

DOCUMENT 1

From: [Redacted: Section 38(1)(b)]@gov.scot>; on behalf of; Richard McCallum
<Richard.McCallum@gov.scot>

Sent: Fri 08/12/2023 17:54

To: claire.burden@aapct.scot.nhs.uk; ralph.roberts@borders.scot.nhs.uk; jeffrey.ace@nhs.scot;
carol.potter@nhs.scot; fv.chief.executive@nhs.scot; gram.grampianchiefexecutive@nhs.scot;
jane.grant@ggc.scot.nhs.uk; Pamela Dudek <pamela.dudek@nhs.scot>; Gardner, Jann
<Jann.gardner@lanarkshire.scot.nhs.uk>; chiefexecutive@nhslothian.scot.nhs.uk; laura.skaife-
knight@nhs.scot; brian.chittick@nhs.scot; chiefexec.tayside@nhs.scot;
gordon.jamieson@nhs.scot; robbie.pearson@nhs.scot; jim.miller@nhs24.scot.nhs.uk;
karen.reid9@nhs.scot; Gordon.james2@gjnh.scot.nhs.uk; mary.morgan@nhs.scot;
Paul.Johnston3@phs.scot; Michael.dickson6@nhs.scot; Gary Jenkins
<gary.jenkins5@nhs.scot>; SaMacleod@aberdeencity.gov.uk;
ACHSCPChiefOfficer@aberdeencity.gov.uk; pamela.milliken@aberdeenshire.gov.uk;
Gail.Smith2@nhs.scot; fiona.davies5 <fiona.davies5@nhs.scot>; pat.togher@edinburgh.gov.uk;
david.williams4@nhs.scot; julie.white2@nhs.scot; vicky.irons@dundecity.gov.uk;
craig.mcarthur <Craig.McArthur@east-ayrshire.gov.uk>; Caroline.Sinclair2@ggc.scot.nhs.uk;
Fiona.wilson@nhslothian.scot.nhs.uk; Julie.Murray@eastrenfrewshire.gov.uk;
patricia.cassidy@falkirk.gov.uk; Nicky.Connor@nhs.scot; Susanne.Millar@glasgow.gov.uk;
pamela.cremin2@nhs.scot; Kate.Rocks@inverclyde.gov.uk;
Morag.Barrow@nhslothian.scot.nhs.uk; hscmchiefofficer@moray.gov.uk;
CarolineCameron@north-ayrshire.gov.uk; McGuffie, Ross
<Ross.McGuffie@lanarkshire.scot.nhs.uk>; stephen.brown3@nhs.scot; jpepper@pkc.gov.uk;
tay.chiefofficerpkhscp@nhs.scot; Christine.Laverty@renfrewshire.gov.uk;
Chris.Myers1@borders.scot.nhs.uk; jo.robinson@shetland.gov.uk; tim.eltringham
<tim.eltringham@south-ayrshire.gov.uk>; Soumen.sengupta@southlanarkshire.gov.uk;
beth.culshaw@ggc.scot.nhs.uk; Alison.White@westlothian.gov.uk; nick.fayers@nhs.scot
Cc: [Redacted: Section 38(1)(b)]@aberdeencity.gov.uk; [Redacted: Section
38(1)(b)]@aberdeenshire.gov.uk; [Redacted: Section 38(1)(b)]@nhs.scot; [Redacted: Section
38(1)(b)]@argyll-bute.gov.uk; [Redacted: Section 38(1)(b)]@nhs.scot; katy.kerr@nhs.scot;
[Redacted: Section 38(1)(b)]@dumgal.gov.uk; [Redacted: Section
38(1)(b)]@dundecity.gov.uk>; [Redacted: Section 38(1)(b)]@east-ayrshire.gov.uk; [Redacted:
Section 38(1)(b)]@ggc.scot.nhs.uk; [Redacted: Section 38(1)(b)]@nhslothian.scot.nhs.uk;
[Redacted: Section 38(1)(b)]@eastrenfrewshire.gov.uk; [Redacted: Section
38(1)(b)]@nhslothian.scot.nhs.uk>; debbie.bozkurt@nhs.scot; [Redacted: Section
38(1)(b)]@falkirk.gov.uk; [Redacted: Section 38(1)(b)]@fife.gov.uk; [Redacted: Section
38(1)(b)]@glasgow.gov.uk; [Redacted: Section 38(1)(b)]@glasgow.gov.uk; [Redacted: Section
38(1)(b)]@nhs.scot; [Redacted: Section 38(1)(b)]@inverclyde.gov.uk; [Redacted: Section
38(1)(b)]@nhslothian.scot.nhs.uk; [Redacted: Section 38(1)(b)]@moray.gov.uk; [Redacted:
Section 38(1)(b)]@north-ayrshire.gov.uk; [Redacted: Section 38(1)(b)]@northlan.gov.uk;
[Redacted: Section 38(1)(b)]@orkney.gov.uk; [Redacted: Section 38(1)(b)]@pkc.gov.uk;
[Redacted: Section 38(1)(b)]@renfrewshire.gov.uk; [Redacted: Section
38(1)(b)]@borders.scot.nhs.uk; [Redacted: Section 38(1)(b)]@nhs.scot; [Redacted: Section
38(1)(b)]@south-ayrshire.gov.uk; [Redacted: Section 38(1)(b)]@southlanarkshire.gov.uk;
[Redacted: Section 38(1)(b)]@ggc.scot.nhs.uk; [Redacted: Section
38(1)(b)]@nhslothian.scot.nhs.uk; derek.lindsay <derek.lindsay@aapct.scot.nhs.uk>;
andrew.bone@borders.scot.nhs.uk; margo.mcgurk@nhs.scot; scott.urquhart@nhs.scot;
alex.stephen@nhs.scot; colin.neil@ggc.scot.nhs.uk; heledd.cooper@nhs.scot;
laura.ace@lanarkshire.scot.nhs.uk; Craig.Marriott@nhslothian.scot.nhs.uk;
mark.doyle@nhs.scot; [Redacted: Section 38(1)(b)]@nhs.scot; colin.marsland@nhs.scot;
stuart.lyall@nhs.scot; Michael.Breen2@gjnh.scot.nhs.uk; [Redacted: Section
38(1)(b)]@nhs.scot>; angela.moodie@nhs.scot; John Gebbie (NHS 24)
<john.gebbie@nhs24.scot.nhs.uk>; Jim.Boyle@nhs.scot; carolyn.low@nhs.scot;
michael.kellet@phs.scot; [Redacted: Section 38(1)(b)]@nhs.scot; [Redacted: Section
38(1)(b)]@nhs.scot; MCNAUGHT, Robin (NHS STATE HOSPITALS BOARD FOR SCOTLAND)

<robin.mcnaught@nhs.scot>; [Redacted: Section 38(1)(b)]@gov.scot>; [Redacted: Section 38(1)(b)]@gov.scot>; [Redacted: Section 38(1)(b)]@gov.scot>

2023-24 – Further Workforce and Pay Award Funding to NHS Boards - letter to CEs and IJB COs - 08 Dec 23

NHS Board Chief Executives
IJB Chief Officers

cc
NHS Board Directors of Finance
IJB Chief Finance Officers

Please find attached a letter from Richard relating to the above subject.

[Redacted: Section 38(1)(b)]

[Redacted: Section 38(1)(b)]
PA to Richard McCallum, Director of Health and Social Care Finance, Digital and Governance
BR
St. Andrew's House
Regent Road
Edinburgh
EH1 3DG
0131 244 3475
[Redacted: Section 38(1)(b)]@gov.scot

Richard McCallum, Director

E: Richard.McCallum@gov.scot

To: NHS Board Chief Executives
IJB Chief Officers
CC: NHS Boards Directors of Finance
IJB Chief Finance Officers

8th December, 2023

Dear Colleagues

2023-24 – Further Workforce and Pay Award Funding to NHS Boards

I am writing to confirm the funding being provided to support the Medical and Dental (M&D) and Doctors and Dentists in Training (DDIT) and Executive and Senior Management Pay Awards and the new Speciality and Specialist contract costs. Details of this funding are set out in **Annex A**.

1.1 Medical and Dental and Doctors and Dentists in Training

My letter of 6 July 2023 set out that further funding would be provided following the conclusions of negotiation for the M&D and DDIT Pay Awards.

We have been working closely with your finance teams to assess the total financial impact of the Pay Awards and residual funding requirement to support this pressure for the below uplifts (beyond the 2% initial uplift):

- 6% to Medical and Dental staff
- 12.4% to Doctors and Dentists in Training

As a result of this, a further **£122million** is being allocated on a recurrent basis to NHS Boards to address this gap in NHS Boards' baseline budgets. This funding is provided based on the total cost pressures reported by NHS Boards.

This funding is distributed on the basis of reported budgetary increases, adjusted to account for Service Level Agreement uplifts.

1.2 Executive and Senior Management

NHS Boards have provided the budgetary impacts of the uplift of £3,755, or 6.5%, as appropriate, awarded to Executive and Senior Management for 2023-24. To support this cost, £1.9 million is to be provided to NHS Boards on a recurrent basis.

Furthermore, the cost of the one-off non-consolidated payment of £939 will be provided to NHS Boards in 2023-24, also based on the figures provided by NHS Boards.

1.3 Speciality and Specialist (SaS) Doctors contracts

With regards to the 2022 Specialty and Specialist (SaS) Contract, we committed to fund the additional costs of those eligible transferring to the new arrangement in 2023-24. Based on

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information reported by NHS Boards on the impact of the uplift in basic salary in 2023-24, I have provided funding on a recurrent basis of £5.0 million to meet these costs.

If you have any queries in relation to the content of this letter, please contact [Redacted: Section 38(1)(b)] [Redacted: Section 38(1)(b)] [\[Redacted: Section 38\(1\)\(b\)\]@gov.scot](mailto:[Redacted: Section 38(1)(b)]@gov.scot).

Yours sincerely

A handwritten signature in black ink, appearing to read "R McCallum".

Richard McCallum
Director of Health and Social Care Finance, Digital & Governance

St Andrew's House, Regent Road, Edinburgh EH1 3DG

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Annex A – Funding Detail

Board	Medical and Dental and Doctors and Dentists in Training	Senior and Executive Staff one-off payment	Senior and Executive Staff	Specialty and Specialist (SaS)	Total
	Recurrent	Non-recurrent	Recurrent	Recurrent	
	£000s	£000s	£000s	£000s	
NHS Ayrshire & Arran	5,318	12	56	466	5,851
NHS Borders	1,829	11	16	47	1,903
NHS Dumfries & Galloway	2,151	5	30	255	2,441
NHS Fife	4,387	13	61	250	4,711
NHS Forth Valley	3,984	20	82	107	4,193
NHS Grampian	9,531	28	131	525	10,215
NHS Greater Glasgow & Clyde	18,362	60	600	998	20,020
NHS Highland	6,074	27	99	143	6,343
NHS Lanarkshire	9,219	36	138	535	9,928
NHS Lothian	12,666	54	256	586	13,562
NHS Orkney	470	10	20	190	690
NHS Shetland	643	5	25	2	675
NHS Tayside	6,249	33	192	360	6,834
NHS Western Isles	585	-	8	176	769
NHS National Services Scotland	283	16	71	128	498
Scottish Ambulance Service	174	5	25	-	205
NHS Education for Scotland	38,224	6	11	-	38,242
NHS 24	32	9	35	-	76

NHS Golden Jubilee	1,796	18	41	226	2,081
The State Hospital	118	5	22	14	159
Public Health Scotland	223	6	30	-	260
Healthcare Improvement Scotland	23	-	-	-	23
Total	122,341	380	1,949	5,008	129,678

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DOCUMENT 2

From: [Redacted: Section 38(1)(b)]@gov.scot>; on behalf of; Richard McCallum
Richard.McCallum@gov.scot

To: claire.burden@aapct.scot.nhs.uk

Cc: DG Health & Social Care <DGHSC@gov.scot>; Richard McCallum
<Richard.McCallum@gov.scot>; derek.lindsay <derek.lindsay@aapct.scot.nhs.uk>;
lesley.bowie@aapct.scot.nhs.uk; [Redacted: Section 38(1)(b)]@aapct.scot.nhs.uk

NHS Ayrshire and Arran – 2023-24 financial position

Dear Claire

Please see the attached letter from Richard McCallum.

Regards,

[Redacted: Section 38(1)(b)]

[Redacted: Section 38(1)(b)]

Business Manager | Directorate for Health and Social Care Finance, Digital and
Governance | Scottish Government | Basement Rear, St Andrews House | Regent
Road | Edinburgh | EH1 3DG | Mobile: 07721 120 805



T: 0131-244 3475
E: richard.mccallum@gov.scot

Claire Burden, NHS Ayrshire and Arran Chief
Executive

Cc: Derek Lindsay, Director of Finance, NHS
Ayrshire and Arran
Lesley Bowie, Chair, NHS Ayrshire and Arran

via email

11 December 2023

Dear Claire,

NHS Ayrshire and Arran – 2023-24 financial position

I wrote to you recently about the continued challenges in the financial position for the Board in 2023-24 in the quarter two letter and appreciate the reply from Derek Lindsay on 8 December. I am still not assured that the system is gripping the materiality of the deficit that has been set out.

I note that the most recent Financial Management Report for month 7 states;

The Health Board set a deficit budget of £56.4 million for the 2023/2024 financial year on 28 March 2023. The overspend for the seven months to 31 October is £31.1 million which is a slight improvement on this trajectory, however Scottish Government expect a larger improvement on this position.

I am extremely concerned about how this is presented and do not think it adequately expresses the seriousness of the position. I appreciate Derek setting out in the response letter a proposed change in the narrative of Board reporting, however I would expect a more formal change control process to be undertaken for an adverse movement of £7.3 million driven by an incorrect planning assumption. This was not consistent with the planning approach taken by other Territorial Boards.

A revised financial plan should be presented to the Board to ensure the current position is more clearly understood and the governance is robust, particularly that the Board would have been asked to sign off a deficit plan of £63.7 million.

The level of brokerage currently forecast at month 7 is £54.1 million – a small improvement from the original plan. The £56.4 million in the original plan however **did not** take account of the £5.6 million additional funding that was provided by the Scottish Government earlier in the year for sustainability funding. To suggest the Board is slightly ahead of trajectory is misleading and not in line with my expectation.



A figure of £54.1 million would represent in cash terms the highest level of brokerage required by any Board in Scotland in 2023-24 and be higher than in-year brokerage provided to any Board over the last 15 years. I would like to understand how the control environment within the Board has allowed for such a decline against the expected trajectory and what decisions were taken to continue with spend outwith the financial plan. It should not be the case that it is only the Scottish Government that requires an improvement on this financial position, and I would expect this as part of the statutory responsibility of the Accountable Officer, with oversight and scrutiny from the Board.

The recent letter from Caroline Lamb outlines actions the Board should be taking to reduce expenditure. Cumulative brokerage for NHS Ayrshire and Arran will be above £90 million after 2023-24 based on current forecast, which again represents the highest of any Board in Scotland. I note in Derek's letter the Board is looking to achieve as close to the £50.8 million as possible, however our planning assumption has always been £43.4 million as set out in the quarter two letter. I would therefore ask that you set out what options there are to go further than the £50.8 million in 2023-24 and closer to a position of £43.4 million.

Yours sincerely,



Richard McCallum
Director of Health and Social Care Finance, Digital and Governance

DOCUMENT 3

From: [Redacted: Section 38(1)(b)]@gov.scot>; on behalf of; Richard McCallum
Richard.McCallum@gov.scot
To: ralph.roberts@borders.scot.nhs.uk
Cc: Richard McCallum <Richard.McCallum@gov.scot>; [Redacted: Section
38(1)(b)]@gov.scot>; karen.hamilton@borders.scot.nhs.uk;
andrew.bone@borders.scot.nhs.uk

NHS Borders – 2024-25 financial plans and 15 box grid

Dear Ralph

Please see the attached letter from Richard McCallum.

[Redacted: Section 38(1)(b)]

[Redacted: Section 38(1)(b)]

Business Manager | Directorate for Health and Social Care Finance, Digital and
Governance | Scottish Government | Basement Rear, St Andrews House | Regent
Road | Edinburgh | EH1 3DG | Mobile: 07721 120 805



Richard McCallum, Director

T: 0131-244 3475

E: richard.mccallum@gov.scot

Ralph Roberts
Chief Executive
NHS Borders

Cc: Karen Hamilton, Chair
Andrew Bone, Director of Finance

via email

13 December 2023

Dear Ralph,

NHS Borders – 2024-25 financial plans and 15 box grid

We recently issued three year financial plan guidance for 2024/25 – 2026/27 alongside Annual Delivery Plan (ADP) guidance with a joint commissioning letter sent on 4 December. This makes it clear ADPs and Finance Plans must be more closely linked, and recognition the ADPs will have to reflect the financial environment we are operating in, as discussed with Chief Executives on 12 December..

As you will be aware, we reviewed the revised NHS Scotland Support and Intervention Framework. All Boards have been assessed against this for finance, and we notified you that NHS Borders at level three of this framework due to the relative scale of deficit in 2023/24 being reported and rising cumulative brokerage requirement.

For Boards at level three of the framework, in 2024/25 we will be capping the brokerage available, for NHS Borders this will be a very maximum of £17 million, with the cap reducing in future years. Where possible, I would like to understand what would be required to improve beyond the £17 million deficit. At the end of this financial year and based on the revised finance plan, NHS Borders will have accumulated repayable brokerage of £42.5 million and is now at a level which is unsustainable for Scottish Government to continue to support. We understand this will have an impact on ADPs and workforce plans and encourage early engagement once local assessment has taken place.

I have been clear on expectations for 2024-25 plans, these expectations are that all NHS Board will set out:

- a clear programme of work and supporting actions to achieve the target of 3% recurring savings on baseline budgets, a template will be provided for this; and
- an improved forecast outturn position compared to your forecast outturn position reported at the start of 2023-24.

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We hope that by setting our expectations at an early stage this will allow the Board to progress its planning for next year.

15 box grid

Board Chief Executives agreed, on 14 November, a 15-box list focussing on ways to improve operational and financial performance and, in turn, improve sustainability. Opportunities are sectioned into prescribing, workforce and productivity/other. They are presented as tactical actions that will have an impact in the short to medium term, to support 3% savings at a local level in 2024-25 and increase productivity. These 15 opportunities will be considered alongside medium to long term transformational options.

Prescribing	Workforce	Productivity / Other
1. Transition to regional formularies	6. Further agency reduction / bank optimisation	11. Theatre optimisation – to agree approach to investment and roll out
2. Digital prescribing to be accelerated	7. Clear reduction in sickness absence by end of 24/25	12. Remote outpatient apportionments – to agree national targets
3. To establish targets to complete a number of polypharmacy reviews by end of 24/25 using a person centred approach	8. Review of national cost of pay protection and options on changes to this – to be completed by March 24	13. Review of integration schemes – to set out review process and what common changes could be considered
4. All Boards to work to reduce medicines of low clinical value	9. Agreed trajectory of decreasing headcount in administrative and support services job family as part of wider work on business systems transformation	14. Procedures of low clinical value – agree how to work with SG to reduce spend for these areas
5. Further work on affordability of new medicines	10. Medical locums – to provide similar support to that of nurse agency to drive down high cost locums	15. PLICS – to work across Boards to update costing data through PLICS or similar to allow better decision making and identifying variation

Boards progress against this work will be regularly reported through the BCE meetings and NHS Scotland Planning and Delivery Board. A slide pack will be circulated giving further details on the landscape of each of the areas including current work of the FDU, Director of Finance actions and further documents and data.

The team in the Finance Delivery Unit will continue to work with you as plans develop.

Yours sincerely,



Richard McCallum
Director of Health and Social Care Finance, Digital and Governance

St Andrew's House, Regent Road, Edinburgh EH1 3DG

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Accredited
Until 2020



DOCUMENT 4

From: [Redacted: Section 38(1)(b)]@gov.scot>; on behalf of; Richard McCallum
Richard.McCallum@gov.scot

To: jeffrey.ace@nhs.scot

Cc: Richard McCallum <Richard.McCallum@gov.scot>; [Redacted: Section 38(1)(b)]@gov.scot>; nick.morris@nhs.scot; katy.kerr@nhs.scot

NHS Dumfries and Galloway – 2024-25 financial plans and 15 box grid

Dear Jeff

Please see the attached letter from Richard McCallum.

[Redacted: Section 38(1)(b)]

[Redacted: Section 38(1)(b)]

Business Manager | Directorate for Health and Social Care Finance, Digital and Governance | Scottish Government | Basement Rear, St Andrews House | Regent Road | Edinburgh | EH1 3DG | Mobile: 07721 120 805



T: 0131-244 3475
E: richard.mccallum@gov.scot

Jeff Ace
Chief Executive
NHS Dumfries and Galloway

Cc: Nick Morris, Chair
Katy Kerr, Director of Finance

via email

13 December 2023

Dear Jeff,

NHS Dumfries and Galloway – 2024-25 financial plans and 15 box grid

We recently issued three year financial plan guidance for 2024/25 – 2026/27 alongside Annual Delivery Plan (ADP) guidance, with a joint commissioning letter sent on 4 December. This makes it clear ADPs and Finance Plans must be more closely linked, and recognition the ADPs will have to reflect the financial environment we are operating in, as discussed with Chief Executives on 12 December.

As you will be aware, we reviewed the revised NHS Scotland Support and Intervention Framework. All Boards have been assessed against this for finance, and we notified you that NHS Dumfries and Galloway are at level two of this framework due to the relative scale of deficit in 2023-24 being reported.

For Boards at level two of the framework, in 2024/25 we will be capping the brokerage available, for NHS Dumfries and Galloway this will be a very maximum of £25 million, with the cap reducing in future years. Where possible, I would like to understand what would be required to improve beyond the £25 million deficit. At the end of this financial year and based on the month 7 position, NHS Dumfries and Galloway will have accumulated repayable brokerage of £38.2m and is now at a level which is unsustainable for Scottish Government to continue to support. We understand this will have an impact on ADPs and workforce plans and encourage early engagement once local assessment has taken place.

I have been clear on expectations for 2024-25 plans, these expectations are that all NHS Board will set out:

- a clear programme of work and supporting actions to achieve the target of 3% recurring savings on baseline budgets, a template will be provided for this; and
- an improved forecast outturn position compared to your forecast outturn position reported at the start of 2023-24.



We hope that by setting our expectations at an early stage this will allow the Board to progress its planning for next year.

15 box grid

Board Chief Executives agreed, on 14 November, a 15-box list focussing on ways to improve operational and financial performance and, in turn, improve sustainability. Opportunities are sectioned into prescribing, workforce and productivity/other. They are presented as tactical actions that will have an impact in the short to medium term, to support 3% savings at a local level in 2024-25 and increase productivity. These 15 opportunities will be considered alongside medium to long term transformational options.

Prescribing	Workforce	Productivity / Other
1. Transition to regional formularies	6. Further agency reduction / bank optimisation	11. Theatre optimisation – to agree approach to investment and roll out
2. Digital prescribing to be accelerated	7. Clear reduction in sickness absence by end of 24/25	12. Remote outpatient apportionments – to agree national targets
3. To establish targets to complete a number of polypharmacy reviews by end of 24/25 using a person centred approach	8. Review of national cost of pay protection and options on changes to this – to be completed by March 24	13. Review of integration schemes – to set out review process and what common changes could be considered
4. All Boards to work to reduce medicines of low clinical value	9. Agreed trajectory of decreasing headcount in administrative and support services job family as part of wider work on business systems transformation	14. Procedures of low clinical value – agree how to work with SG to reduce spend for these areas
5. Further work on affordability of new medicines	10. Medical locums – to provide similar support to that of nurse agency to drive down high cost locums	15. PLICS – to work across Boards to update costing data through PLICS or similar to allow better decision making and identifying variation

Boards progress against this work will be regularly reported through the BCE meetings and NHS Scotland Planning and Delivery Board. A slide pack will be circulated giving further details on the landscape of each of the areas including current work of the FDU, Director of Finance actions and further documents and data.

The team in the Finance Delivery Unit will continue to work with you as plans develop.

Yours sincerely,



Richard McCallum
 Director of Health and Social Care Finance, Digital and Governance

DOCUMENT 5

From: [Redacted: Section 38(1)(b)]@gov.scot>; on behalf of; Richard McCallum
Richard.McCallum@gov.scot

To: carol.potter@nhs.scot

Cc: Richard McCallum <Richard.McCallum@gov.scot>; [Redacted: Section 38(1)(b)]@gov.scot>; margo.mcgurk@nhs.scot; [Redacted: Section 38(1)(b)]@nhs.scot

NHS Fife –2024-25 financial plans and 15 box grid

Dear Carol

Please see the attached letter from Richard McCallum.

[Redacted: Section 38(1)(b)]

[Redacted: Section 38(1)(b)]

Business Manager | Directorate for Health and Social Care Finance, Digital and Governance | Scottish Government | Basement Rear, St Andrews House | Regent Road | Edinburgh | EH1 3DG | Mobile: 07721 120 805



T: 0131-244 3475
E: richard.mccallum@gov.scot

Carol Potter
Chief Executive
NHS Fife

Cc: Alistair Morris, Chair
Margo McGurk, Director of Finance

via email

13 December 2023

Dear Carol,

NHS Fife –2024-25 financial plans and 15 box grid

We recently issued three year financial plan guidance for 2024/25 – 2026/27 alongside Annual Delivery Plan (ADP) guidance, with a joint commissioning letter sent on 4 December. This makes it clear ADPs and Finance Plans must be more closely linked, and recognition the ADPs will have to reflect the financial environment we are operating in, as discussed with Chief Executives on 12 December.

As you will be aware, we reviewed the revised NHS Scotland Support and Intervention Framework. All Boards have been assessed against this for finance, and we notified you that NHS Fife are at level two of this framework due to the relative scale of deficit in 2023-24 being reported and variation from plan.

For Boards at level two of the framework, in 2024/25 we will be capping the brokerage available, for NHS Fife this will be a very maximum of £5 million, with the cap reducing in future years. Where possible, I would like to understand what would be required to improve beyond the £5 million deficit. At the end of this financial year and based on the month 7 position, NHS Fife will have accumulated repayable brokerage of £22 million and is now at a level which is unsustainable for Scottish Government to continue to support. We understand this will have an impact on ADPs and workforce plans and encourage early engagement once local assessment has taken place.

I have been clear on expectations for 2024-25 plans, these expectations are that all NHS Board will set out:

- a clear programme of work and supporting actions to achieve the target of 3% recurring savings on baseline budgets, a template will be provided for this; and
- an improved forecast outturn position compared to your forecast outturn position reported at the start of 2023-24.



We hope that by setting our expectations at an early stage this will allow the Board to progress its planning for next year.

15 box grid

Board Chief Executives agreed, on 14 November, a 15-box list focussing on ways to improve operational and financial performance and, in turn, improve sustainability. Opportunities are sectioned into prescribing, workforce and productivity/other. They are presented as tactical actions that will have an impact in the short to medium term, to support 3% savings at a local level in 2024-25 and increase productivity. These 15 opportunities will be considered alongside medium to long term transformational options.

Prescribing	Workforce	Productivity / Other
1. Transition to regional formularies	6. Further agency reduction / bank optimisation	11. Theatre optimisation – to agree approach to investment and roll out
2. Digital prescribing to be accelerated	7. Clear reduction in sickness absence by end of 24/25	12. Remote outpatient apportionments – to agree national targets
3. To establish targets to complete a number of polypharmacy reviews by end of 24/25 using a person centred approach	8. Review of national cost of pay protection and options on changes to this – to be completed by March 24	13. Review of integration schemes – to set out review process and what common changes could be considered
4. All Boards to work to reduce medicines of low clinical value	9. Agreed trajectory of decreasing headcount in administrative and support services job family as part of wider work on business systems transformation	14. Procedures of low clinical value – agree how to work with SG to reduce spend for these areas
5. Further work on affordability of new medicines	10. Medical locums – to provide similar support to that of nurse agency to drive down high cost locums	15. PLICS – to work across Boards to update costing data through PLICS or similar to allow better decision making and identifying variation

Boards progress against this work will be regularly reported through the BCE meetings and NHS Scotland Planning and Delivery Board. A slide pack will be circulated giving further details on the landscape of each of the areas including current work of the FDU, Director of Finance actions and further documents and data.

The team in the Finance Delivery Unit will continue to work with you as plans develop.

Yours sincerely,



Richard McCallum
 Director of Health and Social Care Finance, Digital and Governance

DOCUMENT 6

From: [Redacted: Section 38(1)(b)]@gov.scot>; on behalf of; Richard McCallum
Richard.McCallum@gov.scot

To: fv.chief.executive@nhs.scot

Cc: Richard McCallum <Richard.McCallum@gov.scot>; [Redacted: Section 38(1)(b)]@gov.scot>; janie.mccusker@nhs.scot; scott.urquhart@nhs.scot

NHS Forth Valley – 2024-25 financial plans and 15 box grid

Dear Amanda

Please see the attached letter from Richard McCallum.

[Redacted: Section 38(1)(b)]

[Redacted: Section 38(1)(b)]

Business Manager | Directorate for Health and Social Care Finance, Digital and Governance | Scottish Government | Basement Rear, St Andrews House | Regent Road | Edinburgh | EH1 3DG | Mobile: 07721 120 805



T: 0131-244 3475
E: richard.mccallum@gov.scot

Amanda Croft
Chief Executive
NHS Forth Valley

Cc: Janie McCusker, Chair
Scott Urquhart, Director of Finance and Planning
via email

13 December 2023

Dear Amanda,

NHS Forth Valley – 2024-25 financial plans and 15 box grid

We recently issued three year financial plan guidance for 2024/25 – 2026/27 alongside Annual Delivery Plan (ADP) guidance, with a joint commissioning letter sent on 4 December. This makes it clear ADPs and Finance Plans must be more closely linked, and recognition the ADPs will have to reflect the financial environment we are operating in, as discussed with Chief Executives on 12 December.

As you will be aware, we have reviewed the revised NHS Scotland Support and Intervention Framework. All Boards have been assessed against this for finance, and we notified you that NHS Forth Valley remain at level one of this framework due to the relative scale of deficit in 2023-24 being reported and strength of financial leadership and management across the organisation.

As a Board at level one of the framework, we are assuming in 2024-25 that brokerage will not be required. I understand submitted financial plans may not show a balanced position due to further work to be undertaken over the course of the year which we will work closely with you on. NHS Forth Valley has no cumulative brokerage outstanding.

I have been clear on expectations for 2024-25 plans, these expectations are that all NHS Board will set out:

- a clear programme of work and supporting actions to achieve the target of 3% recurring savings on baseline budgets, a template will be provided for this; and
- an improved forecast outturn position compared to your forecast outturn position reported at the start of 2023-24.

We hope that by setting our expectations at an early stage this will allow the Board to progress its planning for next year.



15 box grid

Board Chief Executives agreed, on 14 November, a 15-box list focussing on ways to improve operational and financial performance and, in turn, improve sustainability. Opportunities are sectioned into prescribing, workforce and productivity/other. They are presented as tactical actions that will have an impact in the short to medium term, to support 3% savings at a local level in 2024-25 and increase productivity. These 15 opportunities will be considered alongside medium to long term transformational options.

Prescribing	Workforce	Productivity / Other
1. Transition to regional formularies	6. Further agency reduction / bank optimisation	11. Theatre optimisation – to agree approach to investment and roll out
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Boards progress against this work will be regularly reported through the BCE meetings and NHS Scotland Planning and Delivery Board. A slide pack will be circulated giving further details on the landscape of each of the areas including current work of the FDU, Director of Finance actions and further documents and data.

The team in the Finance Delivery Unit will continue to work with you as plans develop.

Yours sincerely,



Richard McCallum
Director of Health and Social Care Finance, Digital and Governance

DOCUMENT 7

From: [Redacted: Section 38(1)(b)]@gov.scot>; on behalf of; Richard McCallum
Richard.McCallum@gov.scot

To: gram.grampianchiefexecutive@nhs.scot

Cc: Richard McCallum <Richard.McCallum@gov.scot>; [Redacted: Section 38(1)(b)]@gov.scot>; gram.grampianchair@nhs.scot; alex.stephen@nhs.scot

NHS Grampian – financial recovery plan and 15 box grid

Dear Adam

Please see the attached letter from Richard McCallum.

[Redacted: Section 38(1)(b)]

[Redacted: Section 38(1)(b)]

Business Manager | Directorate for Health and Social Care Finance, Digital and Governance | Scottish Government | Basement Rear, St Andrews House | Regent Road | Edinburgh | EH1 3DG | Mobile: 07721 120 805



T: 0131-244 3475
E: richard.mccallum@gov.scot

Adam Coldwells
Interim Chief Executive
NHS Grampian

Cc: Alison Evison, Chair
Alex Stephen, Director of Finance

13 December 2023

Dear Adam

NHS Grampian – financial recovery plan and 15 box grid

First of all, thank you for the comprehensive response following our Quarter 2 review and for setting out the actions that are being taken forward by the executive team, including those set out in the most recent letter from the Director General.

The response was helpful and I note the range of actions being progressed and supported by the Executive Team to improve the finance position in 2023/24 and contribute to the finance position in future years.

In terms of immediate next steps, colleagues from my team will organise a review meeting to discuss the month 8 position with your senior finance team and a formal Quarter 3 meeting will be organised for early February. These review meetings will provide the opportunity to track progress and for us to continue to provide support as required.

We recently issued three year financial plan guidance for 2024/25 – 2026/27 alongside Annual Delivery Plan (ADP) guidance, with a joint commissioning letter sent on 4 December. This makes it clear ADPs and Finance Plans must be more closely linked, and recognition the ADPs will have to reflect the financial environment we are operating in, as discussed with Chief Executives on 12 December.

As you will be aware, we have reviewed the revised NHS Scotland Support and Intervention Framework. All Boards have been assessed against this for finance, and we notified you that NHS Grampian have moved to level two of this framework due to the relative scale of deficit in 2023-24 being reported.

For 2024/25 we will be capping the brokerage available to all NHS Boards, and for NHS Grampian this will be a very maximum of £25 million, with the cap reducing significantly in future years. Where possible, I would like to understand what would be required to improve beyond the £25 million deficit. At the end of this financial year and based on the revised finance plan, NHS Grampian will have accumulated repayable brokerage of £49.9m and is now at a level which is unsustainable for Scottish Government to continue to support.



I have been clear on expectations for 2024-25 plans, these expectations are that all NHS Board will set out:

- a clear programme of work and supporting actions to achieve the target of 3% recurring savings on baseline budgets, a template will be provided for this; and
- an improved forecast outturn position compared to your forecast outturn position reported at the start of 2023-24.

I would once again thank you for your timely response and the commitment of the executive team to improving the financial position.

15 box grid

Board Chief Executives agreed, on 14 November, a 15-box list focussing on ways to improve operational and financial performance and, in turn, improve sustainability. Opportunities are sectioned into prescribing, workforce and productivity/other. They are presented as tactical actions that will have an impact in the short to medium term, to support 3% savings at a local level in 2024-25 and increase productivity. These 15 opportunities will be considered alongside medium to long term transformational options.

Prescribing	Workforce	Productivity / Other
1. Transition to regional formularies	6. Further agency reduction / bank optimisation	11. Theatre optimisation – to agree approach to investment and roll out
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Boards progress against this work will be regularly reported through the BCE meetings and NHS Scotland Planning and Delivery Board. A slide pack will be circulated giving further details on the landscape of each of the areas including current work of the FDU, Director of Finance actions and further documents and data.

The team in the Finance Delivery Unit will continue to work with you as plans develop.

Yours sincerely,



Richard McCallum
 Director of Health and Social Care Finance, Digital and Governance

DOCUMENT 8

From: [Redacted: Section 38(1)(b)]@gov.scot>; on behalf of; Richard McCallum
Richard.McCallum@gov.scot
To: jane.grant@ggc.scot.nhs.uk
Cc: Richard McCallum <Richard.McCallum@gov.scot>; [Redacted: Section
38(1)(b)]@gov.scot>; Lesley.Thomson8@ggc.scot.nhs.uk;
colin.neil@ggc.scot.nhs.uk

NHS Greater Glasgow and Clyde – 2024-25 financial plans and 15 box grid

Dear Jane

Please see the attached letter from Richard McCallum.

[Redacted: Section 38(1)(b)]

[Redacted: Section 38(1)(b)]
Business Manager | Directorate for Health and Social Care Finance, Digital and
Governance | Scottish Government | Basement Rear, St Andrews House | Regent
Road | Edinburgh | EH1 3DG | Mobile: 07721 120 805



T: 0131-244 3475
E: richard.mccallum@gov.scot

Jane Grant
Chief Executive
NHS Greater Glasgow and Clyde

Cc: Lesley Thomson, Chair
Colin Neil, Director of Finance

via email

13 December 2023

Dear Jane,

NHS Greater Glasgow and Clyde – 2024-25 financial plans and 15 box grid

We recently issued three year financial plan guidance for 2024/25 – 2026/27 alongside Annual Delivery Plan (ADP) guidance, with a joint commissioning letter sent on 4 December. This makes it clear ADPs and Finance Plans must be more closely linked, and recognition the ADPs will have to reflect the financial environment we are operating in, as discussed with Chief Executives on 12 December.

As you will be aware, we have reviewed the revised NHS Scotland Support and Intervention Framework. All Boards have been assessed against this for finance, and we notified you that NHS GGC remain at level one of this framework due to the relative scale of deficit in 2023-24 being reported and strength of financial leadership and management across the organisation.

As a Board at level one of the framework, we are assuming in 2024-25 that brokerage will not be required. I understand submitted financial plans may not show a balanced position due to further work to be undertaken over the course of the year, which we will work closely with you on. It is noted that, NHS GGC has no cumulative brokerage outstanding.

I have been clear on expectations for 2024-25 plans, these expectations are that all NHS Board will set out:

- a clear programme of work and supporting actions to achieve the target of 3% recurring savings on baseline budgets, a template will be provided for this; and
- an improved forecast outturn position compared to your forecast outturn position reported at the start of 2023-24.

We hope that by setting our expectations at an early stage this will allow the Board to progress its planning for next year.



15 box grid

Board Chief Executives agreed, on 14 November, a 15-box list focussing on ways to improve operational and financial performance and, in turn, improve sustainability. Opportunities are sectioned into prescribing, workforce and productivity/other. They are presented as tactical actions that will have an impact in the short to medium term, to support 3% savings at a local level in 2024-25 and increase productivity. These 15 opportunities will be considered alongside medium to long term transformational options.

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Boards progress against this work will be regularly reported through the BCE meetings and NHS Scotland Planning and Delivery Board. A slide pack will be circulated giving further details on the landscape of each of the areas including current work of the FDU, Director of Finance actions and further documents and data.

The team in the Finance Delivery Unit will continue to work with you as plans develop.

Yours sincerely,



Richard McCallum
Director of Health and Social Care Finance, Digital and Governance

DOCUMENT 9

From: [Redacted: Section 38(1)(b)]@gov.scot>; on behalf of; Richard McCallum Richard.McCallum@gov.scot
To: Pamela Dudek Pamela.Dudek@nhs.scot
Cc: Richard McCallum <Richard.McCallum@gov.scot>; [Redacted: Section 38(1)(b)]@gov.scot>; carolynn.lawrie2@nhs.scot; chair.nhshighland@nhs.scot; heledd.cooper@nhs.scot; David.Park1@nhs.scot

Dear Pam

Please see the attached letter from Richard McCallum.

[Redacted: Section 38(1)(b)]

[Redacted: Section 38(1)(b)]
Business Manager | Directorate for Health and Social Care Finance, Digital and Governance | Scottish Government | Basement Rear, St Andrews House | Regent Road | Edinburgh | EH1 3DG | Mobile: 07721 120 805



T: 0131-244 3475
E: richard.mccallum@gov.scot

Pam Dudek
Chief Executive
NHS Highland

Cc: Sarah Compton-Bishop, Chair
David Park, Deputy Chief Executive
Heledd Cooper, Director of Finance

13 December 2023

Dear Pam

NHS Highland – financial recovery plan

First of all, thank you for your letter of 1 December setting out the steps being taken with your Board and Executive team to address the financial position in NHS Highland, through a combination of immediate actions and your transformation plan. I would also acknowledge the recent discussion you had with John Burns in relation to key areas where the Board will require to implement change and redesign, given the challenges that you are facing from a operational, workforce and financial sustainability perspective.

I have summarised below a number of key areas for further consideration in advance of our discussion in early January.

2023/24 finance position

As set out previously, we will require as a minimum for the Board to meet the year end forecast position of £55.8m and as indicated in the letter from the Director General we are asking all Boards to take further action to improve their forecast position for this year. The letter set out a number of areas where we are asking all Boards to progress actions.

Colleagues from my team will organise a review meeting to discuss the month 8 position with your senior finance team and a formal Quarter 3 meeting will be organised for early February. These review meetings will provide the opportunity to track progress and for us to continue to provide support as required.

2024/25 – planning guidance and brokerage

We recently issued three year financial plan guidance for 2024/25 – 2026/27 alongside Annual Delivery Plan (ADP) guidance, with a joint commissioning letter sent on 4 December. This makes it clear ADPs and Finance Plans must be more closely linked, and recognition the ADPs will have to reflect the financial environment we are operating in, as discussed with Chief Executives on 12 December.



As you will be aware, we have reviewed the revised NHS Scotland Support and Intervention Framework. All Boards have been assessed against this for finance, and we notified you that NHS Highland remain at level three of this framework due to the relative scale of deficit in 2023-24 being reported.

For 2024/25 we will be capping the brokerage available to all NHS Boards, and for NHS Highland this will be a very maximum of £35 million, with the cap reducing significantly in future years. Where possible, I would like to understand what would be required to improve beyond the £35 million deficit. In setting the cap we have taken account of the challenges that you have highlighted in your letter.

At the end of this financial year and based on the revised finance plan, NHS Highland will have accumulated repayable brokerage of £83.3m and this is now at a level which is unsustainable for Scottish Government to continue to support. We hope that by setting our expectations at an early stage this will allow the Board to progress its planning for next year.

Short to medium term actions

I welcome the range of measures that you have implemented in relation to system controls and improvement opportunities. For our meeting in January, it would be helpful to be able to attribute values to each of these actions and to understand their impact, if implemented as planned, on reducing the financial deficit.

I will be issuing a letter on 19 December setting out the outcome of the draft Scottish Government budget and this should enable the Board to be able to prepare an early assessment of the 2024/25 position, taking account of these short to medium term actions.

Whilst acknowledging the challenges that the winter period may present, it would also be helpful to understand the steps the Board is proposing to take to reduce the levels of delayed discharges during 2024/25 which you have rightly highlighted as a risk. Clearly, there is both a patient outcome and financial impact of continuing to have high numbers of patients being delayed from returning to home or a homely setting.

Medium to long terms actions

Given the challenges that you are experiencing across the Highland area, transformation and redesign of services will be necessary given the operational, workforce and financial sustainability issues we have discussed over recent times. Following from your recent discussion with John, I would be keen to use the time we have in January to consider how we can support you to lay the ground for transformation of services and create the conditions in which change and redesign can occur. Implementation of options which change current provision will be challenging but necessary given the range of issues impacting on continuity of services at this present time. In advance of our meeting, I will link in with John and Alan who were at the recent meeting to discuss a number of the areas where change will be required.

15 box grid

Board Chief Executives agreed, on 14 November, a 15-box list focussing on ways to improve operational and financial performance and, in turn, improve sustainability. Opportunities are sectioned into prescribing, workforce and productivity/other. They are presented as tactical

actions that will have an impact in the short to medium term, to support 3% savings at a local level in 2024-25 and increase productivity. These 15 opportunities will be considered alongside medium to long term transformational options.

Prescribing	Workforce	Productivity / Other
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Boards progress against this work will be regularly reported through the BCE meetings and NHS Scotland Planning and Delivery Board. A slide pack will be circulated giving further details on the landscape of each of the areas including current work of the FDU, Director of Finance actions and further documents and data.

The team in the Finance Delivery Unit will continue to work with you as plans develop.

I hope that the above is helpful in terms of setting context for our next discussion and would wish you and your family all the very best for the festive period.

Yours sincerely,



Richard McCallum
Director of Health and Social Care Finance, Digital and Governance

DOCUMENT 10

From: [Redacted: Section 38(1)(b)]@gov.scot>; on behalf of; Richard McCallum
Richard.McCallum@gov.scot

To: Jann.gardner@lanarkshire.scot.nhs.uk

Cc: Richard McCallum <Richard.McCallum@gov.scot>; [Redacted: Section 38(1)(b)]@gov.scot>; martin.hill@lanarkshire.scot.nhs.uk;
laura.ace@lanarkshire.scot.nhs.uk

NHS Lanarkshire – 2024-25 financial plans and 15 box grid

Dear Jann

Please see the attached letter from Richard McCallum.

[Redacted: Section 38(1)(b)]

[Redacted: Section 38(1)(b)]

Business Manager | Directorate for Health and Social Care Finance, Digital and Governance | Scottish Government | Basement Rear, St Andrews House | Regent Road | Edinburgh | EH1 3DG | Mobile: 07721 120 805



T: 0131-244 3475
E: richard.mccallum@gov.scot

Jann Gardner
Chief Executive
NHS Lanarkshire

Cc: Martin Hill, Chair
Laura Ace, Director of Finance

via email

13 December 2023

Dear Jann,

NHS Lanarkshire– 2024-25 financial plans and 15 box grid

We recently issued three year financial plan guidance for 2024/25 – 2026/27 alongside Annual Delivery Plan (ADP) guidance, with a joint commissioning letter sent on 4 December. This makes it clear ADPs and Finance Plans must be more closely linked, and recognition the ADPs will have to reflect the financial environment we are operating in, as discussed with Chief Executives on 12 December.

As you will be aware, we have reviewed the revised NHS Scotland Support and Intervention Framework. All Boards have been assessed against this for finance, and we notified you that NHS Lanarkshire remain at level one of this framework due to the relative scale of deficit in 2023-24 being reported and strength of financial leadership and management across the organisation.

As a Board at level one of the framework, we are assuming in 2024-25 that brokerage will not be required. I understand submitted financial plans may not show a balanced position due to further work to be undertaken over the course of the year which we will work closely with you on. It is noted that NHS Lanarkshire has no cumulative brokerage outstanding.

I have been clear on expectations for 2024-25 plans, these expectations are that all NHS Board will set out:

- a clear programme of work and supporting actions to achieve the target of 3% recurring savings on baseline budgets, a template will be provided for this; and
- an improved forecast outturn position compared to your forecast outturn position reported at the start of 2023-24.

We hope that by setting our expectations at an early stage this will allow the Board to progress its planning for next year.



15 box grid

Board Chief Executives agreed, on 14 November, a 15-box list focussing on ways to improve operational and financial performance and, in turn, improve sustainability. Opportunities are sectioned into prescribing, workforce and productivity/other. They are presented as tactical actions that will have an impact in the short to medium term, to support 3% savings at a local level in 2024-25 and increase productivity. These 15 opportunities will be considered alongside medium to long term transformational options.

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Boards progress against this work will be regularly reported through the BCE meetings and NHS Scotland Planning and Delivery Board. A slide pack will be circulated giving further details on the landscape of each of the areas including current work of the FDU, Director of Finance actions and further documents and data.

The team in the Finance Delivery Unit will continue to work with you as plans develop.

Yours sincerely,



Richard McCallum
Director of Health and Social Care Finance, Digital and Governance

DOCUMENT 11

From: [Redacted: Section 38(1)(b)]@gov.scot>; on behalf of; Richard McCallum
Richard.McCallum@gov.scot
To: chiefexecutive@nhslothian.scot.nhs.uk
Cc: Richard McCallum <Richard.McCallum@gov.scot>; [Redacted: Section
38(1)(b)]@gov.scot>; john.connaghan@nhslothian.scot.nhs.uk;
Craig.Marriott@nhslothian.scot.nhs.uk

NHS Lothian – 2024-25 financial plans 15 box grid

Dear Calum

Please see the attached letter from Richard McCallum.

[Redacted: Section 38(1)(b)]

[Redacted: Section 38(1)(b)]
Business Manager | Directorate for Health and Social Care Finance, Digital and
Governance | Scottish Government | Basement Rear, St Andrews House | Regent
Road | Edinburgh | EH1 3DG | Mobile: 07721 120 805

T: 0131-244 3475
E: richard.mccallum@gov.scot

Calum Campbell
Chief Executive
NHS Lothian

Cc: John Connaghan, Chair
Craig Marriott, Director of Finance

via email

13 December 2023

Dear Calum,

NHS Lothian – 2024-25 financial plans 15 box grid

We recently issued three year financial plan guidance for 2024/25 – 2026/27 alongside Annual Delivery Plan (ADP) guidance, with a joint commissioning letter sent on 4 December. This makes it clear ADPs and Finance Plans must be more closely linked, and recognition the ADPs will have to reflect the financial environment we are operating in, as discussed with Chief Executives on 12 December.

As you will be aware, we reviewed the revised NHS Scotland Support and Intervention Framework. All Boards have been assessed against this for finance, and we notified you that NHS Lothian remain at level one of this framework due to the relative scale of deficit in 2023-24 being reported is low and strength of financial leadership and management across the organisation.

As a Board at level one of the framework, we are assuming in 2024-25 that brokerage will not be required at this point. I understand submitted financial plans may not show a balanced position due to further work to be undertaken over the course of the year which we will work closely with you on. It is noted that NHS Lothian has no cumulative brokerage outstanding.

I have been clear on expectations for 2024-25 plans, these expectations are that all NHS Board will set out:

- a clear programme of work and supporting actions to achieve the target of 3% recurring savings on baseline budgets, a template will be provided for this; and
- an improved forecast outturn position compared to your forecast outturn position reported at the start of 2023-24.

We hope that by setting our expectations at an early stage this will allow the Board to progress its planning for next year.

15 box grid

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Boards progress against this work will be regularly reported through the BCE meetings and NHS Scotland Planning and Delivery Board. A slide pack will be circulated giving further details on the landscape of each of the areas including current work of the FDU, Director of Finance actions and further documents and data.

The team in the Finance Delivery Unit will continue to work with you as plans develop.

Yours sincerely,



Richard McCallum
Director of Health and Social Care Finance, Digital and Governance

DOCUMENT 12

From: [Redacted: Section 38(1)(b)]@gov.scot>; on behalf of; Richard McCallum
Richard.McCallum@gov.scot

To: laura.skaife-knight@nhs.scot

Cc: Richard McCallum <Richard.McCallum@gov.scot>; [Redacted: Section 38(1)(b)]@gov.scot>; meghan.mcewen@nhs.scot; mark.doyle@nhs.scot

NHS Orkney– 2024-25 financial plans and 15 box grid

Dear Laura

Please see the attached letter from Richard McCallum.

[Redacted: Section 38(1)(b)]

[Redacted: Section 38(1)(b)]

Business Manager | Directorate for Health and Social Care Finance, Digital and Governance | Scottish Government | Basement Rear, St Andrews House | Regent Road | Edinburgh | EH1 3DG | Mobile: 07721 120 805



T: 0131-244 3475
E: richard.mccallum@gov.scot

Laura Skaife-Knight
Chief Executive
NHS Orkney

Cc: Meghan McEwen, Chair
Mark Doyle, Director of Finance

via email

13 December 2023

Dear Laura,

NHS Orkney– 2024-25 financial plans and 15 box grid

We recently issued three year financial plan guidance for 2024/25 – 2026/27 alongside Annual Delivery Plan (ADP) guidance, with a joint commissioning letter sent on 4 December. This makes it clear ADPs and Finance Plans must be more closely linked, and recognition the ADPs will have to reflect the financial environment we are operating in, as discussed with Chief Executives on 12 December.

As you will be aware, we reviewed the revised NHS Scotland Support and Intervention Framework. All Boards have been assessed against this for finance, and we notified you that NHS Orkney are at level three of this framework due to the relative scale of deficit in 2023-24 being reported and variation from plan.

For Boards at level three of the framework, in 2024/25 we will be capping the brokerage available, for NHS Orkney this will be a very maximum of £1.5 million, with the cap reducing in future years. At the end of this financial year and based on month 7 projections, NHS Orkney will have accumulated repayable brokerage of £6.3 million and is now at a level which is unsustainable for Scottish Government to continue to support. We understand this will have an impact on ADPs and workforce plans and encourage early engagement once local assessment has taken place.

I have been clear on expectations for 2024-25 plans, these expectations are that all NHS Board will set out:

- a clear programme of work and supporting actions to achieve the target of 3% recurring savings on baseline budgets, a template will be provided for this; and
- an improved forecast outturn position compared to your forecast outturn position reported at the start of 2023-24.

We hope that by setting our expectations at an early stage this will allow the Board to progress its planning for next year.



15 box grid

Board Chief Executives agreed, on 14 November, a 15-box list focussing on ways to improve operational and financial performance and, in turn, improve sustainability. Opportunities are sectioned into prescribing, workforce and productivity/other. They are presented as tactical actions that will have an impact in the short to medium term, to support 3% savings at a local level in 2024-25 and increase productivity. These 15 opportunities will be considered alongside medium to long term transformational options.

Prescribing	Workforce	Productivity / Other
1. Transition to regional formularies	6. Further agency reduction / bank optimisation	11. Theatre optimisation – to agree approach to investment and roll out
2. Digital prescribing to be accelerated	7. Clear reduction in sickness absence by end of 24/25	12. Remote outpatient appointments – to agree national targets
3. To establish targets to complete a number of polypharmacy reviews by end of 24/25 using a person centred approach	8. Review of national cost of pay protection and options on changes to this – to be completed by March 24	13. Review of integration schemes – to set out review process and what common changes could be considered
4. All Boards to work to reduce medicines of low clinical value	9. Agreed trajectory of decreasing headcount in administrative and support services job family as part of wider work on business systems transformation	14. Procedures of low clinical value – agree how to work with SG to reduce spend for these areas
5. Further work on affordability of new medicines	10. Medical locums – to provide similar support to that of nurse agency to drive down high cost locums	15. PLICS – to work across Boards to update costing data through PLICS or similar to allow better decision making and identifying variation

Boards progress against this work will be regularly reported through the BCE meetings and NHS Scotland Planning and Delivery Board. A slide pack will be circulated giving further details on the landscape of each of the areas including current work of the FDU, Director of Finance actions and further documents and data.

The team in the Finance Delivery Unit will continue to work with you as plans develop. I note the extensive work being done to improve the financial position and further support and review being brought on board and appreciate the approach being taken.

Yours sincerely,



Richard McCallum
Director of Health and Social Care Finance, Digital and Governance

DOCUMENT 13

From: [Redacted: Section 38(1)(b)]@gov.scot>; on behalf of; Richard McCallum
Richard.McCallum@gov.scot

To: brian.chittick@nhs.scot

Cc: Richard McCallum <Richard.McCallum@gov.scot>; [Redacted: Section 38(1)(b)]@gov.scot>; gary.robinson1@nhs.scot; colin.marsland@nhs.scot

NHS Shetland – 2024-25 financial plans and 15 box grid

Dear Brian

Please see the attached letter from Richard McCallum.

[Redacted: Section 38(1)(b)]

[Redacted: Section 38(1)(b)]

Business Manager | Directorate for Health and Social Care Finance, Digital and Governance | Scottish Government | Basement Rear, St Andrews House | Regent Road | Edinburgh | EH1 3DG | Mobile: 07721 120 805



T: 0131-244 3475
E: richard.mccallum@gov.scot

Brian Chittick
Chief Executive
NHS Shetland

Cc: Gary Robinson, Chair
Colin Marsland, Director of Finance
via email

13 December 2023

Dear Brian,

NHS Shetland – 2024-25 financial plans and 15 box grid

We recently issued three year financial plan guidance for 2024/25 – 2026/27 alongside Annual Delivery Plan (ADP) guidance, with a joint commissioning letter sent on 4 December. This makes it clear ADPs and Finance Plans must be more closely linked, and recognition the ADPs will have to reflect the financial environment we are operating in, as discussed with Chief Executives on 12 December.

As you will be aware, we reviewed the revised NHS Scotland Support and Intervention Framework. All Boards have been assessed against this for finance, and we notified you that NHS Shetland remain at level one of this framework due to the relative scale of deficit in 2023-24 being reported.

As a Board at level one of the framework, we are assuming in 2024-25 that brokerage will not be required. I understand submitted financial plans may not show a balanced position due to further work to be undertaken over the course of the year which we will work closely with you on. It is noted NHS Shetland has no cumulative brokerage outstanding.

I have been clear on expectations for 2024-25 plans, these expectations are that all NHS Board will set out:

- a clear programme of work and supporting actions to achieve the target of 3% recurring savings on baseline budgets, a template will be provided for this; and
- an improved forecast outturn position compared to your forecast outturn position reported at the start of 2023-24.

We hope that by setting our expectations at an early stage this will allow the Board to progress its planning for next year.



15 box grid

Board Chief Executives agreed, on 14 November, a 15-box list focussing on ways to improve operational and financial performance and, in turn, improve sustainability. Opportunities are sectioned into prescribing, workforce and productivity/other. They are presented as tactical actions that will have an impact in the short to medium term, to support 3% savings at a local level in 2024-25 and increase productivity. These 15 opportunities will be considered alongside medium to long term transformational options.

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Boards progress against this work will be regularly reported through the BCE meetings and NHS Scotland Planning and Delivery Board. A slide pack will be circulated giving further details on the landscape of each of the areas including current work of the FDU, Director of Finance actions and further documents and data.

The team in the Finance Delivery Unit will continue to work with you as plans develop.

Yours sincerely,



Richard McCallum
Director of Health and Social Care Finance, Digital and Governance

DOCUMENT 14

From: [Redacted: Section 38(1)(b)]@gov.scot>; on behalf of; Richard McCallum
Richard.McCallum@gov.scot

To: chiefexec.tayside@nhs.scot

Cc: Richard McCallum <Richard.McCallum@gov.scot>; [Redacted: Section 38(1)(b)]@gov.scot>; chairman.tayside@nhs.scot; stuart.lyall@nhs.scot

NHS Tayside – financial recovery plan and 15 box grid

Dear Caroline

Please see the attached letter from Richard McCallum.

[Redacted: Section 38(1)(b)]

[Redacted: Section 38(1)(b)]

Business Manager | Directorate for Health and Social Care Finance, Digital and Governance | Scottish Government | Basement Rear, St Andrews House | Regent Road | Edinburgh | EH1 3DG | Mobile: 07721 120 805



T: 0131-244 3475
E: richard.mccallum@gov.scot

Caroline Hiscox
Interim Chief Executive
NHS Tayside

Cc Lorna Birse-Stewart, Chair
Stuart Lyall, Director of Finance
via email

13 December 2023

Dear Caroline

NHS Tayside – financial recovery plan and 15 box grid

First of all, thank you for the recent FPR and indication that you are likely to improve on the planned financial deficit for 2023/24. As discussed at the recent meeting with Board Chief Executives and as set out in the most recent letter from the Director General we are looking for Boards to further improve their positions and would thank you in advance for your support in this respect.

In terms of immediate next steps, colleagues from my team will organise a review meeting to discuss the month 8 position with your senior finance team and a formal Quarter 3 meeting will be organised for early February. These review meetings will provide the opportunity to track progress and for us to continue to provide support as required.

We recently issued three year financial plan guidance for 2024/25 – 2026/27 alongside Annual Delivery Plan (ADP) guidance, with a joint commissioning letter sent on 4 December. This makes it clear ADPs and Finance Plans must be more closely linked, and recognition the ADPs will have to reflect the financial environment we are operating in, as discussed with Chief Executives on 12 December.

As you will be aware, we have reviewed the revised NHS Scotland Support and Intervention Framework. All Boards have been assessed against this for finance, and we notified you that NHS Tayside remain at level two of this framework due to the relative scale of deficit in 2023-24 being reported.

For 2024/25 we will be capping the brokerage available to all NHS Boards, and for NHS Tayside this will be a very maximum of £25 million, with the cap reducing significantly in future years. Where possible, I would like to understand what would be required to improve beyond the £25 million deficit. At the end of this financial year and based on the revised finance plan, NHS Tayside will have accumulated repayable brokerage of £48.4m and is now at a level which is unsustainable for Scottish Government to continue to support.

I have been clear on expectations for 2024-25 plans, these expectations are that all NHS Board will set out:



- a clear programme of work and supporting actions to achieve the target of 3% recurring savings on baseline budgets, a template will be provided for this; and
- an improved forecast outturn position compared to your forecast outturn position reported at the start of 2023-24.

We hope that by setting our expectations at an early stage this will allow the Board to progress its planning for next year.

15 box grid

Board Chief Executives agreed, on 14 November, a 15-box list focussing on ways to improve operational and financial performance and, in turn, improve sustainability. Opportunities are sectioned into prescribing, workforce and productivity/other. They are presented as tactical actions that will have an impact in the short to medium term, to support 3% savings at a local level in 2024-25 and increase productivity. These 15 opportunities will be considered alongside medium to long term transformational options.

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Boards progress against this work will be regularly reported through the BCE meetings and NHS Scotland Planning and Delivery Board. A slide pack will be circulated giving further details on the landscape of each of the areas including current work of the FDU, Director of Finance actions and further documents and data.

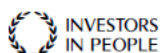
The team in the Finance Delivery Unit will continue to work with you as plans develop.

Yours sincerely,



Richard McCallum
Director of Health and Social Care Finance, Digital and Governance

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot



Accredited
Until 2020



DOCUMENT 15

From: Stuart Aitken <Stuart.Aitken@gov.scot>; on behalf of; Richard McCallum <Richard.McCallum@gov.scot>

To: gordon.jamieson@nhs.scot

Cc: Richard McCallum <Richard.McCallum@gov.scot>; [Redacted: Section 38(1)(b)]@gov.scot>; wi.chair@nhs.scot; debbie.bozkurt@nhs.scot

NHS Western Isles– 2024-25 financial plans and 15 box grid

Dear Gordon

Please see the attached letter from Richard McCallum.

[Redacted: Section 38(1)(b)]

[Redacted: Section 38(1)(b)]

Business Manager | Directorate for Health and Social Care Finance, Digital and Governance | Scottish Government | Basement Rear, St Andrews House | Regent Road | Edinburgh | EH1 3DG | Mobile: 07721 120 805



T: 0131-244 3475
E: richard.mccallum@gov.scot

Gordon Jamieson
Chief Executive
NHS Western Isles

Cc:
Gillian McCannon, Chair
Debbie Bozkurt, Director of Finance &
Procurement

13 December 2023

Dear Gordon,

NHS Western Isles– 2024-25 financial plans and 15 box grid

We recently issued three year financial plan guidance for 2024/25 – 2026/27 alongside Annual Delivery Plan (ADP) guidance, with a joint commissioning letter sent on 4 December. This makes it clear ADPs and Finance Plans must be more closely linked, and recognition the ADPs will have to reflect the financial environment we are operating in, as discussed with Chief Executives on 12 December.

As you will be aware, we have reviewed the revised NHS Scotland Support and Intervention Framework. All Boards have been assessed against this for finance, and we notified you that NHS Western Isles remain at level one of this framework due to the relative scale of deficit in 2023-24 being reported and strength of financial leadership and management across the organisation.

As a Board at level one of the framework, we are assuming in 2024-25 that brokerage will not be required. I understand submitted financial plans may not show a balanced position due to further work to be undertaken over the course of the year which we will work closely with you on. It is noted that NHS Western Isles has no cumulative brokerage outstanding.

I have been clear on expectations for 2024-25 plans, these expectations are that all NHS Board will set out:

- a clear programme of work and supporting actions to achieve the target of 3% recurring savings on baseline budgets, a template will be provided for this; and
- an improved forecast outturn position compared to your forecast outturn position reported at the start of 2023-24.

We hope that by setting our expectations at an early stage this will allow the Board to progress its planning for next year.



15 box grid

Board Chief Executives agreed, on 14 November, a 15-box list focussing on ways to improve operational and financial performance and, in turn, improve sustainability. Opportunities are sectioned into prescribing, workforce and productivity/other. They are presented as tactical actions that will have an impact in the short to medium term, to support 3% savings at a local level in 2024-25 and increase productivity. These 15 opportunities will be considered alongside medium to long term transformational options.

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Boards progress against this work will be regularly reported through the BCE meetings and NHS Scotland Planning and Delivery Board. A slide pack will be circulated giving further details on the landscape of each of the areas including current work of the FDU, Director of Finance actions and further documents and data.

The team in the Finance Delivery Unit will continue to work with you as plans develop.

Yours sincerely,



Richard McCallum
Director of Health and Social Care Finance, Digital and Governance

Section 38(1)(b)]@inverclyde.gov.uk; [Redacted: Section 38(1)(b)]@nhslothian.scot.nhs.uk; [Redacted: Section 38(1)(b)]r@moray.gov.uk; [Redacted: Section 38(1)(b)]@north-ayrshire.gov.uk; [Redacted: Section 38(1)(b)]@lanarkshire.scot.nhs.uk>; [Redacted: Section 38(1)(b)]@nhs.scot; [Redacted: Section 38(1)(b)]@pkc.gov.uk; [Redacted: Section 38(1)(b)]p@nhs.scot; [Redacted: Section 38(1)(b)]@renfrewshire.gov.uk; [Redacted: Section 38(1)(b)]@borders.scot.nhs.uk; [Redacted: Section 38(1)(b)]@shetland.gov.uk; [Redacted: Section 38(1)(b)]@south-ayrshire.gov.uk>; [Redacted: Section 38(1)(b)]@southlanarkshire.gov.uk; [Redacted: Section 38(1)(b)]@ggc.scot.nhs.uk; [Redacted: Section 38(1)(b)]@westlothian.gov.uk; [Redacted: Section 38(1)(b)]@nhs.scot; [Redacted: Section 38(1)(b)]@aberdeencity.gov.uk; [Redacted: Section 38(1)(b)]@aberdeenshire.gov.uk; [Redacted: Section 38(1)(b)]@nhs.scot; [Redacted: Section 38(1)(b)]@argyll-bute.gov.uk; [Redacted: Section 38(1)(b)]@nhs.scot; [Redacted: Section 38(1)(b)]@dumgal.gov.uk; [Redacted: Section 38(1)(b)]@dundeecity.gov.uk>; [Redacted: Section 38(1)(b)]@east-ayrshire.gov.uk; [Redacted: Section 38(1)(b)]@ggc.scot.nhs.uk; [Redacted: Section 38(1)(b)]@nhslothian.scot.nhs.uk; [Redacted: Section 38(1)(b)]@eastrenfrewshire.gov.uk; Moira Pringle [Redacted: Section 38(1)(b)]@nhslothian.scot.nhs.uk>; [Redacted: Section 38(1)(b)]@falkirk.gov.uk; [Redacted: Section 38(1)(b)]@fife.gov.uk; [Redacted: Section 38(1)(b)]@glasgow.gov.uk; [Redacted: Section 38(1)(b)]@glasgow.gov.uk; [Redacted: Section 38(1)(b)]@nhs.scot; [Redacted: Section 38(1)(b)]@inverclyde.gov.uk; [Redacted: Section 38(1)(b)]@nhslothian.scot.nhs.uk; [Redacted: Section 38(1)(b)]@moray.gov.uk; [Redacted: Section 38(1)(b)]@north-ayrshire.gov.uk; [Redacted: Section 38(1)(b)]@northlan.gov.uk; [Redacted: Section 38(1)(b)]@orkney.gov.uk; [Redacted: Section 38(1)(b)]@pkc.gov.uk; [Redacted: Section 38(1)(b)]@renfrewshire.gov.uk; [Redacted: Section 38(1)(b)]@borders.scot.nhs.uk; [Redacted: Section 38(1)(b)]@nhs.scot; [Redacted: Section 38(1)(b)]@south-ayrshire.gov.uk; [Redacted: Section 38(1)(b)]@southlanarkshire.gov.uk; [Redacted: Section 38(1)(b)]@ggc.scot.nhs.uk; [Redacted: Section 38(1)(b)]@nhslothian.scot.nhs.uk; [Redacted: Section 38(1)(b)]@gov.scot>; Richard McCallum <Richard.McCallum@gov.scot>; [Redacted: Section 38(1)(b)]@gov.scot>

Scottish Government Budget 2024 25

Dear Chief Executives, NHS Scotland

Please see the attached letter from Richard McCallum, SG Director of Health and Social Finance, Digital and Governance.

Regards,

[Redacted: Section 38(1)(b)]

[Redacted: Section 38(1)(b)]

Business Manager | Directorate for Health and Social Care Finance, Digital and Governance | Scottish Government | Basement Rear, St Andrews House | Regent Road | Edinburgh | EH1 3DG | Mobile: 07721 120 805

T: 0131-244 3464
E: richard.mccallum@gov.scot

Chief Executives, NHS Scotland

Copy to: NHS Chairs
NHS Directors of Finance
Integration Authority Chief Officers
Integration Authority Chief Finance Officers

Issued via email

19 December 2023

Dear Chief Executives

Scottish Government Budget 2024-25

Following the announcement of the Scottish Government's Budget for 2024-25 by the Deputy First Minister in Parliament today, I am writing to provide details of the indicative funding settlement for Health Boards. A breakdown of the total is provided in **Annex A** to this letter.

The Deputy First Minister noted in her response to the UK Government's Autumn Statement that it delivered a worst-case scenario for Scotland's finances. The financial pressures across health and social care are, by far, the most challenging since devolution. We have worked to protect NHS Budgets and social care funding where other parts of the public sector have faced reductions. All health consequentials have been passed through to the Portfolio, but these were not at a level expected by the Scottish Government, particularly given the non-recurring nature of 2023-24 pay consequentials, and we recognise the continued pressures health and social care services face in the aftermath of the pandemic and changing demographic profiles.

As in previous years, the budget announced will be subject to any amendments agreed through the Scottish Parliament's Budget Bill process. In addition, we will undertake further work with you specifically in relation to pay costs and waiting times funding. I will keep you up to date with any changes to our planning assumptions.

Budget Uplift

Compared to 2023-24 budgets, territorial NHS Boards will receive a total increase of 4.3% for 2024-25 to cover costs related to the 2023-24 pay deals, as well as the baselining of £100 million sustainability and NRAC funding provided in 2023-24. For clarity, the 4.3% uplift relates to 2023-24 non-recurring funding now being made on a recurring basis. National Boards will receive a 3.8% uplift to fund 2023-24 pay deals.

In terms of pay, funding arrangements for Boards will be revisited by the Scottish Government following the outcome of the pay negotiations in the new financial year. As part of Boards recurring adjustments for 2023-24, amounts have been included based on pay offers for Agenda for Change and Medical and Dental staffing in 2023-24. Pay for NHS staff remains subject to agreement for 2024-25, and we will work with Directors of Finance to finalise this position once the outcome is known. We will write to Boards in 2024 to confirm finalised baseline budgets following the conclusion of this work, but at this stage it should be assumed that additional funding will be allocated to support a deal.

We have committed the £100 million sustainability funding for non-pay costs, but beyond this and the NRAC funding provided in 2023-24, Boards will be expected to manage pressures within existing envelopes. Funding ensures no Territorial Board is further than 0.6% from parity.

Covid-19 Funding

Whilst the scale of Covid-19 costs has reduced significantly in 2023-24, we recognise there are specific legacy costs that will require additional funding support in the new financial year. This includes funding for:

- Vaccinations staffing and delivery.
- Test & Protect activities including Regional Testing facilities.
- Additional PPE requirements; and
- Some specific Public Health measures.

Following today's budget, we will seek to provide early clarity as to the total funding to be provided to support these costs. However, beyond the above, NHS Boards and Integration Authorities should expect to meet remaining costs from baseline funding and should continue to drive these costs down as far as possible.

Policy Funding

In addition to the baseline uplift outlined, funding aligned to policy commitments and recovery of health and social care services will be allocated to Boards and Integration Authorities in 2024-25. It is our intention to provide early indication of allocations where possible, and to align this to the planning guidance that will be issued in relation to Annual Delivery Plans, setting out the priorities for health and social care in the coming year.

We are aware there has been a rise in the volume of allocations over the past few years and we are committed to reducing this. We are also aware timing of some allocations being later in the year leads to uncertainty and difficulties in service planning without funding certainty. We are committing to putting out 80% of allocations in the first quarter, where necessary these may be a % of the full allocation value.

Health and Social Care Integration

Formal notification of the terms and approach to the Local Government funding settlement will be given in the Circular and Local Government Budget Letter. The Health and Social Care Portfolio will transfer net additional funding of £241.5 million to Local Government to support social care and integration. The overall transfer to Local Government includes additional funding of £230 million to deliver a £12 per hour minimum pay settlement for adult social care workers in private and third sectors, in line with the Real Living Wage Foundation rate. In addition, an inflationary uplift on Free Personal Nursing Care rates (£11.5 million) is provided.

The funding allocated to Integration Authorities for Free Personal and Nursing Care and adult social care pay in third and private sectors should be additional and not substitutional to each Council's 2023-24 recurring budgets for adult social care services that are delegated. This means that, when taken together, Local Authority adult social care budgets for allocation to Integration Authorities must be £241.5 million greater than 2023-24 recurring budgets to ensure funding from Health and Social Care Portfolio contributes to meeting outcomes in this area. Where there is evidence funding is not passed across to be used for the policy intent, the Scottish Government reserves the right to look at reclaiming funding allocated.

We have progressed baselining prior year Real Living Wage funding totalling £333.5 million to Local Government. A further £52.3 million has been baselined for other commitments including uprating free personal nursing care.

Capital

a. Capital Budget

The health capital budget increases from £578 million to £754 million, however if the health research element is excluded (which is a ring-fenced budget that cannot be used for capital investment), the budget reduces by £59 million from £373 million to £314 million. This is lower than our planning assumptions, which were shared with Chief Executives, Chairs and Directors of Finance in August.

The settlement allows for formula capital to be maintained at 2023-24 levels, all major projects in construction to be completed (Baird and Anchor, Parkhead Health Centre, QEUH rectification and Jubilee Phase 2), as well as support for the national replacement programmes for Ambulances and Radiotherapy equipment. Beyond these

core areas outlined above, we will not be providing any funding, including in relation to our intention to increase formula capital so that it doubles over the Capital Spending Review period (2021-22 to 2025-26).

In respect of 2023-24, we are asking all Boards to review their capital expenditure for the remainder of the year and to defer any areas where spend is discretionary.

b. New Developments and Capital Planning

We are aware that most Boards are developing infrastructure plans and individual projects which will require Scottish Government funding to progress. Given the challenging settlement we are managing, we will not be funding development costs for any new projects, as we do not anticipate starting construction of any new project over the next two years at least. We understand the local challenges this will present in some instances, so the Health Capital Finance team will arrange a discussion with all affected Boards in the New Year to confirm arrangements. However, in the meantime, NHS Boards should immediately stop any project development spend, otherwise these costs may need to be funded from local formula capital budgets which should instead be directed towards maintenance of the existing estate and essential equipment and digital replacement.

Now that we have clarity on the capital funding position, a Directors' Letter on Whole System Planning that focusses on maintaining your current estate, will be issued in the New Year.

c. Small Scale Projects

The Scottish Government has always looked to provide capital support for relatively small scale, but essential investments, that could not be funded through formula capital. At this point, our ability to fund such investments is extremely limited and Boards should not anticipate receiving additional funding in 2024-25, even if funding has previously been agreed.

It is clear that there is significant financial challenge in 2024-25 above levels we have seen before and we will continue to work closely with Chief Executives to address this. I thank you again for your support to date and your continued engagement moving into the next financial year.

2024-25 Financial Planning

I wrote to all Boards previously outlining my expectations for 2024-25 plans, being:

- a clear programme of work and supporting actions to achieve the target of 3% recurring savings on baseline budgets; and
- an improved forecast outturn position compared to your forecast outturn position reported at the start of 2023-24.

Further to this, I confirmed for Boards in receipt of brokerage in previous years that this would be capped for 2024-25. There is no central budget available for brokerage and any funding given for this limits investment in other areas.

Financial savings

I am aware the 3% savings target alone will not be enough to return to breakeven or in some cases the brokerage cap. There are a number of areas of work underway to support NHS Boards and collectively improve the financial position as set out below.

15 box grid

I have communicated previously the 15 box grid approved by Board Chief Executive on 14 November. This sets out 15 areas of focus for Boards to progress. There are various national programmes of work supporting these areas to be implemented at a local level.

The Financial Delivery Unit will continue to co-ordinate and assist Boards to identify further actions or areas that will support delivery of your 3% recurring savings target.

NHS Scotland Planning and Delivery Board (NHSSP&DB)

The NHSSP&DB has been established to direct and co-ordinate a range of national work including strategic planning, national programmes and national improvement. Work will continue to rationalise national programmes and agree priorities to simplify the landscape and have a stronger focus on affordability. As agreed, decisions will be taken on a Once for Scotland basis working alongside Board Chief Executives and the other functional professionals groups.

CHOICES

As set out at the Board Chief Executive meeting on 12 December, we will progress the development of the CHOICES options which will provide the framework in which decisions around the following key areas will be made:

- Workforce
- Innovation
- Service and infrastructure optimisation

Further guidance will follow in respect of the above and will take account of the discussions you have been having with the NHS Scotland Chief Operating Officer and members of my team.

It is clear that there is significant financial challenge in 2024-25, above levels we have seen before, and we will continue to work closely with Chief Executives and colleagues across the whole system. I thank you again for your support to date and your continued engagement moving into the next financial year.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R McCallum', with a long horizontal stroke underneath.

RICHARD MCCALLUM
Director of Health and Social Finance, Digital and Governance

Annex A – Board Funding Uplifts

	2023/24 Allocation	Recurring Allocations*	Updated Allocation	Uplift**	2024/25 Total Allocation	Uplift from 2023/24	NRAC Funding	Distance from NRAC Parity
	£m		£m	£m	£m	%	£m	%
NHS Territorial Boards								
Ayrshire and Arran	850.2	33.1	883.3	0.2	883.5	3.9%	0.2	-0.6%
Borders	248.6	10.4	259.0	1.5	260.4	4.8%	1.5	-0.6%
Dumfries and Galloway	352.2	12.5	364.7	0.0	364.7	3.6%	0.0	1.1%
Fife	790.8	31.3	822.1	7.2	829.2	4.9%	7.2	-0.6%
Forth Valley	631.1	25.7	656.8	2.1	658.9	4.4%	2.1	-0.6%
Grampian	1,129.9	44.4	1,174.2	2.2	1,176.4	4.1%	2.2	-0.6%
Greater Glasgow and Clyde	2,639.4	93.8	2,733.1	0.0	2,733.1	3.6%	0.0	1.3%
Highland	768.2	39.0	807.1	0.0	807.1	5.1%	0.0	-0.6%
Lanarkshire	1,424.1	57.9	1,482.0	6.9	1,489.0	4.6%	6.9	-0.6%
Lothian	1,743.3	72.0	1,815.3	10.2	1,825.5	4.7%	10.2	-0.6%
Orkney	60.2	2.5	62.8	0.8	63.6	5.6%	0.8	-0.6%
Shetland	60.1	2.2	62.4	0.0	62.4	3.7%	0.0	1.9%
Tayside	912.2	39.0	951.2	0.0	951.2	4.3%	0.0	-0.3%
Western Isles	89.0	3.8	92.9	0.0	92.9	4.3%	0.0	12.6%
Territorials Total	11,699.2	467.5	12,166.7	31.1	12,197.9	4.3%	31.1	
NHS National Boards								
National Waiting Times Centre	75.8	6.0	81.8	0.0	81.8	7.9%		
Scottish Ambulance Service	334.2	15.0	349.2	0.0	349.2	4.5%		
The State Hospital	42.5	2.0	44.5	0.0	44.5	4.6%		
NHS 24	90.7	0.7	91.4	0.0	91.4	0.8%		
NHS Education for Scotland	517.6	32.6	550.2	0.0	550.2	6.3%		
NHS National Services Scotland	378.6	1.7	380.3	0.0	380.3	0.4%		
Healthcare Improvement Scotland	33.6	0.2	33.8	0.0	33.8	0.5%		
Public Health Scotland	56.9	0.6	57.5	0.0	57.5	1.0%		
Nationals Total	1,530.1	58.8	1,588.9	0.0	1,588.9	3.8%		
Total NHS Boards	13,229.3	526.3	13,755.6	31.1	13,786.7	4.2%		

* Includes recurring allocations from 2022-23

** Includes NRAC parity adjustments.