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Territorial NHS Chief Executives

cc

Territorial NHS Directors of Finance

via email

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Chief Executives

2023-24 Sustainability and New Medicines Funding

I am writing to inform you of further funding being allocated to support the 2023-24 financial position. There are two parts to this funding as set out below.

New Medicines (VPAS)

Boards should assume a further £100 million of new medicines funding in 2023-24 on a NRAC basis. This will bring the total allocation of funding to £250 million. The final amount is still to be confirmed however we wish to allocate this funding as early as possible in the financial year to allow certainty for service planning. Due to uncertainty about the replacement of the current VPAS arrangement, this increase should be assumed on a non-recurring basis.

NRAC Parity and Sustainability

The annex to this letter also sets out the additional allocation of recurring funding which will be allocated on an NRAC basis, with weighting to Boards behind NRAC parity, bringing those Boards to 0.6% from parity. We will continue to review the NRAC position and intend to make incremental reductions in parity distance in the coming years.

This funding is predicated on NHS Boards continuing to work towards delivery of 3% recurring savings in year supported by local and national Sustainability & Value arrangements. I expect this increased funding and associated benefit is fully reflected in 2023-24 forecasts. We will shortly be undertaking a detailed Quarter One review alongside Directors of Finance and teams.

Yours sincerely



Richard McCallum
Director of Health Finance and Governance

Annex: Breakdown of Additional Sustainability and NRAC Parity Funding

Figures in £ million	NRAC Allocation	NRAC Parity adjustment	Total
NHS Ayrshire & Arran	5.2	0.5	5.6
NHS Borders	1.5	1.0	2.5
NHS Dumfries & Galloway	2.1	0.0	2.1
NHS Fife	4.8	3.5	8.3
NHS Forth Valley	3.9	2.7	6.5
NHS Grampian	6.9	1.1	8.0
NHS Greater Glasgow & Clyde	15.6	0.0	15.6
NHS Highland	4.6	3.4	8.0
NHS Lanarkshire	8.7	6.3	14.9
NHS Lothian	10.6	7.7	18.4
NHS Orkney	0.4	0.3	0.6
NHS Shetland	0.3	0.0	0.3
NHS Tayside	5.5	3.1	8.6
NHS Western Isles	0.5	0.0	0.5
Total	70.5	29.5	100.0

