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NHS Chief Executives

cc:  
NHS Directors of Finance  
Integration Authority Chief Officers  
Integration Authority Chief Finance Officers

via email

14<sup>th</sup> July, 2022

Chief Executives

## 2022-23 Priorities and Finance Planning

The purpose of this letter is to confirm priorities and funding allocations for 2022-23, reflecting discussions at the most recent Board Chief Executive meeting in June.

Within the letter we set out:

- The priorities for the remainder of this financial year;
- The position regarding Agenda for Change pay and funding assumptions; and
- The steps being taken to confirm the remaining funding allocations for 2022-23 and expectations regarding Board's operating within their revenue and COVID resource limits.

### Service Priorities

As previously set out to NHS Chief Executives, there is a considerable financial challenge in 2022-23 alongside the operational and workforce pressures that each Board is experiencing. In view of this, consideration has been made to the areas we expect NHS Boards to prioritise in this financial year. These are as follows:

- **Planned Care** – reduction in outpatients waiting over one year and inpatients waiting over two years in line with our joint ambition to tackle waiting lists. The new targets confirmed in the letter of 6 July are to eliminate:
  - two year waits for outpatients in most specialities by the end of August 2022
  - 18 month waits for outpatients in most specialities by the end of December 2022
  - one year waits for outpatients in most specialities by the end of March 2023



- two years waits for inpatient/daycases in the majority of specialities by September 2022
- 18 month waits for inpatient/daycases in the majority of specialities by September 2023
- one year for inpatient/daycases in the majority of specialities by September 2024.

We will confirm initial allocations in the coming weeks to support these targets and further work will be undertaken to revisit your existing Board elective recovery plans, following which a revised allocation will be agreed with you.

- **Cancer 31/62 day performance** – we share a collective desire to enhance access to cancer diagnosis and treatment and will work with you to agree the steps that can be taken to improve performance, whilst acknowledging the increasing demand being placed on all elements of the cancer pathway.
- **Unscheduled and Urgent Care** – we have jointly agreed to take forward the new Urgent and Unscheduled Care Collaborative as the means to a whole systems approach to addressing the pressures on our unscheduled care pathways and improving the 4 hour emergency access performance. We will be liaising with you and Chief Officers regarding your plans, including steps to protect elective care capacity and address any further surges in COVID activity. The funding to support the unscheduled care collaborative will be in line with that announced in May, with winter plan funding to be confirmed shortly.
- **Extended Flu and COVID vaccinations** – we have been working closely with your Delivery Lead for the Vaccination Programme and would acknowledge the significant work that has been undertaken over the last two years and currently in preparing for the Autumn / Winter programme. The vaccination workforce and venue costs for 2022-23 should be met from within the COVID resource limit funding that has been confirmed previously. If additional surge capacity requires to be implemented to comply with JCVI guidance, we will revisit our planning assumptions with your local Delivery Lead.
- **Reducing Drugs Deaths** – we have recently written to confirm 2022-23 funding for ADPs and to confirm ministerial priorities, including the implementation of Joint Plans to ensure adherence with the MAT standards.

We acknowledge the challenges that all Boards are experiencing and the impact that this is having on you and your staff. We remain committed to working with you on these priorities and supporting you and your teams to deliver the best outcomes for patients as we progress with the recovery of the NHS. The care and wellbeing of all our staff remains a key consideration and it is important that any plans we agree are developed in partnership with you.

### Agenda for Change Pay Offer 2022-23

Financial planning until now has been based on Scottish Public Sector Pay Policy. As the recent Agenda for Change offer exceeds these parameters, this is an additional cost that will need to be managed by the Portfolio.

For planning purposes, Boards should assume that funding will be provided based on the additional cost associated with the recent Agenda for Change offer. Allocations will be confirmed following conclusion of pay negotiations.

## Board Core Position and Quarter 1 Review

The letter to Chief Executives on 1 June set out the expectations on the actions required ahead of the formal financial Quarter 1 review. In terms of this year, we are expecting Boards to taking the appropriate steps to:

- Reduce COVID expenditure in line with the resource limits that have been allocated for 2022-23; and
- Deliver local savings plans to ensure that you are able to achieve a position of break-even without Scottish Government financial support by the end of the financial year.

We acknowledge the challenge that this will present and whilst decisions should be made locally based on the feasibility of options that you will have risk assessed, we will arrange to discuss your Quarter 1 financial returns and Delivery Plans in further detail.

The Directors of Finance, at their meeting on 16 June, agreed to work together with Scottish Government to progress a number of national actions that will further assist in addressing the financial challenge and we will keep you advised on the progress with this work.

We have previously written to NHS Chief Executives in relation to COVID funding envelopes for non-delegated services in the current financial year. Work continues through the COVID Cost Improvement Programme to address the overall scale of challenge across delegated and non-delegated services in 2022-23 and beyond. It remains essential that activity across NHS Boards and Integration Authorities is fully aligned with this work and that costs are minimised as far possible.

As you will be aware, we do not anticipate any further COVID consequential in 2022-23 or in future years. Therefore any recurring costs will be met through confirmed recurring allocations (e.g. sustainable vaccination workforce) or from existing baseline budgets. To manage this pressure moving forward, Boards should actively be developing local COVID exit plans alongside the work of the national COVID Cost Improvement Programme.

As previously confirmed, Boards will be provided with funding to meet the costs of delivery of the Test and Protect programme and you are not expected to cover these within your COVID resource allocation.

### 2022-23 Funding

As colleagues will be aware, work continues on addressing the significant financial challenge across the Health and Social Care portfolio this financial year. As work continues across the Scottish Government's Health and Social Care Directorates, it is important that a consistent and prudent approach is taken regarding funding expectations.

For planning purposes, Boards and Integration Authorities should assume funding broadly in line with levels received in 2021-22, except where separate approval or confirmation has been provided by the relevant SG policy teams. Further clarity on the funding position will be provided to NHS Directors of Finance and IA Chief Finance Officers in the coming weeks.

For ring-fenced amounts carried forward by Integration Authorities, it remains our general expectation that these are utilised in full before further funding is provided by Scottish Government.

## 2023-24 and beyond

In terms of the approach for 2023-24 and beyond, we are progressing the planning which will bring together the key priorities for future service delivery, in the context of the medium term financial framework and workforce plan. Given the anticipated challenges over the Spending Review period as recently set out by the Cabinet Secretary for Finance and Economy, it is important that we engage with you on the planning scenarios and options that we may need to consider in terms of both recovery and future reform, including planning for a new National Care Service.

We would thank you for your support at this time and we will continue to work closely with you in taking forward the priorities for this financial year.

Yours sincerely



John Burns  
Chief Operating Officer – NHS Scotland



Richard McCallum  
Director of Health Finance and Governance