactions

We did not identify any significant transactions outside the normal course of business or any transactions where the business rationale was not clear.

# Significant risks

## Management override of controls (continued)

**Key estimates and judgements** The key estimates and judgments in the Annual Report and Accounts includes those which we have selected to be significant audit risks around expenditure recognition (see [page 14](#)). This is inherently the area in which management has the potential to use their judgement to influence the Annual Report and Accounts. As part of our work on this risk, we reviewed and challenge management's key estimates and judgements including:

| Estimate judgement /                                                      | Details of management's position                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Deloitte challenge and conclusions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Clinical Negligence and Other Risks Indemnity Scheme ('CNORIS') provision | <p>NHS bodies in Scotland are responsible for meeting negligence costs up to a threshold of £25,000 per claim. Costs above this threshold are reimbursed from the CNORIS scheme by the Scottish Government.</p> <p>The provision is based on information provided to the Board by the Central Legal Office (CLO) based on the information on claims and historical experience. The Board provide 100% for Category three claims and 50% for all Category two claims. As at 31 March 2025, there were 16 current claims specific to NHS 24 included in the provision.</p> <p>The Board also provides for its liability from participating in the Scheme. This provision recognises NHS 24's respective share of the total liability of NHS Scotland as advised by the Scottish Government, based on information from NHS Boards and the CLO.</p> | <p>We have obtained independent confirmation directly from the CLO of all outstanding claims for NHS 24 at 31 March 2025, reconciled this to the amount recognised, and challenged management's provision policy and concluded that it is reasonable. We have conducted a subsequent events review of the provision to ensure that it is complete as at 31 March 2025, with no issues arising.</p> <p>The provision for NHS 24's share of the national liability is calculated by the Scottish Government based on information from the CLO in relation to all Boards. We have obtained assurance from Audit Scotland on the methodology used in the preparation of these figures and the relevance and reliability of the information provided by the CLO.</p> |

# Significant risks

## Management override of controls (continued)

| Estimate / judgement | Details of management's position                                                                                                                                                                                                                                                                                             | Deloitte challenge and conclusions                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dilapidations        | As at 31 March 2025, NHS 24 has a provision of £1.477m for dilapidations with no change to the provision from 2023/24. The value of the provision is based on an assessment from Avison Young and Thomson Grey in 2024/25 and comprises costs required to restore four of NHS 24's leased buildings to their original state. | We have assessed the use of information provided by the independent experts and confirmed the existence of the obligation to provide for dilapidations within the lease agreements. We have reviewed both confirmatory and contradictory evidence and concluded that the value provided is reasonable and that the provision has been appropriately disclosed in line with reporting requirements. |

# Significant risks

## Management override of controls (continued)

| Estimate / judgement | Details of management's position                                                                                                                                                                                                                                                                                                                                                         | Deloitte challenge and conclusions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| DTP Expenditure      | <p>As this programme is expected to span multiple financial years and fees are not invoiced regularly, management have assessed this expenditure and have accrued costs based on the most recent percentage completion information.</p> <p>In addition, the assessment concludes that the DTP should not been capitalised and costs are instead included within revenue expenditure.</p> | <p>We asked management to provide a management paper on the treatment of costs for the DTP. We assessed management's assumptions and challenged their evaluation of why the DTP was not classified as an intangible asset. We have not identified any material intangible asset.</p> <p>We then held in-depth discussions with NHS 24 over the types of expenses included in the contract and engaged with our internal technical experts as to the appropriate categorisation. Following this, we determined that Coforge was not a third-party provider, but a Software as a Service (SaaS) provider. We challenged management over the distinct and non-distinct services provided as part of the SaaS arrangements and consequently, management have identified a £1.029m prepayment to be released over the life of the contract which is required to be split between current and non-current lines. This is therefore reported as a corrected misstatement on <a href="#">page 55</a>.</p> <p>There were 3 areas which are judgemental in nature and are split between prepayments and expenditure. These totalled £1.018m for 2024/25 of which £0.48m was prepaid and part of the £1.029m. We have reviewed management's rationale for each split and ensured that the justifications are in line with the IFRS Interpretations Committee (IFRIC) guidance. Given there is no risk of material misstatement, we have not raised any further matters in relation to this element.</p> <p>This means that £2.083m is recognised in expenditure for 2024/25.</p> |

# Significant risks

## Operating within resource limits



### Risk identified and key judgements

Under Auditing Standards there is a rebuttable presumption that the fraud risk from revenue recognition is a significant risk. In line with previous years, we do not consider this to be a significant risk for NHS 24 as there is little incentive to manipulate revenue recognition with the majority of revenue being from the Scottish Government which can be agreed to confirmations supplied.

We therefore considered the fraud risk to be focused on how management operate within the expenditure resource limits set by the Scottish Government. There is a risk is that the Board could materially misstate expenditure in relation to year-end transactions, in an attempt to align with its tolerance target or achieve a breakeven position.

The significant risk is therefore pinpointed to the completeness of accruals and the existence of prepayments made by management at the year-end and invoices processed around the year-end as this is the area where there is scope to manipulate the final results. Given the financial pressures across the whole of the public sector, there is an inherent fraud risk associated with the recording of accruals and prepayments around year-end.



### Deloitte response and challenge

We have evaluated the results of our audit testing in the context of the achievement of the limits set by the Scottish Government. Our work in this area included the following:

- Evaluating the design and implementation of controls around monthly monitoring of financial performance;
- Obtaining independent confirmation of the resource limits allocated to NHS 24 by the Scottish Government;
- Performing focused testing of accruals and prepayments made at the year-end; and
- Performing focused cut-off testing of invoices received and paid around the year-end.

### Deloitte view

Based on our testing to date, expenditure and receipts have been incurred or applied in accordance with the applicable enactments and guidance issued by the Scottish Ministers.

We note no material misstatements were found in our accruals testing that would impact NHS 24's financial statements. However, we recommended that management disclose the £1.8m accrual in relation to the Coforge CC/CRM contract as a significant judgement since this had not been disclosed in the initial first draft of the accounts.

# Your control environment and findings

## Control deficiencies and areas for management focus

| Observation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Year first communicated, component of internal control                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Severity                                                                          | Deloitte recommendation                                                                                                                                                                                                                                                              | Management response and remediation plan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Insufficient audit evidence relating to invoice received date</b></p> <p>NHS 24 receive invoices through their purchase ledger email box. When these invoices are sent to National Services Scotland (NSS) for processing, the emails are deleted.</p> <p>Deloitte have therefore not been able to use this as reliable audit evidence for date of receipt and instead, had to use the invoice register and the invoice date to provide assurance over the date invoices were received. Where samples were impacted by the above issue, we have applied professional judgement on a case-by-case basis.</p> | <p>In our 2023/24 audit, we raised a control deficiency regarding insufficient audit evidence in relation to the invoice received date.</p> <p>This was rated of medium priority, associated with the control environment of the body.</p> <p>During this year's audit, management attempted to address the issue by providing an invoice listing generated by NSS.</p> <p>While this listing documented the date NSS received the invoice from NHS 24, it did not provide evidence of the date of initial receipt by NHS 24. Consequently, this information was insufficient for our audit procedures.</p> |  | <p>It is recommended that management retain emails that contain invoices after sending to NSS.</p> <p>Implementing this procedure would improve the quality of audit evidence obtained as the audit team would be able to accurately determine when NHS 24 received the invoice.</p> | <p>NHS 24 are unable to retain all emails in the Purchase Ledger mailbox for the year. The mailbox can't be used as a storage solution. To safeguard good records management at NHS 24 we must ensure integrity of the data we store. We must have one single source of truth, and this is on our eFin system. For information security we must only have one copy of a document so that we can avoid unauthorized alterations.</p> <p>We always ensure there is someone looking after the mailbox when there is annual leave in the team so that emails are always forwarded onto the NSS pdf scanner mailbox. There was an issue with the NSS mailbox a few years ago which caused purchase ledger issues for NHS Boards for weeks who had their suppliers forward their invoices directly to the pdf scanner. We were unaffected as we don't get our suppliers to send invoices directly to the pdf scanner.</p> <p>Our suggested solution is to save down the emails for the 25-26 audit from the 30th March 2026 - 3rd April 2026.</p> |



# Other significant findings

## Financial reporting findings

Below are the findings from our audit surrounding your financial reporting process.

### Qualitative aspects of your accounting practices:

NHS 24's Annual Report and Accounts have been prepared in accordance with the Government Financial Reporting Manual (the "FReM"). Following our audit work, we are satisfied that the accounting policies are appropriate.

### Significant matters discussed with management:

Significant matters discussed with management include management override of controls and operating within the resource limits discussed on [pages 9 to 14](#).

### Liaison with internal audit

The audit team has completed an assessment of the independence and competence of the internal audit department and reviewed their work and findings. In response to the significant audit risks identified (as discussed further on [pages 9 to 14](#)), no reliance was placed on the work of internal audit, and we performed audit work ourselves.

Further consideration of internal audit is discussed under our wider scope conclusions on [page 23](#).

We will obtain written representations from the Board on matters material to the financial statements when other sufficient appropriate audit evidence cannot reasonably be expected to exist. A copy of the draft representations letter has been circulated separately.

# Our audit report

## Other matters relating to the form and content of our report

Here we discuss how the results of the audit impact on other significant sections of our audit report.



### **Our opinion on the financial statements**

Our opinion on the financial statements is unmodified.



### **Going concern**

We have not identified a material uncertainty related to going concern and will report that we concur with management's use of the going concern basis of accounting.

Practice Note 10 provides guidance on applying ISA (UK) 570 Going Concern to the audit of public sector bodies. The anticipated continued provision of the service is more relevant to the assessment than the continued existence of a particular body.



### **Emphasis of matter and other matter paragraphs**

There are no matters we judge to be of fundamental importance in the financial statements that we consider it necessary to draw attention to in an emphasis of matter paragraph.

There are no matters relevant to users' understanding of the audit that we consider necessary to communicate in an other matter paragraph.



### **Other reporting responsibilities**

The Annual Report is reviewed in its entirety for material consistency with the Annual Accounts and the audit work performed and to ensure that it is fair, balanced and reasonable.

### **Opinion on regularity**

In our opinion in all material respects the expenditure and income in the Annual Report and Accounts was incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Our opinion on matters prescribed by the Auditor General for Scotland are discussed further on [page 18](#).

# Your Annual Report and Accounts

We are required to provide an opinion on the auditable parts of the Remuneration and Staff Report. We are also required to ensure that other information in relation to the Performance Report is consistent with the disclosures in the accounts.

|                           | Requirement                                                                                                                                                                                                       | Deloitte response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The Performance Report    | The Report outlines the Board's performance, both financial and non-financial. It also sets out the key risks and uncertainties faced by the Board.                                                               | <p>We have assessed whether the Performance Report has been prepared in accordance with the Accounts Direction. We have also read the Performance Report and confirmed that the information contained within is consistent with our knowledge acquired during the course of performing the audit, and is not otherwise misleading.</p> <p>We provided management with comments and suggested changes which management have updated in the final version.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| The Accountability Report | Management have ensured that the Accountability Report meets the requirements of the FReM, comprising the Annual Governance Statement, Remuneration and Staff Report and the Parliamentary Accountability Report. | <p>We have assessed whether the information given in the Annual Governance Statement is consistent with the Annual Report and Accounts and has been prepared in accordance with the Accounts Direction. No exceptions were noted.</p> <p>We have also read the Accountability Report and confirmed that the information contained within is materially correct and consistent with our knowledge acquired during the course of performing the audit, and is not otherwise misleading. We provided management with disclosure comments and suggested changes which management have updated in the revised drafts.</p> <p>We have also audited the auditable parts of the Remuneration and Staff Report and confirmed that based on our audit work performed to date, it has been prepared in accordance with the Accounts Direction. We identified three disclosure misstatements in relation to the Remuneration and Staff Report. Further explanation of these can be seen on <a href="#">page 56</a>.</p> |

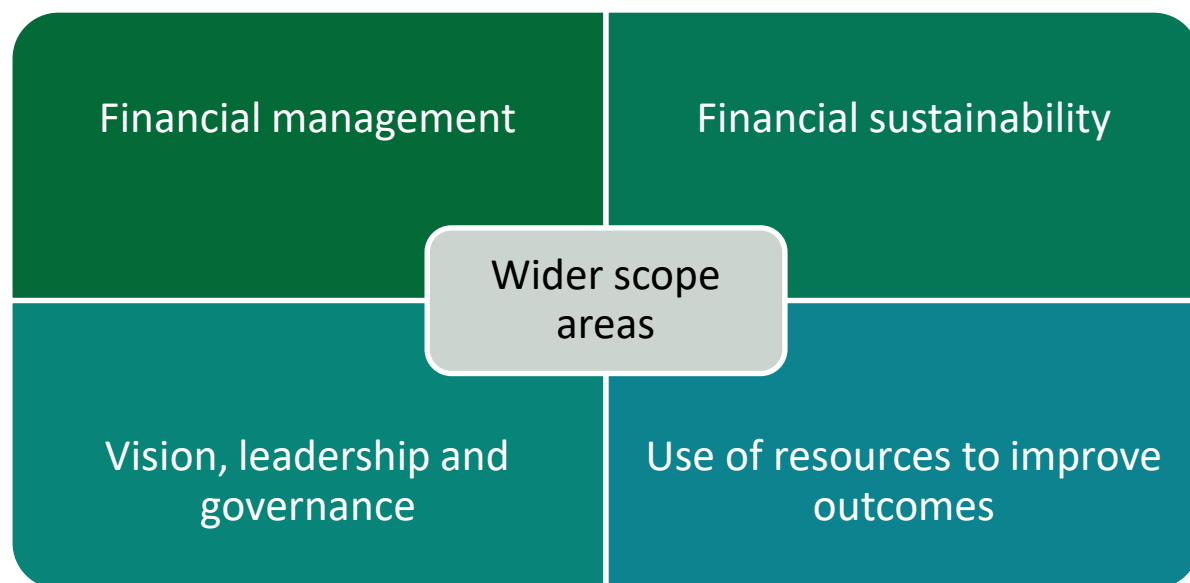
## Wider scope audit



# Wider scope requirements

## Overview

As set out in our audit plan, reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector. The wider scope audit specified by the Code of Audit Practice broadens the audit of the accounts to include consideration of additional aspects or risks in the following areas.



Our audit work has considered how the Board is addressing these and our conclusions are set out within this report, with the report structured in accordance with the four dimensions. Our responsibilities in relation to Best Value (“BV”) have all been incorporated into this audit work.

# Wider scope requirements

## Financial management

Is there sufficient financial capacity?



Is there sound budgetary processes in place?



Is the control environment and internal controls operating effectively?



**Financial Management**

### Significant risks identified in Audit Plan

We did not identify any significant risks in relation to financial management during our planning work. We have therefore restricted our audit work to reviewing the budget and monitoring reporting to NHS 24 during the year to assess whether financial management and budget setting continues to be effective.

### Current year financial performance

The 2024/25 to 2026/27 Finance Plan containing the budget was approved by the Board on 25 April 2024 following approval from the Scottish Government on 4 April 2024. The total in-year funding budgeted at this stage was £121.4m – split £119.2m recurring and £2.1m non-recurring.

The budget has been updated to include in-year movements and the final outturn reported was £123.2m against their core revenue resource limit, resulting in an underspend of £31k (0.1%). NHS 24 have therefore achieved a breakeven position.

The underspend has reduced within the year, from a projected underspend of £120k as of January 2025, M10. NHS 24 are not permitted to hold reserves and therefore there will not be any carry forward of the 2024/25 underspend to 2025/26.

The budget changed during the year and was updated to reflect the 2024/25 pay award that was received mid-year and the receipt of portfolio funding for the Redesign of Urgent Care and Mental Health on a non-recurring basis, following revised recruitment targets. The total limit as set by Scottish Government was £121.9m.

Non-recurring funding has mainly been used to fund non-recurring implementation costs of the DTP. This helped the body achieve financial balance in 2024/25. The underlying recurring deficit is to be offset by non-recurring funding for the 2025/26 financial year, although it is expected to reduce.

# Wider scope requirements

## Financial management (continued)

### Current year financial performance (continued)

Reports on financial variances to the budget are provided to each level of the organisation, with varying detail and content. This spans from a detailed code-level provided to budget holders, to a more high-level framing at the Executive Management Team (EMT) level. Both instances occur monthly. The EMT, the Board, and the Planning and Performance Committee (PPC) are provided with a monitoring report detailing the current financial position and a forecasted year-end position whenever they meet which is four times per year for the PPC.

Additionally, financial reports are provided to the Audit and Risk Committee to ensure comprehensive oversight and assurance. Through our attendance at Audit and Risk Committee meetings, we can confirm that the level of financial reporting provided, as well as the scrutiny provided in relation to these reports, is effective.

There is also a clear link between the financial information presented during the year and the final position as reported in the Annual Report and Accounts.

The approved 2024/25 budget required £4.8m of savings – split £3m recurring and £1.8 non-recurring to breakeven. The £3m recurring savings are in line with the Scottish Government Health & Social Care Directorate expectation of health boards achieving 3% recurring savings on baseline funding.

Additional savings targets associated with the remodelling of the Forensic Medical Examination service of £149k and £313k in relation to absorbing the Protected Learning Time requirements within existing resources were also added. A £1m target was added in November 2024 to assist financial planning for the DTP.

Progress against these savings is reported as part of the regular monitoring to EMT, the PPC and the Board. These savings plans are reviewed regularly by the Sustainability & Values Group. The group contains a mixture of people throughout the organisation who bring ideas as to how savings could be made through various channels. NHS 24 must continue to ensure that a culture where people feel comfortable to raise ideas, is fostered.

The final outturn reported that NHS 24 has successfully managed to meet their statutory financial duties by meeting their savings requirements.

### Finance capacity

The finance team has remained consistent throughout the year, being led by the Director of Finance and Deputy Director of Finance. We have not identified any risks with the team's capacity that would impact on the financial management of the Board. However, we have noted that the Deputy Director of Finance has been heavily involved in the DTP.



# Wider scope requirements

## Financial management (continued)

### Internal controls and internal audit

The Board has comprehensive financial regulations in place that are incorporated into the Corporate Governance Framework, which was updated in December 2024 (since the last review in February 2024). Although the Framework recommends for a review every 2-3 years, following the December 2024 Board meeting, it has been decided that the framework will be reviewed and updated annually. Given the current evolving environment because of the DTP within NHS 24, we believe this is appropriate.

We have assessed the internal audit function, including its nature, organisational status and activities performed. We have reviewed all internal audit reports published throughout 2024/25. The conclusions have helped inform our audit work, although no specific reliance has been placed on this work.

An internal audit report published in March 2024 'Financial Management and Reporting' concluded that there exists robust and effective controls in place to ensure appropriate financial management, monitoring, and reporting. Two improvement actions were identified to support financial performance in 2024/25, and both actions have been resolved.

The 2024/25 Internal Audit Plan was approved by the ARC in March 2024, and presented at the June 2024 ARC meeting for formal approval.

Regular progress reports have been reported to the Audit & Risk Committee throughout the year and separate reports have been produced for each internal audit assignment. We have noted that good progress has been made by the organisation in responding to internal audit recommendations throughout the year.

### Standards of conduct for prevention and detection of fraud and error

We have assessed the Board's arrangements for the prevention and detection of fraud and irregularities. This has included specific considerations in response to the quarterly bulletins published by Audit Scotland that contains a fraud and irregularities section per publication.

In relation to cyber risks, in March 2025 NHS 24 were accredited with the Cyber Essentials certification from the IASME, the National Cyber Security Centre's official cyber essentials delivery partner.

All NHS Boards are participating in the 2024/25 National Fraud Initiative (NFI) exercise. We will monitor NHS 24's participation and progress in the NFI exercise and perform a full assessment of NHS 24's participation in the exercise at the start of the 2026 calendar year.



# Wider scope requirements

## Financial management (continued)

### 12 Functional Fraud Standards

The 12 Functional Fraud Standards governed by the Counter Fraud Services (CFS) lay the expectations for management of all health boards to counter-fraud. As of February 2024, NHS 24 had met 58% of the standards. The 2024/25 update was taken to the ARC in February 2025 and reported that 75% of the standards were met. This is in line with the CFS target of 75% by March 2025.

However, this is subject to the CFS evaluating NHS 24's justification for meeting each standard's criteria. This is due to be approved by the CFS for the August 2025 ARC meeting. NHS 24 should continue the progress that has been made to ensure all 12 targets are met by March 2026.

### Deloitte view – financial management

NHS 24 continues to have effective budget setting and monitoring arrangements in place. The reporting has been considered and is appropriately supported by a consistent and experienced finance team.

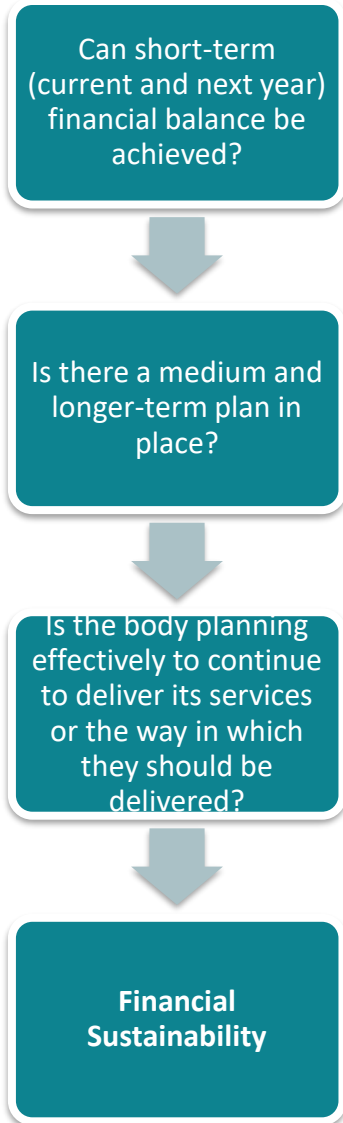
The savings targets set by the Board have increased in comparison with previous years, reflecting the financial challenges faced by the Board and need to continually deliver recurring reductions in costs. Progress against savings targets is monitored regularly at Board level as part of the finance reports.

It is positive to note that whilst the targets are increasing, these have been achieved. However, there remains a significant reliance on non-recurring savings to achieve a balanced outturn.

An independent internal audit function is in place and there are appropriate arrangements for the prevention and detection of fraud and error.

# Wider scope requirements

## Financial sustainability



### Significant risks identified in Audit Plan

In our audit plan we identified that there was a significant risk that robust medium-to-long term planning arrangements were not in place to ensure that NHS 24 can manage its finances sustainably and deliver services effectively, identify issues and challenges early, and act on them promptly. Furthermore, we identified that there was a reliance on non-recurring savings. Due to the current period of transformation being undertaken by NHS 24 in relation to the DTP, this was also identified as a significant risk to the organisation. We have considered these aspects on the following pages.

### 2025/26 budget setting

The Board approved a balanced budget with total in-year funding of £134.1m and total expenditure of £138.5m in April 2025. The budget was prepared in consultation with relevant groups including the EMT, the PPC, and a Board workshop in March 2025.

The following key highlights are noted:

- NHS 24 is budgeted to breakeven, however there is reliance on non-recurring funding to do so.
- Prior to efficiencies, the plan highlighted a £4.4m funding gap (£3.4m recurring and £1.0m non-recurring gap). Savings options were developed and provided for consideration. Unlike in the 2024/25 Finance Plan, there is no 'optimistic', 'pessimistic' or 'realistic' analysis of savings. Instead, the savings target for each year is simply classified between 'proposed' and 'unallocated', without giving a view of what is possible under different circumstances.
- The proposed savings target in the plan required to be realised in order to achieve a breakeven position in 2025/26 is £2.7m recurring (£2.4m proposed and £0.3m unallocated), and £1.7m non-recurring (£1.2m proposed and £0.5m unallocated).

# Wider scope requirements

## Financial sustainability (continued)

### Medium-to-long term financial planning

At the same time as approving the 2025/26 budget, the Board also approved the three-year plan covering the period 2025/26 – 2027/28. This is in line with the requirements from Scottish Government for all Health Boards to provide a three-year financial plan. There is no separate transformation plan to accompany the medium-term financial plan (MTFP); all savings are set out in the MTFP.

The proposed expected savings required over the 3-year period are illustrated below.



The MTFP identifies a cumulative deficit before savings of £13.5m. When savings are considered, there is no funding gap in any of the three years covered by the finance plan and NHS 24 is expected to breakeven in each financial year.

There are only detailed considerations of the required savings for year 1 of the plan (2025/26). 38.5% (£1.7m) of the total anticipated savings in 2025/26 are from non-recurring savings. This is largely made up of savings from the 2% vacancy factor of £1.986m and £0.5m savings from in-year one-off gains, but then offset slightly by two non-recurring deductions:

- NHS 24 is investing in bringing the service desk inhouse, allowing savings of £1.0m on private sector contracts. This recurring investment of £0.5m should release £1m of private sector contracts as a result. A non-recurring reduction of £0.463m has been included in the savings plan 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. A non-recurring reduction of £0.317m has been included to account for the in-year gap.

The remaining balance of savings anticipated are on a recurring basis. Furthermore, there is £0.2m and £0.1m of recurring savings from work done by the Establishment Control Panel and the Sustainability & Values Group respectively.

# Wider scope requirements

## Financial sustainability (continued)

With reference to Scotland's public finances report published by Audit Scotland, the current MTFP is inconsistent with best practice in the following areas:

- The plan only covers 3 years, which is in line with NHS Scotland and SG recommendations. However, best practice for a financial strategy is to cover 5 – 10 years.
- The basis and assumptions of the significant non-recurring savings classified as 'Vacancy Factor' are not evidence based within the plan. The saving is reliant on staff turnover which is not sustainable.
- Unlike in the prior year's plan which included an analysis of a pessimistic, realistic, and optimistic view on savings achievement, this was not included in the current plan.
- Whilst NHS 24 has made assumptions around inflations and cost increases, given the uncertainty of these factors, we would expect scenario planning to include a 'worst', 'best', and 'likely' scenario to allow the Board to manage its risks.
- There are no clear links to the corporate strategy, with the only reference being to meet the financial targets. Best practice would recommend demonstrating how the financial plan will allow NHS 24 to achieve its wider objectives, e.g. linking to outcomes.
- While financial risks are highlighted, we would expect the plan to also highlight other risks to NHS 24 e.g. if expenditure increased and savings had to be achieved elsewhere to breakeven, what would the potential risk on service delivery be.

Discussions with Board members indicate an awareness that the increase in demand has led to increased financial pressures within NHS 24. Considering the national context, the DoF presented the Audit Scotland Report 'NHS in Scotland 2024' at the February 2025 Board meeting. This allowed Board members to note a range of issues and concerns facing the NHS in Scotland.

There is therefore a clear understanding from Board members of the internal and external factors that could restrict NHS 24 providing a quality service to the public.

NHS 24 receives £269k for capital spend each year to support ongoing maintenance of the estate. The December 2024 Scottish Government budget announcement confirmed that capital allocations would increase by 5% in 2025/26, yet this still represents less than 1% of all NHS 24 expenditure. The Board have included the DTP spending within revenue rather than capital. We have considered this assessment in relation to the classification of the DTP as expenditure rather than as an asset and our conclusions are on [page 13](#).

# Wider scope requirements

## Financial sustainability (continued)

### Digital Transformation Programme

#### Overview

NHS 24 is currently undertaking a major DTP aimed at modernising the body's core digital infrastructure, thereby improving service delivery, patient experience, and staff experience. Over the five years covered by the 2023-2028 Corporate Strategy, a vision for transformational change was outlined that would see NHS 24 adopt an omnichannel approach to healthcare, rather than the current model. In doing so, the DTP enables the body's mission of helping more people access the right care in the right place. A key component of the DTP is to replace two current contracts due to end in October 2025.

The first contract is the Contact Centre (CC) and Customer Relationship Manager (CRM) contract with Capgemini, and the second is the current infrastructure and services contract with BT. Following a Competitive Procedure with Negotiation procurement process, in November 2024, Coforge were awarded the integrated CC/CRM contract and Elsevier were awarded the decision support tool contract. One-off contract costs for the CC/CRM are £6.6m while recurring costs are £4.4m, and one-off costs for the decision support tool are £0.5m while recurring costs are £1m. The total estimated value for the CC/CRM contract is £39.6m.

#### Objectives of the DTP

The key programme objectives as outlined in the Strategic Outline Case is to ensure the physical and digital infrastructure is stable, secure, and provides necessary resilience. Additionally, the DTP is to ensure that NHS 24's technology infrastructure is sustainable, future proof, and delivers value for money. Developing the digital and online services that NHS 24 offers is aimed to improve patient journey and widen the access for those needing care or support. Other key outcomes of the DTP include:

- Cost savings and cost avoidance including reduced maintenance and support, as well as optimisation of licensing and operational expenses.
- Time and productivity improvements including reduced handling and call waiting times.
- Improved patient outcomes and care including improved access to patient data and medical records and increased 'reach of service'.
- Enhanced reporting and analytics enabling data-driven decision making.
- Improved user experience including user-friendly applications.

# Wider scope requirements

## Financial sustainability (continued)

### Digital Transformation Programme

#### Benefit realisation

Following internal stakeholder engagement, a DTP Benefits Scorecard was approved by the Digital Transformation Programme Board (DTPB) in November 2024 and presented to the PPC in February 2025. The scorecard provides an overview of eight high level benefits and how they will be monitored and realised. Since November 2024, the benefits have been further developed and will continue to be developed before being finalised and used from 'go live', scheduled for September 2025. It is recommended that NHS 24 continue to monitor whether benefits are realised as well as to continuing to track the KPIs through the benefits scorecard.

#### Risks

The Programme RAID register (Risks, Assumptions, Issues, Dependencies) is actively managed where risks are tracked, and updates are reported to the Board as part of programme governance. The DTP is also a key component in the Strategic Risk Register and the Corporate Risk Register.

Key risk areas include:

- Staffing and Workforce
- Programme Risk
- External Factors
- Financial Risks

- Organisational Change
- Integration

Within the register, one of the risks noted as having the greatest potential impact is the risk that if the period allocated for CC/CRM implementation for the Pilot Phase 1 – Ayrshire & Arran (A&A) is not sufficient, then this would leave no contingency if issues are encountered. While this risk applies to overall implementation, recent delays in launching the pilot for the population of A&A illustrate how such pressures can occur. The pilot, originally scheduled for April 2025, was delayed to May 2025, and is now expected to launch in June 2025 due to a delay in having all environments being ready to test. Although the original plan had included a fair level of contingency, the recent delays have thereby increased the risk associated with achieving the final 'go live'.

As at the time of writing, testing and staff training has begun but a new date for the pilot has not been set. NHS 24 has utilised some of their timeline contingency for the overall programme. The primary delivery risk is heightened by the fact that NHS 24 will have to incur additional and/or double running costs if the DTP is not implemented on schedule however this is mitigated by clear stage gates being in place, linked to payment milestones.

Furthermore, if the CC/CRM fails to be implemented by December 2025, NHS 24 would have to fund SAP license renewals for their existing systems as the current licensing period runs from 1<sup>st</sup> January to 31<sup>st</sup> December. This would place the body under even greater financial pressure.

# Wider scope requirements

## Financial sustainability (continued)

### Digital Transformation Programme

#### Governance

Governance arrangements are in place to ensure effective oversight of the DTP and delivery against objectives. The DTPB meet monthly and report into the Board via the PPC and are delegated to make decisions bar those requiring Chief Executive/Director of Finance approval. Weekly Programme Status Reports are produced which provide a thorough breakdown of each project; detailing a status summary, highlights/lowlights, planned activity and deliverables, 'path to green' actions, key risks, and a RAG rating of each component, as well as a collective overall RAG rating for that week. Through our conversations with Board Members and with key individuals involved in the delivery of the DTP (both internal and external), we have observed that governance appears to be appropriate and effective.

Independent assurance has been apparent throughout the DTP as evidenced through NHS 24 requesting external parties such as Resulting IT to provide in-flight reviews. This has provided an alternative perspective which has strengthened the DTP's resilience.

#### Next steps

In this year's audit, we have assessed the progress made on the DTP. As the DTP's implementation continues into 2025/26, a full assessment and conclusion is not yet possible. We will therefore monitor progress made and consider this in our risk assessment for future years.

Deloitte have published an article establishing the steps that should be taken in becoming a digital-first organisation. This consists of seven digital pivots that organisations must derive value out of to become a digitally mature organisation.

The full article can be accessed at [Government digital transformation strategy](#) | [Deloitte Insights](#).

#### Seven Pivots for Digital Transformation



# Wider scope requirements

## Financial sustainability (continued)

### Deloitte view – Financial sustainability

NHS 24 has achieved financial balance in 2024/25 and has set a balanced budget for 2025/26 and is therefore financially sustainable in the short-term. Budgets clearly set out whether savings requirements will be recurring or non-recurring, and how these are likely to be met. However, we do note that the 2025/26 financial plan requires savings of £4.4m to breakeven. While a breakeven position is deemed achievable by the entity, an underlying recurring deficit remains into 2026/27. This brings an increased risk to the organisation compared with previous years.

NHS 24's three-year plan identifies an increasing level of savings required. While the reliance on vacancy targets as non-recurring savings reflects the reality of staff turnover and builds flexibility into the budget, it is inconsistent with the longer-term plans of NHS 24.

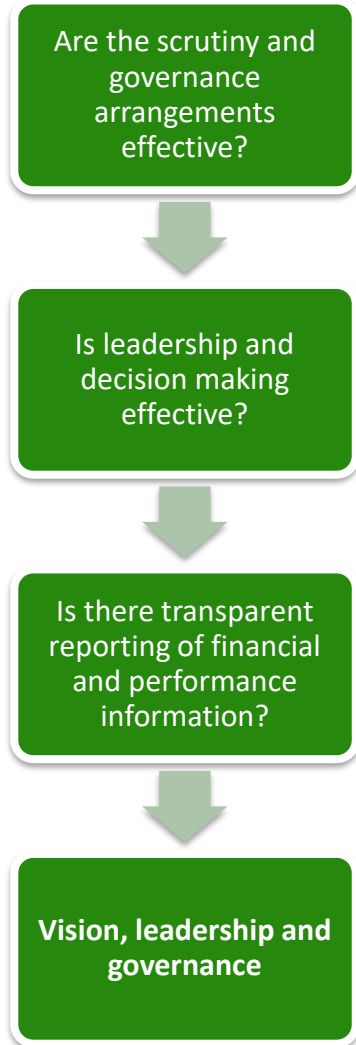
NHS 24's Financial Plan could be further enhanced, with reference to best practice by expanding to a longer timescale of between 5-10 years, incorporating more detailed scenario planning, non-recurring savings being more evidence-based, impact on service demand being disclosed and greater linking to its corporate strategy and wider risks.

The DTP has progressed throughout the year but the delay in the pilot phase raises concerns about timeline contingency before 'go live' scheduled for September 2025 which could lead to wider financial repercussions. Additionally, there is a risk that NHS 24 do not realise the strategic and operational benefits of the DTP.



# Wider scope requirements

## Vision, leadership and governance



### Significant risks identified in Audit Plan

We did not identify any significant risks in relation to vision, leadership and governance during our planning work. We therefore restricted our audit work to reviewing the work of the Board and its Committees to assess whether the arrangements continue to operate effectively, including assessing whether there is effective scrutiny, challenge and informed decision making.

### Vision and strategy

NHS 24's Corporate Strategy 2023 – 2028 was approved by the Board in June 2023. The Strategy is designed to embody a sustainable, high-quality service, easily accessible to all using next generation technology to help people identify and access the right type and level of support. It is built around three strategic aims:

- Deliver sustainable high-quality services.
- Provide a workplace in which our people can thrive.
- Be a collaborative forward-thinking partner.

Threaded throughout the strategy is a focus on sustainability. This is both from an environmental standpoint with reference to the Climate Emergency and Sustainability Strategy, and from a financial and operational standpoint, recognising that collaboration is necessary to assure ongoing sustainability of services and the organisation. The plan therefore reflects a pace and depth of improvement that will lead to the realisation of NHS 24's priorities and the long-term sustainability of services.

Equalities also represent an important theme within the strategy and play a key part in NHS 24's Strategic Ambitions. There are two key strands to the equalities strategy: Accessibility of NHS 24 services and a focus on workforce equalities. This focus on equality is supported by the Equality Mainstreaming Progress Report, published in April 2025 which sets out how NHS 24 are meeting their duties under the Equality Act 2010.

# Wider scope requirements

## Vision, leadership and governance (continued)

Another key focus within this pillar is providing a first-class environment for workforce to develop and taking a quality-led approach to training and development, creating clear career pathways and opportunities. During the year there was a Leadership Development Programme implemented to build intrapreneurship and innovation in leaders – ‘Leading for Impact’ and ‘Leading with Courage’. It is clear that the body recognise the impact that quality learning and development has on knowledge, skills, staff retention, and ultimately patient care.

Sustainable development considerations are also embedded into NHS 24’s governance arrangements. This is evidenced by NHS 24 having a Strategic Delivery Group – providing agile oversight of strategic portfolios including Digital Transformation and Service Transformation. This group reports to the PPC. Ultimately, these demonstrate a corporate approach to continuous improvement, with regular updating and monitoring of improvement plans.

In conjunction with the Corporate Delivery Plan (CDP) above, every year NHS 24 develop and publish a detailed one-year delivery plan. The PPC assure oversight of delivery of the annual CDP, whilst the Strategic Delivery Group and EMT ensure close monitoring of progress and corrective action if/when required. A Corporate Delivery Plan Status Report was provided to the board in February 2025.

At this date, 2 actions were completed, 26 were green, 4 were amber, 0 were red, and 0 were nil return. Despite these promising ratings, the overall confidence in the CDP is medium, with risks in critical areas such as implementing the CC/CRM being highlighted.

### Community engagement

Strategic priorities have been set that reflect the needs of communities and individual citizens as outlined within the Corporate Stakeholder Engagement Framework which has been revised as part of a commitment set out within the NHS 24 Board Blueprint for Good Governance Improvement Plan. It is now aligned to NHS 24’s Corporate Strategy and the principles as set out within the Scottish Government’s ‘Planning with People: community engagement and participation guidance’.

Community engagement within NHS 24 takes place as follows:

- NHS 24 Public Partnership Forum (PPF);
- NHS Youth Forum; and
- Wider community engagement.

# Wider scope requirements

## Vision, leadership and governance (continued)

Within NHS 24, the Stakeholder Engagement and Insights Team have engaged with a range of partners to join a Board Workshop which focusses on equality, inclusion, and rights, as well as a community engagement. Themes of intersectionality and poverty were considered by the Board through the following organisations who participated:

- Who Cares? Scotland
- The Alliance Sensory Hub
- West of Scotland Regional Equality Council
- West Dunbartonshire Community & Volunteering Services
- CEMVO

Involving these organisations in Board workshops who represent people from marginalised areas of society allow NHS 24 to consider and address any unintended inequalities and ensures that the Board clearly understand and acknowledge societal issues which can aid decision-making thereby increasing the chances of equity-driven outcomes. NHS 24 must continue to support this cross-sector learning and building of partnership. This aligns to their strategic aims.

Other partnership working examples in the year include the continued work ongoing with Scottish Ambulance Service (SAS) as well as providing assistance to support the Future Hospital Initiative – a research project undertaken by the University of Strathclyde.

### Leadership

There have been no changes to the EMT during the year. There have been 3 changes to the Board in the year. Marieke Dwarshuis resigned from August 2024. Kenny Woods was re-elected from the October Board meeting and Abeer MacIntyre was appointed from September 2024. Alan Webb's term as Vice Chair will end in March 2026.

From our presence at meetings and our discussions with Board and Committee members, we have noted that there is a positive culture among both groups. Both groups foster good challenge and discussion as well as the development of working relationships based on trust and openness.

The 2024 iMatter results were very positive, with a 76% response rate and a 77 employee engagement index. Strengths included staff governance; respondents scored the level of being well informed, being appropriately developed, being treated fairly, high. Additionally, respondents scored statements related to their team and line manager very high, with 3 out of 7 measures scoring an average of 90+ out of 100. An area of improvement identified through the survey was that respondents did not feel involved in decisions relating to their job and organisation.

# Wider scope requirements

## Vision, leadership and governance (continued)

### Governance arrangements

In aligning itself to the Blueprint for Good Governance, the Audit & Risk Committee carried out their Annual Review of Effectiveness in a private session in November 2024. Themes such as training and briefings, publications, audit engagement, deep dives and induction processes were discussed. These themes reflect the collective insights and priorities identified during the discussions, aiming to enhance the Committee's effectiveness and address specific needs highlighted by members. The Committee Action Plan has been updated to align actions with three key objectives.

NHS 24 also has a clear Board and Committee Workplans 2025/26 which has been developed through consultation with the Committee Chairs, Committee Members, and Executive Leads of the respective Committees. This ensures governance actions and Committee activities remain synchronised with the Corporate Delivery Plan activities, upholding strategic direction and aligned coordination. This also enhances the Board's ability to effectively discharge its responsibilities, including risk oversight, performance monitoring, and assurance.

From discussions with Board members, observations at Committees and consideration of minutes, we believe that there is an adequate level of scrutiny with an appropriate balance of information provided to Committees and the Board.

### Deloitte view – Vision, Leadership and Governance

NHS 24's Corporate Strategy 2023 – 2028 was approved by the Board in June 2023 which centres around delivering sustainable high-quality services in a workplace where people can thrive whilst being a collaborative forward-thinking.

Leadership has generally been effective during the past year and we note that the Board members we spoke to as part of our work reported a positive working culture with appropriate challenge, trust and collaboration.

The Board has robust governance and scrutiny arrangements in place. It makes effective use of internal audit and responds positively to Internal Audit findings and recommendations.

# Wider scope requirements

## Use of resources to improve outcomes



### Significant risks identified in Audit Plan

In our audit plan we did not identify any significant risks in relation to use of resources to improve outcomes. We therefore restricted our work to assess the KPI framework and whether this has increased the focus on outcomes and impact.

### Performance management framework

In line with best practice, key performance indicators (KPIs) frameworks within NHS 24 have changed in recent years. Following the change in operational model in 2019 and the move to deliver increased care at first contact, the framework was updated. More recently, NHS 24 operated with an interim KPI framework plan from 2021/22 to 2022/23.

The 2023/24 framework was approved in September 2023 with the 2023/24 reporting retrospectively amended to reflect the new measures which continue to follow a RAG reporting system. This new performance framework sought to better reflect how NHS 24 services have evolved in recent years, to be 24/7, to demonstrate the added value for all stakeholders within the wider environment and ensuring that the organisation is constantly focussing on improving the service it provides for these stakeholders.

5 key areas that the above framework covers are:

- Patient Experience
- Whole System Impact
- Access
- Digital
- Staff Experience

# Wider scope requirements

## Use of resources to improve outcomes (continued)

### Key Performance Indicator updates

For the 2024/25 year, the KPI framework has not been amended or updated. Following the implementation of the DTP, NHS 24 could consider updating the KPI framework to align with the new delivery of service and improved infrastructure. Furthermore, KPI targets could then be reevaluated to reflect the fundamental shift in processes, the way of working, and the patient experience.

The DTP provides a platform that will significantly reshape how services are delivered, how staff work, and how patients engage with care. As such, the current KPI framework should be rebased to reflect the improved efficiency and benefits that will be inherent of the DTP and service transformation. NHS 24 should ensure that the targets are realistic.

If the framework was to be amended, it would be important for NHS 24 to allow the DTP to be further embedded, ensuring the body fully understands the measures and targets which would provide the greatest level of outcomes. Ultimately, this would ensure that outcomes are increased further and have an increasing level of impact to the organisation and its stakeholders – including the Scottish public.

### Performance data

A summary of the performance reported to the Board during the year is provided in the graphs on the following pages. The X axis notes the month of the financial year, and the Y axis illustrates how many performance indicators were rated either red, amber, or green. For example, Access consists of three performance indicators and in April 2024, two were rated red, and one rated green. Key highlights are:

#### **Access**

- The Median time to answer measure and the 90<sup>th</sup> percentile time to answer measure is off-target for all months of the year, except from August 2024. This was due to clinical supervisor availability which in turn, slows the calls through the system which impacts on the free up capacity to take calls. This highlights a potential issue surrounding patient access. A large proportion of call taker talk time is utilised on waiting for Clinical Resource. Improving staff absence could be a key factor in improving the issue.
- There have also been other initiatives developed to resolve the issue. For example, Advise and Refer, Call Ringback, and the roll out of the NHS 24 App which allows patients to self-assess their symptoms.
- These initiatives ultimately attempt to support access and improve the patient journey. Further improvements will be sought after by the implementation of the DTP, and we will monitor these.

# Wider scope requirements

## Use of resources to improve outcomes (continued)

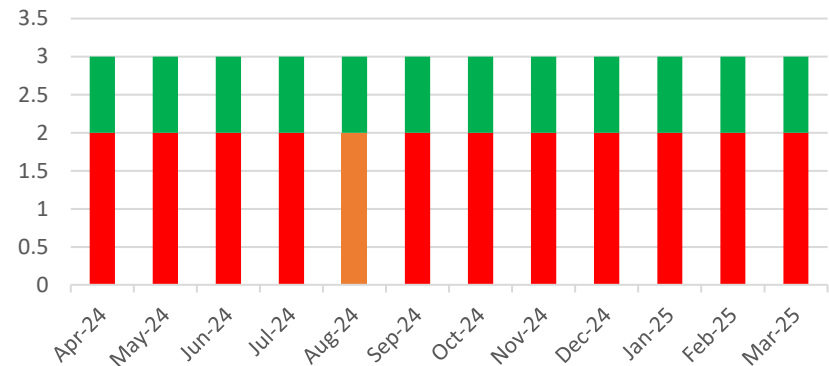
### Performance data (continued)

#### Staff Experience

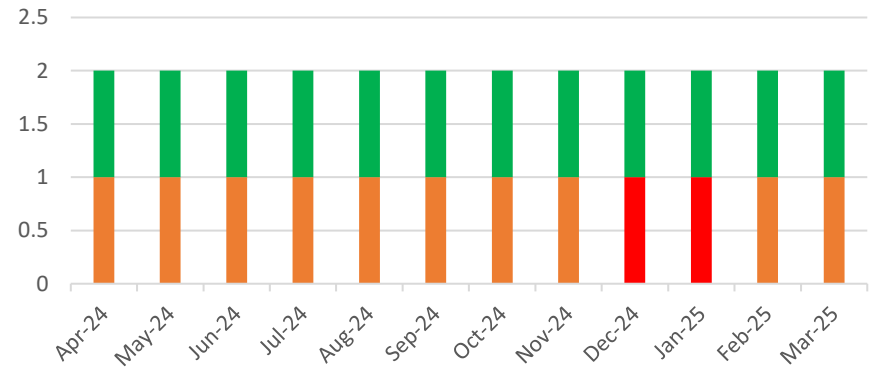
- Staff attendance has presented challenges throughout the 2024/25 year and has remained either marginally off-target or off-target. This has a severe impact on NHS 24's ability to provide a quality service and deliver outcomes. Areas of absence most prevalent are within key frontline skillsets. In January 2025, Nurse Practitioner absence was 24% and in the same month, Clinical Supervisor absence was 21%. The skillsets possessed by these workers are critical in providing quality clinical supervision, and it is evident that service delivery is affected when these workers are absent, which impacts the wider organisation.
- More positively is that the 'iMatter' indicator has performed on-target for the year. This is a tool used within NHS Scotland to measure and enhance motivation, support and care for employees at work. Engagement score is the % of staff who participate in the survey. For this year, 77% of staff engaged in the survey, which is a 3% increase in engagement from last year. Interestingly, despite the increase in staff engagement, the overall results still improved from the prior year.

■ On target    ■ Marginally off-target    ■ Off-target

#### Access



#### Staff Experience



# Wider scope requirements

## Use of resources to improve outcomes (continued)

### Performance Data (continued)

#### Patient Experience

- The % of patients reporting a positive experience after using the 111 service has failed to be on target at any point during the year but has been marginally off-target and never off-target. The % of stage 2 complaints answered within 20 days have been on target every month of the year except from April 2024. This highlights that management are proactive in monitoring and reviewing complaints.
- Patient Journey is time between when patient select desired Interactive Voice Response (IVR) route (Urgent Care, Dental, Mental Health) to when the final endpoint is entered on to the contact record. The patient journey time has failed to be on target for this year, linking to the reasons above. The highest journey time for the year was 54 minutes 52 seconds in December 2024. The lowest journey time was 38 minutes 15 seconds in August 2024.

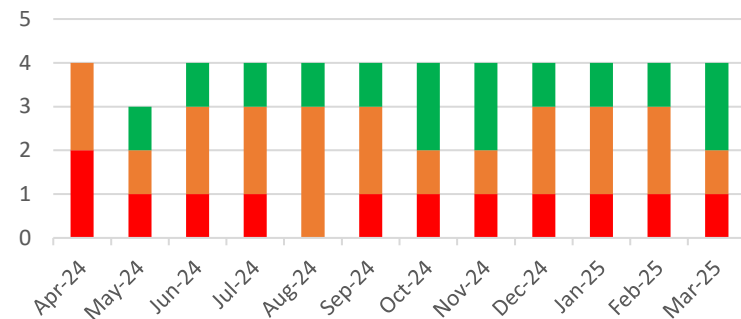
#### Digital

- Digital access is also a KPI for NHS 24. For 2024/25, targets were not set, consistent with 2023/24. It is recommended that targets are set following implementation of the DTP.

#### Whole System Impact

- For the year, all three measures have been performing mostly on target, with none off-target for any month. This is the impact of NHS 24 triage on wider systems, including out of hour referrals and referrals to secondary care options.

Patient Experience



Whole System Impact





# Wider scope requirements

## Use of resources to improve outcomes (continued)

### Performance reporting

The corporate performance reports reported every two months to the Board provide comprehensive analysis of performance. One of the key messages within these reports are capacity restrictions due to call demand and staff absence. This in turn, puts additional pressure on the service. This remains one of the biggest risks to NHS 24 and their achievement in objectives. It is crucial that NHS 24 consider the estimated demand in its future financial plans to consider both funding and associated workforce to ensure that there is sufficient resource in place to meet demand.

A Framework for Change was implemented in October 2023 aiming to ensure all significant new activity and change initiatives align to NHS 24 Corporate Strategy and corporate delivery plans, in conjunction with national planning and policy priorities for health and care. The Framework provides recommendations in key areas including: Governance and Approval of Initiatives; and Culture and Leadership.

The Framework for Change is set to be reviewed in October 2025. It is clear that NHS 24 have taken into account the Framework recommendations. For example, as part of Culture and Leadership, Executive and Senior Management have promoted and upheld best practices. Additionally, as part of Governance and Approval of Initiatives, there has been alignment to the Corporate Delivery Plan.

### Benchmarking

A comprehensive benchmarking exercise was performed by the Contact Centre Management Association (CCMA) covering the 2024 calendar year and reported in February 2025. We note that the report has been shared to the EMT but not the PPC. Findings included:

- First Contact Resolution (FCR): CCMA Benchmark 76.1% vs NHS 24 95.0%. FCR is a strong indicator of whether a contact centre is operating efficiently. It is a measure of a contact centre's success rate in answering customer queries on their first request. The closer the rate is to 100, the more accurately customers/patients are getting the answers they need first time they have contact.
- Interactions Monitored Per Frontline Colleague Per Month: CCMA Benchmark 38 interactions vs NHS 24 2 interactions. This is a measure of the average number of interactions that are monitored/scored in an organisation's quality monitoring process per frontline colleague per month.
- Frontline Colleague Absence: CCMA Benchmark 7.4% vs NHS 24 11.0%.

NHS 24 should ensure that benchmarking results are reviewed, and lessons are learned from the annual exercise.

# Wider scope requirements

## Use of resources to improve outcomes (continued)

Internal evaluations are performed in contributing to the overall quality and effectiveness of NHS 24's strategy. For example, a Mental Health Review paper was agreed by the EMT in May 2024. A progress report was presented to the EMT in September 2024. The Mental Health Review will form part of the Service Transformation Portfolio and will be aligned with the DTP. Following a 3-phased approach, key changes were identified:

- Unmasking CLI (telephone numbers): Implement a technical solution to unmask caller IDs for Breathing Space supervisors to enhance clinical safety.
- Internal Transfers and Referrals: Streamline processes to facilitate smoother internal transfers and direct referrals between services.
- Align governance frameworks across the integrated services.

Consistent with the Corporate Stakeholder Engagement Framework, there was engagement with key stakeholders and a consideration of user needs and views.

### Deloitte view – Use of resources to improve outcomes

NHS 24 has a clear performance management framework in place which analyses data and tracks progress against targets. Regular reporting on performance is provided to the Board, therefore is timely, reliable, balanced and transparent.

Under the performance framework, unfavourable outcomes (i.e. red) were observed in three elements of the framework: Patient Experience, Staff Experience, and Access. There was overall a notable drop-off in performance for the second half of the year which is consistent with the greater pressures of the winter season.

Note that no targets were in place for Digital areas for 2024/25. NHS 24 could consider updating the KPI Framework following the embedment of the DTP. This would help illustrate the true return on investment by NHS 24.

Performance continues to be impacted by an increasing demand for services and staff absence during 2024/25. It is important these aspects are considered and taken into account in future resource planning, both from a funding perspective and workforce perspective.

# Wider scope requirements

## Best value

### Requirements

The Scottish Public Finance Manual (SPFM) explains that Accountable Officers have a specific responsibility to ensure that arrangements have been made to secure Best Value (BV).

Ministerial guidance to Accountable Officers for public bodies sets out their duty to ensure that arrangements are in place to secure Best Value in public services. As part of our wider scope audit work, we have considered whether there are organisational arrangements in place in this regard.

#### **The duty of BV in Public Services is as follows:**

- To make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost; and in making those arrangements and securing that balance;
- To have regard to economy, efficiency, effectiveness, the equal opportunities requirements, and to contribute to the achievement of sustainable development.
- BV characteristics have been recently regrouped to reflect the key themes which will support the development of an effective organisational context from which public services can deliver key outcomes and ultimately achieve best value:
  - Vision and Leadership
  - Governance and Accountability
  - Use of resources
  - Partnership and collaborative working
  - Working with Communities
  - Sustainability
  - Fairness and equality

### Conclusions

NHS 24 has a number of arrangements in place to secure best value. As noted elsewhere within this report, the updated Corporate Strategy provides a clear vision and has specific focus on some of the BV characteristics including sustainability, fairness and equalities. There is strong leadership in place with a positive culture on collaboration.

Financial sustainability remains a key risk, as is the case across the public sector. NHS 24 has recognised the need to make recurring savings and develop KPIs to demonstrate how the services provided impact on outcomes.

#### **Deloitte view – Best Value**

NHS 24 has sufficient arrangements in place to secure best value. It has a clear understanding of areas which require further development. Financial sustainability remains a key risk with continued reliance on non-recurring funding/savings.

# Purpose of our report and responsibility statement

## Our report is designed to help you meet your governance duties

### What we report

Our report is designed to help the Audit & Risk Committee, and the Board discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA (UK) 260 to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- Results of our work on key audit judgements and our observations on the quality of your Annual Report.
- Our internal control observations.
- Other insights we have identified from our audit.

### The scope of our work

Our observations are developed in the context of our audit of the financial statements.

We described the scope of our work in our audit plan.

### Use of this report

This report has been prepared for the Board, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. Except where required by law or regulation, it should not be made available to any other parties without our prior written consent.

### What we don't report

As you will be aware, our audit was not designed to identify all matters that may be relevant to the Board.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

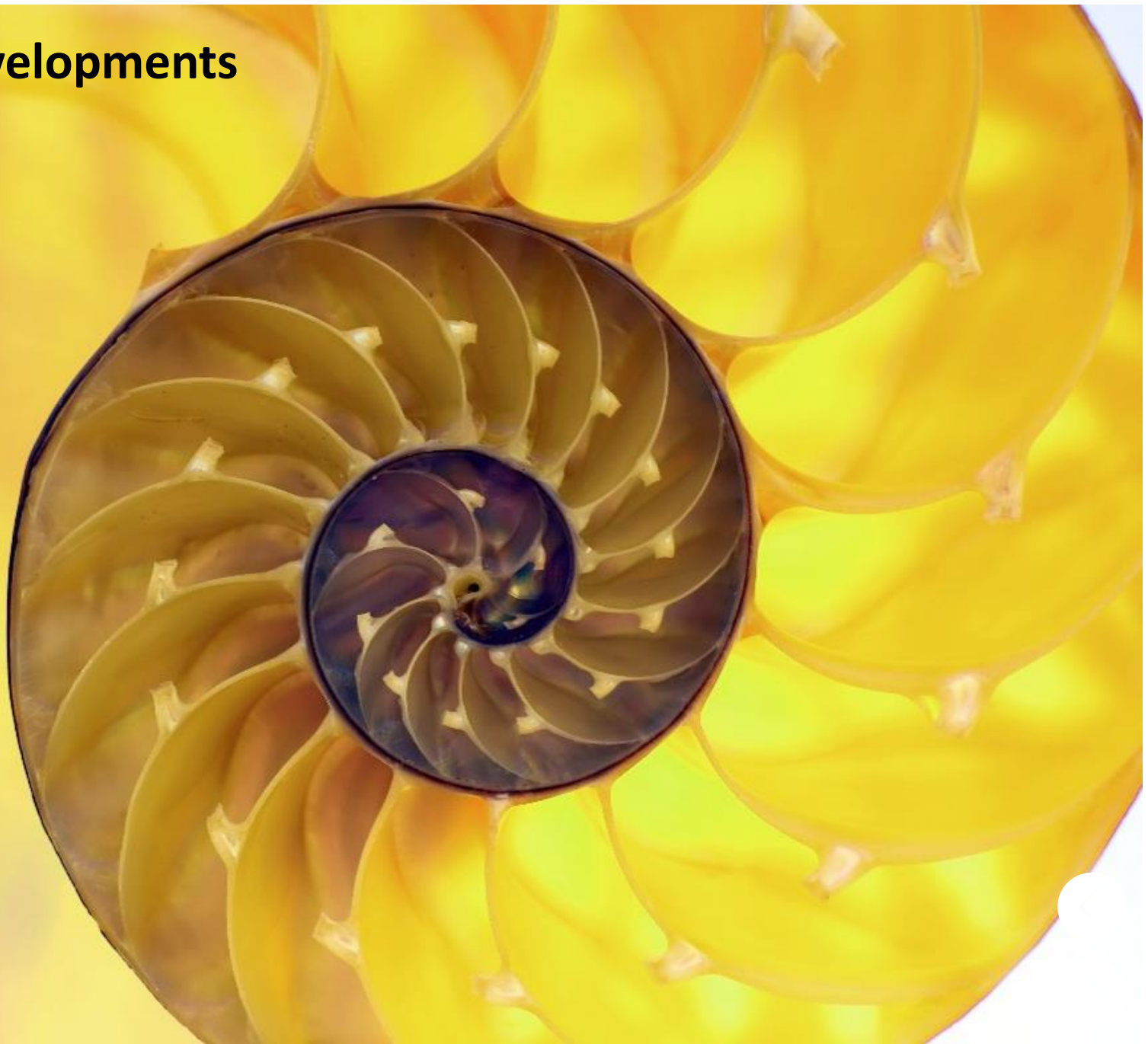
**We welcome the opportunity to discuss our report with you and receive your feedback.**



**Deloitte LLP**

Newcastle-upon-Tyne | 13 June 2025

# Sector Developments



# State of the State 2025

## Findings from Deloitte and Reform Think Tank's annual survey of public sector leaders and the public

### Background

Deloitte and Reform Think Tank have brought together a survey of 5,000 UK citizens and interviews with over 80 public sector leaders to provide a view of the state from the people who rely on it and the people who run it, together with a possible vision for the 10 years of government ahead of the spending review.

### Insights

State of the State 2025 finds the UK public more positive about government and public services than in recent years, but with a shift in their concerns: more are worried about border security and defence and fewer about climate change or social inequalities. The public's top five priorities for improvement emerged as: the cost of living; the NHS; immigration and border security; crime and policing; and jobs and economic growth.

UK public sector leaders report an upturn in optimism, but many are concerned whether the investment to deliver them will be available. They highlight the need to work together across organisations, prioritising and aligning on key projects and implementing these effectively.

Our interviews with healthcare leaders suggested a vision for 2035 where:

- Health is treated as a holistic issue connected to factors like jobs, housing, food and the environment.
- The NHS has a single online access point for patients, and multiple access points in their community.
- People understand their own health risk factors, and have the support they need to manage them.
- As the NHS Ten-Year plan is realised, the NHS supports the nation's health rather than just tackling illness.

### Next steps

The full report can be accessed at: [State of the State | Deloitte UK](#)

### Trust in government has improved since our last survey



### Key themes from our research interviews

1. Prioritisation is good government but tough politics  
Transformation is not a side-of-desk pursuit  
Mission delivery relies on a shift of gravity from department to cross-government – plus skills in short supply  
Growth requires boldness, seeing beyond London and understanding investors
2. One size of productivity does not fit all public services
3. As the net zero deadline draws closer, the destination looks further away
4. The prevention magic is in the spaces between public services  
Devolution could change everything  
Public services remain fragile but there is optimism for reform
5. After a difficult decade, the UK's mojo could be coming back  
Geopolitics is in flux and front of mind in government



# The ‘failure to prevent fraud’ offence

## Guidance for organisations

### Background

The Economic Crime and Corporate Transparency Act 2023 introduced a corporate criminal offence of ‘Failure to Prevent (FtP) Fraud’, which comes into effect from 1 September 2025. The intention of the act is to encourage organisations to implement or enhance their fraud prevention procedures.

Under the offence, an organisation may be criminally liable where an employee, agent, subsidiary, or other “associated person”, commits a fraud intending to benefit the organisation and the organisation did not have reasonable fraud prevention procedures in place.

In certain circumstances, the offence will also apply where the fraud offence is committed with the intention of benefitting a client of the organisation. It does not need to be demonstrated that those charged with governance or senior managers ordered or knew about the fraud.

The offence applies to NHS bodies, and would apply to subsidiaries if over the ‘large company’ thresholds<sup>1</sup>. The offence applies to large incorporated bodies and partnerships across the UK, including public sector bodies<sup>1</sup>.

The Home Office has published [guidance](#) that describes principles for organisations on expectations of procedures to prevent fraud, which would be taken into account by the courts as a defence.

The fraud prevention framework put in place by relevant organisations should be informed by the following six principles, and proportionate to the risk for the organisation:

- top level commitment
- risk assessment
- proportionate risk-based prevention procedures
- due diligence
- communication (including training)
- monitoring and review

### Our observations

The NHS in general has robust counter-fraud arrangements, including through Local Counter Fraud, to address the risk of fraud against the NHS.

The new offence is in respect of fraud intended to benefit the organisation, rather than against it, and therefore requires separate consideration.

### Next steps

**We recommend** the Board:

- review the [Home Office guidance](#)
- undertake and document a risk assessment of risks in respect of its operations.

This may identify further actions required, such as:

- updating existing policies
- strengthening internal controls in particular areas
- undertaking training for relevant staff.

• 1. The large company thresholds are meeting two out of three of: more than 250 employees; more than £36m turnover; more than £18m in total assets

# Recently published Deloitte reports, articles & podcasts

## **Webcast series – 2025 life sciences and health care outlook: Navigating key trends and challenges**

Deloitte is launching a new webcast series covering the life sciences and health care outlook. Life sciences and health care organizations appear to be expressing a positive outlook for 2025. There are also ways organizations can contribute even more toward health and well-being for all. Focusing on growth strategies, addressing uncertainties and competitive challenges, prioritizing health equity, investing in digital transformation and technology, and having a consumer focus are all likely to be important in the new year. We'll discuss:

- Key issues transforming the life sciences and health care ecosystem
- Understanding of recent trends in how organizations are addressing health equity
- Potential changes and challenges in 2025

Participants will evaluate trends and key challenges that may shape their organization's strategy in the year ahead.

Register at: [My Deloitte](#)



# Appendices



## Action Plan

The following recommendations have arisen from our 2024/25 audit work to the date of our report:

| Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Management Response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Priority                                                                                                                                                                                                         | Responsible Person                                                                                                                                                                                                                                                                                               | Target Date                                                                                                                                                                                                                                                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>1. Medium to long term financial planning</b></p> <p>Management should consider enhancing its financial planning to incorporate the following:</p> <ul style="list-style-type: none"> <li>• Medium to long term financial planning to cover a period of between 5-10 years.</li> <li>• Scenario planning to include a more comprehensive “pessimistic”, “realistic” and “optimistic” scenario to allow the Board to manage its risks.</li> <li>• An assessment of service demand and what impact this is expected to have on future expenditure should be considered.</li> <li>• Ensure options for achieving savings are evidenced-based.</li> <li>• Clearly link to the corporate strategy, demonstrating how it will allow NHS 24 achieve its wider objectives.</li> <li>• While financial risks are highlighted, it should also highlight other risks to NHS 24.</li> </ul> | <p>While NHS 24 management recognise this recommendation from previous years we are still of the view that we can only plan on the basis of Government guidance in relation to funding, pay awards, and policy. As such, 3 year financial planning will continue as requested by SGHSCD.</p> <p>Pessimistic, realistic and optimistic scenarios were excluded from the 25/26 finance plan as robust savings plans had been identified for the year with little movement anticipated. This shall be reviewed when preparing next year's plan.</p> <p>Service demand and its impact shall be considered in next year's planning.</p> <p>The Finance Plan was prepared alongside the Corporate Delivery Plan, with joint senior management and Board workshops. This can be made more explicit in future finance plan narrative.</p> <p>The finance plan includes 9 risks in relation to financial risks. The Corporate Risk Register presented at June ARC includes all new finance and CDP risks.</p> | <p>Low</p><br><br><br><br><br><br><br><br><br><br><br><br><br><br><p>Low</p><br><br><br><br><br><br><br><br><br><br><br><br><br><br><p>Low</p><br><br><br><br><br><br><br><br><br><br><br><br><br><br><p>Low</p> | <p>N/A</p><br><br><br><br><br><br><br><br><br><br><br><br><br><br><p>John Gebbie<br/>Director of Finance</p><br><br><br><br><br><br><br><br><br><br><br><br><br><br><p>John Gebbie<br/>Director of Finance</p><br><br><br><br><br><br><br><br><br><br><br><br><br><br><p>John Gebbie<br/>Director of Finance</p> | <p>N/A</p><br><br><br><br><br><br><br><br><br><br><br><br><br><br><p>February<br/>2026</p><br><br><br><br><br><br><br><br><br><br><br><br><br><br><p>February<br/>2026</p><br><br><br><br><br><br><br><br><br><br><br><br><br><br><p>February<br/>2026</p> |

## Action Plan (continued)

---

| Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Management Response                                                                                                                                                                                                                                                                                                                                                                 | Priority | Responsible Person                       | Target Date  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|------------------------------------------|--------------|
| <b>2. Digital Transformation Programme</b><br><br>The DTP has progressed throughout the year but the delay in the pilot phase raises concerns about timeline contingency before 'go live' scheduled for September 2025 which could lead to wider financial repercussions. NHS 24 should ensure that timelines are met, and that strategic and operational benefits of the DTP are realised.<br><br>Furthermore, KPIs should be updated to reflect the implementation of the DTP. | DTP is monitored monthly in the Board Reserved Session. This updates Board members on progress against plan and that the financials are still on track. NHS 24 and Coforge continue to have an agreed plan in place to deliver before the October deadline. Benefits realisation plays a key part in DTP monitoring with monthly updates included in the pack shared with the DTPB. | Medium   | Jacqui Hepburn, DTP SRO, Deputy CEO, HRD | October 2025 |

---

## Action Plan (continued)

We have followed up on the recommendation made in 2023/24. We are pleased to note that the recommendation has been fully implemented as documented below.

---

| Recommendation                                                                                                                                                                                                                                                                                                                          | 2023/24 Management Response                                                                                   | Priority | Management update 2024/25                                                                                                                                                                                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1. Performance Summary Length</b><br><br>Deloitte propose that NHS 24 should review their performance summary in line with the FReM guidelines. Guidelines state that the performance summary should be between 10-15 pages. The current length is 26 pages. Management will consider this when preparing next year's Annual Report. | In the Annual Report contents page, we are clear that the performance analysis section is from page 25 to 38. | Low      | The performance summary has been reduced in the 24/25 report. Management would welcome views from Deloitte on whether this is now in line with their expectations or if further refinement is recommended. |

# Audit quality and our system of quality management

## Our commitment to audit quality

Audit quality is at the heart of everything we do and our system of quality management (SQM) supports our execution of quality audits.

ISQM (UK) 1 sets out a firm's responsibilities to design, implement and operate a system of quality management for audits, reviews of financial statements, and other assurance or related services engagements.

The effective ongoing operation of ISQM (UK) 1 has been and remains a key element of Deloitte's global audit and assurance quality strategy and of the UK firm.

Deloitte UK performed its second annual evaluation of its system of quality management as of 31 May 2024. This evaluation was conducted in accordance with ISQM (UK) 1 and we concluded our SQM provides the firm with reasonable assurance that the objectives of the SQM are being achieved as of 31 May 2024.

For further details surrounding the conclusion on the operating effectiveness of the firm's SQM, including results of the monitoring activities performed, please refer to the disclosures within Appendix 5 of our publicly available [Transparency Report](#).



# Our approach to quality

## FRC 2023/24 Audit Quality Inspection and Supervision report

Audit quality shapes our vision of the business we want to be, driving our priorities and defining our successes.

In July 2024, the Financial Reporting Council ("FRC") issued individual reports on each of the six largest firms, including Deloitte on Audit Quality Inspection and Supervision, providing a summary of the findings of its Audit Quality Review ("AQR") team for the 2023/24 cycle of reviews. We value the observations raised by both the FRC Supervision teams and the ICAEW Quality Assurance Department ("QAD"), both in identifying areas for improvement and also the ongoing focus on sharing good practice to drive further and continuous improvement.

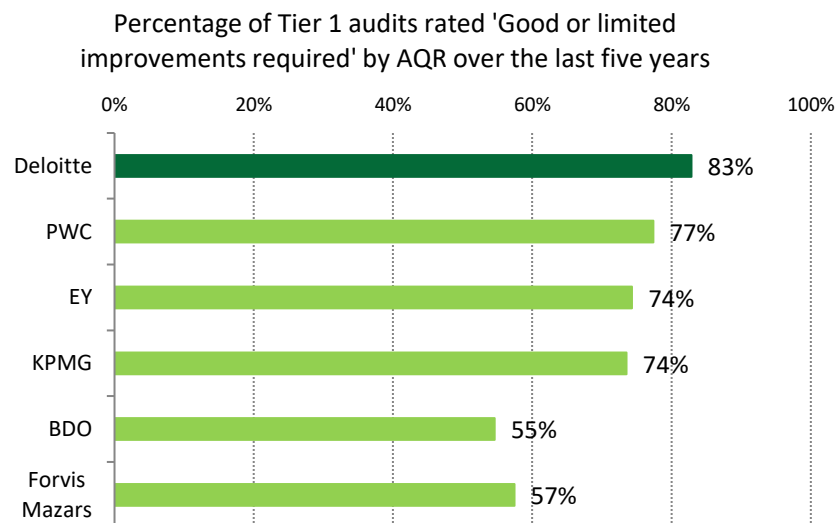
We are proud that the results of our FRC inspections show that 94% (2022/23: 82%) of our public interest audits were rated as 'good' or 'limited improvements' and that 100% (2023: 100%) of our audits reviewed by the ICAEW's QAD were assessed as good or generally acceptable.

These sets of results reflect the continuous investment we are making and our commitment to acting in the public interest to deliver confidence and trust in business through our high-quality audits. We recognise we still have more we want to do to ensure that we consistently meet the high standards we expect of ourselves. We take inspection, system of quality management ("SoQM") and supervision focus areas seriously and place a significant level of resource and effort into understanding how we continually improve going forward.

We are pleased to see the positive impact of actions taken over the last 12 months to address findings raised by the FRC. We have a reduction in the number of key findings and none of the AQR findings from the 22/23 inspection cycle have recurred as key findings in this year's cycle.

We welcome the breadth and depth of good practice points raised by the FRC and ICAEW, particularly in respect of effective group oversight, contract accounting and the challenge of management, where we have continued to take action to support the high-quality execution of audit work.

All the AQR public reports are available on the [FRC's website](#).



# Audit adjustments

## Unadjusted misstatements

There are no unadjusted misstatements identified above our reporting threshold.

# Audit adjustments

## Corrected misstatements

The following misstatements have been identified up to the date of this report which have been corrected by management. We nonetheless communicate them to you to assist you in fulfilling your governance responsibilities, including reviewing the effectiveness of the system of internal control.

|                          |     | Debit/ (credit)<br>income<br>statement<br>£m | Debit/ (credit)<br>in net assets<br>£m | Debit/ (credit)<br>prior year<br>retained<br>earnings<br>£m | Debit/ (credit)<br>OCI/Equity<br>£m | If applicable,<br>control<br>deficiency<br>identified |
|--------------------------|-----|----------------------------------------------|----------------------------------------|-------------------------------------------------------------|-------------------------------------|-------------------------------------------------------|
| NSS SFR Difference       | [1] |                                              |                                        |                                                             |                                     |                                                       |
| Payables                 |     |                                              | 0.107                                  |                                                             |                                     |                                                       |
| Operating Expenditure    |     | (0.107)                                      |                                        |                                                             |                                     |                                                       |
| DTP Prepayment           | [2] |                                              |                                        |                                                             |                                     |                                                       |
| Prepayments              |     |                                              | 1.029                                  |                                                             |                                     |                                                       |
| Operating Expenditure    |     | (1.029)                                      |                                        |                                                             |                                     |                                                       |
| Adjustment to Allocation | [3] |                                              |                                        |                                                             |                                     |                                                       |
| Grant-in-Aid             |     |                                              |                                        |                                                             | 1.029                               |                                                       |
| Liabilities              |     |                                              | (1.029)                                |                                                             |                                     |                                                       |
| <b>Total</b>             |     | <b>(1.136)</b>                               | <b>0.107</b>                           |                                                             | <b>1.029</b>                        |                                                       |

**[1]** We note that per the confirmation letter from NSS, the liability owed by NHS 24 is overstated by £107k. This is below the internal £200k threshold for follow up by NHS 24. However, we note that as this amount is above our reporting threshold and we have classified it as an error. This has been corrected by management.

**[2]** This is the adjustment relating to the recognition of a prepayment over the life of the Coforge contract as discussed on [page 13](#). As this is over the life of the contract, this should be aged between current and non-current trade and other receivables.

**[3]** As a result of the adjustment [2], Scottish Government have agreed to adjust NHS 24's allocation by the same amount. This has a nil impact on the Statement of Financial Position.



# Audit adjustments

## Disclosures

### Disclosure misstatements

The following uncorrected disclosure misstatements have been identified up to the date of this report which we request that you ask management to correct as required by ISAs (UK).

| Disclosure                                                                                                                                                                                                                                                                                                                             | Summary of disclosure requirement | Quantitative or qualitative consideration                                                       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-------------------------------------------------------------------------------------------------|
| A pension value of an Executive member was incorrectly recorded in the draft Remuneration Report. The CETV at 31/03/2024 was incorrectly inputted as the value adjusted for inflation. Instead, the correct value is not adjusted for inflation. This affected the pensions value table and Management agreed to amend the disclosure. | FReM 6.5                          | Qualitative – Disclosure of remuneration is a key interest factor for users of the accounts     |
| Employee pension contributions were not removed from the real increase in CETV disclosure in the draft Remuneration Report. This affected the pensions value table and Management agreed to amend the disclosure.                                                                                                                      | FReM 6.5                          | Qualitative – Disclosure of remuneration is a key interest factor for users of the accounts     |
| A prior year disclosure adjustment has been made for the Medical Director's CETV at 31/03/2024. This was due to a refund of service in 2012 and impacts the pensions value table. Management have agreed to amend the disclosure.                                                                                                      | FReM 6.5                          | Qualitative – Disclosure of remuneration is a key interest factor for users of the accounts     |
| NHS 24 did not disclose other Scottish public sector bodies that the body had material transactions with, as related parties.                                                                                                                                                                                                          | IAS 24                            | Qualitative – Disclosure of related parties are a key interest factor for users of the accounts |

# Our other responsibilities explained

## Fraud responsibilities and representations



### Responsibilities:

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.

### Required representations:

We have asked the Board to confirm in writing that you have disclosed to us the results of your own assessment of the risk that the financial statements may be materially misstated as a result of fraud and that you are not aware of any fraud or suspected fraud that affects the entity.

We have also asked the Board to confirm in writing their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error and their belief that they have appropriately fulfilled those responsibilities.



### Audit work performed:

In our planning we identified the risk of fraud in operating within expenditure resource limits and management override of controls as a key audit risks.

During course of our audit, we have had discussions with management and those charged with governance.

In addition, we have reviewed management's own documented procedures regarding fraud and error in the financial statements.

We will explain in our audit report (for all entities subject to audit) how we considered the audit capable of detecting irregularities, including fraud. In doing so, we will describe the procedures we performed in understanding the legal and regulatory framework and assessing compliance with relevant laws and regulations.

### Concerns:

No issues or concerns have been identified to date in relation to fraud.

# Independence and fees

As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

|                           |                                                                                                                                                                                                                  |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Independence confirmation | We confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and, where applicable, all Deloitte network firms are independent of the Board and our objectivity is not compromised. |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                               |                                                                                                    |
|-------------------------------|----------------------------------------------------------------------------------------------------|
| Fees                          | The expected fee for 2024/25, as communicated by Audit Scotland in January 2025 is analysed below: |
|                               | £                                                                                                  |
| Auditor remuneration          | 71,090                                                                                             |
| Audit Scotland fixed charges: |                                                                                                    |
| • Pooled costs                | 7,370                                                                                              |
| • Sectoral cap adjustment     | (3,680)                                                                                            |
| <b>Total expected fee</b>     | <b>74,780</b>                                                                                      |

Given the technical consultation required regarding DTP we will review the impact on the expected fee.

|                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Non-audit services | In our opinion there are no inconsistencies between the FRC’s Ethical Standard and the Board’s policy for the supply of non-audit services or any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary. |
|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|               |                                                                                                                                                                    |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Relationships | We have no other relationships with the Board, its directors, senior managers and affiliates, and have not supplied any services to other known connected parties. |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|



This document is confidential and it is not to be copied or made available to any other party. Deloitte LLP does not accept any liability for use of or reliance on the contents of this document by any person save by the intended recipient(s) to the extent agreed in a Deloitte LLP engagement contract.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London, EC4A 3HQ, United Kingdom.

Deloitte LLP is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more about our global network of member firms.