

Director-General Health & Social Care and  
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Clare Haughey  
Convenor of the Health, Social Care and  
Sport Committee  
The Scottish Parliament  
Edinburgh  
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cc Stephen Boyle, Auditor General

27 November 2023

Dear Ms Haughey

## **UPDATE ON FINANCIAL ESCALATION STATUS**

The NHS Scotland Support and Intervention Framework (the Framework) is one of the key elements of the Health and Social Care Directorates' evidence-based approach to monitoring performance and managing risk across the NHS in Scotland.

The National Planning and Performance Oversight Group within Scottish Government considers a range of performance measures, including in relation to finance, when deciding placement of an NHS Board on the Framework. The framework consists of five levels, with the incremental increases each representing increased support and intervention from the Scottish Government.

Based on the pressures faced during the pandemic and uncertainties on funding, the Framework was effectively paused for finance purposes in March 2020. The ongoing financial implications of the pandemic, as well as uncertainty about funding, has meant it has taken time to assess effectively how Board's are performing financially in this recovery landscape. We have used the early part of 2023-24 to understand where Boards are in terms of their overall financial position now that financial assumptions are starting to settle.

From our current assessment, we have placed four Boards at level three of the Framework for finance. Those Boards being; NHS Ayrshire and Arran, NHS Borders, NHS Highland and NHS Orkney. We have a further four Boards at pre escalation stage, level two, those being; NHS Dumfries and Galloway, NHS Fife, NHS Grampian and NHS Tayside. The other six territorial Boards are all at level one. This assessment is based on current performance rather than the historic level the Board had been placed at before the Framework was paused.

The financial challenge across NHS Scotland in 2023-24 is significant, driven by pressures including inflation, supplementary staffing due to sickness absence and vacancies and increased cost and volume of prescribing. The consolidated position for all NHS Boards at month six of 2023-24 is a forecast deficit of £395 million, albeit urgent action is being taken across NHS Boards to reduce this deficit. There is a package of tailored support being provided to all Boards that are scored level 3 of the Framework.

I have made clear my expectations of all NHS Boards, the scale of the deficit must reduce and I expect the 3% recurring savings target to be worked towards both in 2023-24 and 2024-25. I will update the Committee further after reviews undertaken at the end of quarter 3 and before the end of the financial year, and would also be happy to share further detail on the support being provided to escalated Boards.

Yours Sincerely



Director General Health and Social Care & Chief Executive NHS Scotland

### Annex A – NHS Boards position on the NHS Scotland Support and Intervention Framework for Finance

	Level based on pre-pandemic assessment	Suggested level
NHS Ayrshire & Arran	3	3
NHS Borders	3	3
NHS Dumfries & Galloway	1	2
NHS Fife	1	2
NHS Forth Valley	1	1
NHS Grampian	1	2
NHS GGC	1	1
NHS Highland	3	3
NHS Lanarkshire	1	1
NHS Lothian	1	1
NHS Orkney	1	3
NHS Shetland	1	1
NHS Tayside	2	2
NHS Western Isles	1	1