

Meeting:	NHS Grampian Board
Meeting date:	Thursday 12 th June 2025
Item Number:	6
Title:	NHS Grampian Escalation to Stage 4
Responsible Executive:	Adam Coldwells, Interim Chief Executive
Report Author:	Alex Stephen, Director of Finance

1 Purpose and recommendations

This is presented to the Board for:

- Formal Information Sharing

Recommendation(s)

The Board is requested to:

1. Note the Board's escalation level has been increased to Stage 4, for Financial Sustainability, Leadership and Governance on the NHS Scotland's Support and Intervention framework.

This report relates to:

- NHS Grampian Strategy: Plan for the Future
- Board Annual Delivery Plan
- Financial Sustainability

This aligns to the following NHS Scotland quality ambition(s):

- Safe
- Effective
- Person Centred

This subject matter of this report is relevant to the mitigation of the following strategic risks (further information provided in the Risk section below)

- Inability to achieve the aspirations set out in Plan for the Future and mitigate our four intolerable strategic risks due to financial resource constraints.

2 Report summary

2.1 Situation

NHS Grampian was escalated to Stage 4 of the NHS Scotland Escalation and Support Framework on the 12th May 2025 due to concerns being raised on Financial Sustainability, Leadership and Governance.

2.2 Background

NHS Grampian has been receiving support from the Scottish Government since November 2023, when the Board was escalated to Stage 2 of the Scottish Government's Support and Intervention Framework. Further escalation took place in January 2025, when NHS Grampian was escalated to Stage 3 of the framework based on the deterioration in the financial position of the Board during 2024/25 and the recommendation of the National Planning and Performance Oversight Group.

On the 12th May 2025 NHS Grampian were formally escalated to Stage 4 of the NHS Scotland Support and Intervention Framework due to concerns around financial sustainability and the deterioration of the Board's financial position during 2024/25, Leadership and Governance. (a copy of the letter is attached as Appendix 1 of this report)

The NHS Scotland Support and Intervention Framework describes Stage 4 as Senior External Support and Monitoring – 'There are significant risks to delivery and the Recovery Plan or Tailored Support is not producing the required improvements. At this stage, senior external level support is required, and will report to an Assurance Board chaired by the Scottish Government. The onus remains on the NHS Board to deliver the required improvements. The Assurance Board will report directly to the Chief Operating Officer for NHS Scotland and the Director General Health and Social Care. The National Planning and Performance Oversight Group (NPPOG) will be informed of progress on a regular basis.'

On 31st March 2025, the Scottish Government confirmed the maximum level of overspend permitted by the Board is £45 million, which is £23 million less than the current overspend forecast for 2025/26 via the MTFF. A financial recovery plan was to be developed to cover this financial gap and submitted to the Scottish Government by the 7th June 2025. The letter also confirmed that the revenue budget for 2025/26 has not been approved by the Scottish Government.

As highlighted in the finance report to the Board on the 10th April 2025, a rapid external diagnostic review is to be undertaken, commissioned by the Scottish Government, on the financial position of NHS Grampian. The initiation meeting took place on 3rd June 2025 and their report to Scottish Government should be finalised by the end of June.

The purpose of this review is to identify areas in which additional savings, above the £23 million, can be delivered.

NHS Grampian submitted a savings plan to the Scottish Government by the 7th June 2025, as requested by the Scottish Government. We are waiting on advice on next steps and how the external diagnostic review interfaces with these savings.

2.3 Assessment

NHS Grampian remains committed to working with its staff, patients and residents to continue to improve its financial and operational performance. The financial challenges in NHS Grampian have been known for some time and the additional support which will be provided by the external diagnostic review is welcomed.

Senior officers within NHS Grampian continue to work closely with their counterparts in the Scottish Government on how the Stage 4 Assurance Board will work and who will attend. It is likely that an improvement plan will need to be developed which will be monitored by the Assurance Board and work has already begun in collating the actions which may require to be considered in this plan. It will be important to consider how updates from the Assurance Board are provided into the formal governance systems of NHS Grampian.

Recovering a financial overspend of this size over three financial years will be extremely challenging, however, the move to Stage 4 does not mean that NHS Grampian will dispense with the processes and procedures that it has developed over the last three years to assess the implications of any savings or actions and where necessary undertake the proper consultations.

2.3.1 Quality / Patient Care

The impact of any financial decisions and proposed savings schemes will be assessed at the level of individual services using the NHS Scotland risk matrix. The Chief Executive Team will continue to use our 'finding balance' methodology when assessing savings, which ensures that there is a balance between our three main strands of governance and prevention when making decisions.

2.3.2 Workforce

Regular briefings will be provided to colleagues on the improvement plan and our established processes will be followed should there be any changes that impact on staff as a result of the financial recovery.

2.3.3 Financial

The Board continues to work closely with colleagues in Scottish Government to deliver sustainable improvement in our financial position and has submitted a revised 3 year projection.

2.3.4 Risk Assessment / Management

Once the improvement plan is implemented then this will impact on many of the risks in the operational and strategic risk registers.

2.3.5 Equality and Diversity, including health inequalities

All service change proposals and efficiency savings included within the financial recovery plan will be subject to an initial impact assessment screening to ensure savings do not have a disproportionate impact on patients and staff with a protected characteristic or who live in a socio-economically deprived area. Where required a full impact assessment will be carried out.

2.3.6 Other impacts

All are outlined above.

2.3.7 Communication, involvement, engagement and consultation

The Board has carried out its duties to involve and engage external stakeholders where appropriate through the following meetings:

- Chief Executive Team – weekly update on financial position.
- Monthly reporting to the Scottish Government.
- Regular meetings with Scottish Government as part of Stage 3 intervention arrangements.
- Regular meetings with MPs/MSPs

2.3.8 Route to the Meeting

This has been previously considered by Chief Executive Team as part of its development, with their feedback informing the development of the content presented in this report.

2.4 Recommendation(s)

The Board is asked to:

- Note the Board's escalation level has been increased to Stage 4, for Financial Sustainability, Leadership and Governance on the NHS Scotland's Support and Intervention framework.

3 Appendix/List of appendices

The following appendix/appendices are included with this report:

- Appendix 1 – Escalation Letter dated 12th May 2025.

