

Meeting:	NHS Grampian Board Meeting
Meeting date:	12 June 2025
Item Number:	10
Title:	Financial Recovery Plan and Medium Term Financial Framework – Integrated Impact Assessment of Operational Savings
Responsible Executive:	Alex Stephen (Director of Finance) & Stuart Humphreys (Director of Communications and Marketing – Executive lead for Equality)
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1 Purpose

This is presented to the Board for:

- **Decision** – Endorse the Financial Recovery Plan which aims to reduce the forecast deficit for 2025/26 to £45 million and note that a three year Financial Recovery Plan to support the Board in returning to financial balance is to be developed and reported to the Board in October 2025.
- **Assurance** – Review and scrutinise the information provided in this paper and confirm that it provides assurance that the Integrated Impact Assessment process has been applied to those proposed savings contributing to the Medium Term Financial Framework.
- **Decision** – Approve the savings for which a full integrated impact assessment has been carried out with a total value of £1.0 million, acknowledging the impacts and mitigations described but cognisant that both positive and negative impacts will result from the delivery of these savings.

This report relates to:

- NHS Grampian's Medium Term Financial Framework
- Board Annual Delivery Plan
- Financial Sustainability
- Legal requirement
- Local policy

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

- Safe
- Effective

- Person Centred

2 Report summary

2.1 Situation

NHS Grampian have reported an overspend of £65.1 million in 2024/25, the highest financial overspend in value terms across Scotland and the fifth highest in percentage terms. Brokerage has been confirmed by the Scottish Government at £65.2 million taking the total brokerage repayable on return to financial balance to £89.9 million.

At the NHS Grampian Public Board meeting in April, an update was provided on the organisation's financial position together with the 2025/26 Budget and Medium Term Financial Framework (MTFF). This reported that NHS Grampian has the highest forecast financial overspend in value terms for 2025/26 across NHS Scotland. Year one of the MTFF includes operational saving proposals intended to realise savings of £7 million.

On 31st March 2025, the Scottish Government confirmed the maximum level of overspend permitted by the Board is £45 million and required a financial recovery plan to be developed and submitted by the 7th June 2025 to cover this financial gap.

2.2 Background

2024/25 Financial Position

The financial plan submitted to Scottish Government in March 2024 projected a financial gap of £59 million after achievement of Value & Sustainability savings of £35 million. The final outturn reported was a deficit of £65.0 million. Brokerage was confirmed by Scottish Government with £65.2 million of brokerage funding provided to NHS Grampian in 2024/25. This takes the total brokerage received by NHS Grampian to £89.9 million, which is repayable to Scottish Government on the Board's return to financial balance.

NHS Grampian required to contribute to overspends in all three Integration Joint Boards (IJBs) in 2024/25 as part of the risk arrangements in place between the Board and the relevant Councils for meeting IJB overspends with contributions totalling £22.4 million in 2024/25.

Integrated Impact Assessment

To ensure that NHS Grampian considers the full impact of its decisions, an integrated approach to impact assessment has been developed. A bespoke form and accompanying staff guidance combines best practice examples from across the Public Sector in order to meet both the Public Sector Equality Duty, Fairer Scotland Duty and assess wider impacts on human rights, child and young people's rights and sustainability. Having been trialled on a number of decisions during 2024, this Integrated Impact Assessment process was authorised for use across the organisation by the Chief Executive Team on 11 February - superseding the extant EQIA process.

As reported at the April meeting of the Board, Initial Impact Assessments were carried out on all savings included within the MTFF. This identified that 12 of the 79 proposed financial savings which make up the £7 million of operational savings required a full Integrated Impact Assessment. It was agreed that the findings from this process would be presented to the Board in June to enable the Board to consider and approve these savings.

2.3 Assessment

Integrated Impact Assessment

Of those twelve savings identified as requiring a full Integrated Impact Assessment, two have since been substituted for an alternative initiative which represents an equivalent saving. A full Integrated Impact Assessment has been carried out for this saving proposal. One of the savings proposals requires further work to ensure appropriate engagement activities have been undertaken. The remaining eleven savings proposals have now been considered via a Full Integrated Impact Assessment and a summary of the saving, its potential impact on groups of the population and possible mitigations are provided in Appendix 1.

Financial Recovery Plan

In order to develop the Financial Recovery Plan, meetings have been held with budget holders across the system to review their budgets and consider further opportunities for savings. These meetings provided assurance about the significant work underway across the system to ensure efficiency in the use of our resources.

A financial recovery plan for 2025/26 has been developed and submitted to Scottish Government on 30th May 2025 which includes the following key actions to deliver a £23 million reduction in the anticipated deficit. This will reduce the forecast outturn to £45 million in 2025/26.

	2025/26
Reduce the operational overspend as a result of the 2024/25 improved financial position	£4 million
Deliver additional financial savings from non-compliant rotas	£1 million
Reduce Integration Joint Board Risk Provision, to 2024/25 overspends adjusted for reserves	£12 million
Recognise the anticipated financial benefit from the AFC non pay provision and other technical adjustments	£6 million
Total	£23 million

Improved Financial Position

The 2025/26 financial plan assumed an operational overspend of £5 million a month. In December the operational overspend began to reduce as a result of the work undertaken both by our Value & Sustainability Programme and the efforts of budget managers across

our system. An improved operational outturn was reported in February and March reducing the overspend for the final quarter of 2024/25 to an average of £4 million per month. Some of this improvement was reflected in the £39 million savings target, however a further review has identified that the operational overspend in the 2025/26 financial plan can reduce by £4 million as a result of this improvement.

IJB Contributions

Two of the three IJBs reported an improved position, when compared with forecast, in 2024/25 which provides some assurance around the recovery plans in place within each IJB. The provision for IJB overspends in the financial plan has been revisited in light of the improving position, and has been reduced to £26 million in 2025/26.

There are a number of risks associated with the financial recovery plan for 2025/26 which would leave NHS Grampian with no flexibility to manage any in year cost pressures that arise.

2.3.1 Quality / Patient Care

Potential impacts on the delivery of services have been identified through the application of the Integrated Impact Assessment process. Broadly, the patient group or population affected in each case reflects the make-up of service users, rather than any inequity towards people with protected characteristics. However, it should be noted that mitigations are not possible in all cases and a number of patient groups/people with protected characteristics would be directly affected by the proposed savings.

2.3.2 Workforce

Impacts on staff have been identified through the application of the IIA process. These include both positive and negative impacts on workforce wellbeing.

2.3.3 Financial

The savings which have now been considered via an Integrated Impact Assessment deliver combined savings of £1.0 million in year one of the Medium Term Financial Framework.

2.3.4 Risk Assessment / Management

- Relates to Corporate Risk 3130: An Inability to achieve the aspirations set out in Plan for the Future due to financial resource constraints and inefficiencies.
 - o There is a requirement to recover the financial position by redesigning services and implementing cost control measures to achieve savings.
 - o Failure to do so may result in:
 - Further escalation on the Scottish Government's performance framework.
 - Inability to financially support current levels of service provision and workforce size.
 - Inability to meet financial targets and resources prioritised to deal with operational pressures at the expense of delivering the annual delivery programme.

- Impact on the delivery of programmes and patient care.
- Inability to create the conditions for sustainable change.
- Exacerbating health inequalities and population health outcomes.

2.3.5 Equality and Diversity, including health inequalities

In developing an Integrated Impact Assessment process and applying this to its financial decision-making, NHS Grampian is demonstrating its commitment to supports the Public Sector Equality Duty, Fairer Scotland Duty, and the Board's Equalities Outcomes.

2.3.6 Other impacts

All are outlined in Appendix 1.

2.3.7 Communication, involvement, engagement and consultation

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

- The Chief Executive Team has received updates on the development of the Financial Recovery Plan and the Integrated Impact Assessments as part of its weekly financial position update.
- Performance Assurance Finance & Infrastructure Committee – finance update is a standing item.
- Departments and Services responsible for the savings identified have participated in Q&A sessions held via MS Teams.
- Wider engagement with staff and affected service users will be undertaken should the proposed savings be endorsed by the Board for delivery during 2025/26.

2.3.8 Route to the Meeting

This paper and the content of IIAs has been discussed by the Chief Executive Team and is the accumulation of the budget process. The agreement of the budget, and therefore approval to proceed with the savings identified understanding of the impacts as described, is a reserved decision of the Board.

2.4 Recommendation(s)

The Committee is asked to:

- **Decision** – Endorse the Financial Recovery Plan which aims to reduce the forecast deficit for 2025/26 to £45 million and note that a three year financial recovery plan to support the Board in returning to financial balance is to be developed and reported to the Board in October 2025.
- **Assurance** – Review and scrutinise the information provided in this paper and confirm that it provides assurance that the Integrated Impact Assessment process has been applied to those proposed savings contributing to the Medium Term Financial Framework.

- **Decision** – Approve the savings for which a full integrated impact assessment has been carried out with a total value of £1.0 million, acknowledging the impacts and mitigations described but cognisant that both positive and negative impacts will result from the delivery of these savings.

2 Appendix/List of appendices

The following appendix/appendices are included with this report:

- Appendix 1 – High-level summary of savings impact

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SAV007 - Reduce Outpatient Return Waiting Lists

This proposed saving relates to a reduction in return outpatient waiting lists of 30%. The proposal includes the streamlining and standardisation of practice to reduce unnecessary return clinic appointments. It is intended that, where appropriate, patients will receive results either by telephone or letter unless there is a clinical requirement, such as an examination being required or a cancer diagnosis.

Impacts on groups of the population/those with protected characteristics:

The proposal has identified potential negative impacts among patients with protected characteristics (i.e. age, disability, race), where there may be a benefit to face-to-face appointments. It is also perceived to have negative impacts on people experiencing socio-economic disadvantage.

However, potential positive impacts relating to age and disability include a reduced need to travel for follow-up appointments and reduction in cost for people experiencing socio-economic disadvantage (i.e. people living on low income or with low wealth).

Mitigation:

Among the mitigations required to address potential negative impacts are:

Monitoring how the change impacts on certain age groups to ensure equity of access to healthcare is maintained.

The provision of alternative communication methods – e.g. for patients with sight/hearing impairment for whom reading documents/holding telephone conversations is challenging.

Arranging translation of written documents or the use telephone interpreter for patients whose first language is not English.

Additional Information:

The main operational/performance impact of this proposal is the potential for missed diagnosis leading to harm and potential for complaints among those patients who prefer face-to-face follow-up appointments. This will be monitored.

SAV009 - Cessation of Elective Care activity on Public Holidays

This proposed saving relates to ceasing elective outpatient and inpatient activities over public holidays. The proposal includes the standardisation of practice to reduce unsociable hours payments to staff.

Impacts on groups of the population/those with protected characteristics:

The proposal would reduce access for all patients awaiting elective outpatient and inpatient appointments through an increase in waiting times that may affect their condition - including those patients on the urgent suspected cancer pathway. The patients that would be affected therefore do not belong to any specific group with protected characteristics.

Mitigation:

Whilst ceasing elective activity on Public Holidays cannot be mitigated without extra resource/cost being incurred at an alternate time, it should be noted that the reduction in activity and increase in waits is modest, equating to 8 theatre sessions per annum across the 4 Public Holidays currently worked.

Additional Information:

The delays to treatment and/or backlog created by curtailing services is likely to have a corresponding impact on performance against targets.

Ceasing activity over Public Holidays will support staff health and wellbeing by ensuring adequate time away from the workplace.

SAV015 – Nappies

This proposed saving relates to discontinuing the provision of disposable nappies for all well babies born in Aberdeen Maternity Hospital, Dr Grays Hospital, Inverurie Community Maternity Unit and Peterhead Community Maternity Unit. Note that a reusable nappies voucher is provided in the baby box supplied to all pregnant women in Scotland by the Scottish Government.

Impacts on groups of the population/those with protected characteristics:

The proposal has identified potential negative impacts on people with the following protected characteristics; age (babies) and pregnancy/maternity. There is also potential impact on families at socio-economic disadvantage (i.e. people living on low income or with low wealth).

Mitigation:

It is intended that pregnant women will bring their own supply of nappies for their babies who are born well and not admitted to the neonatal unit. Pregnant women will be provided with information on relevant benefits - i.e. paid maternity leave from work, SureStart maternity grant, Scottish Child Payment, Child Benefit and Healthy Start.

Additional Information:

This proposal does not affect those babies who require special-sized nappies that are admitted to the neo-natal unit.

SAV036 – Labs – Pathology Public Holiday Working Staff Review

This proposed saving relates to a reduction in the provision of pathology services over Public Holidays. This would be delivered by closing on 2 national public holidays and running with reduced staff on the remaining 2, thereby reduce unsociable hours payments to staff.

Impacts on groups of the population/those with protected characteristics:

The proposed saving has been assessed as resulting in minimal impact to the service provided by Pathology and there is no disproportionate negative impact on people with protected characteristics.

Mitigation:

The team will monitor and ensure that the reduction in service provision has no more than the minimal impact anticipated, particularly in the support of treatments dependant of pathology data

Additional Information:

Ceasing activity over Public Holidays will support staff health and wellbeing by ensuring adequate time away from the workplace.

SAV38 - Cessation of Non-Critical Radiology Services on Public Holidays

This proposed saving relates to a reduction in the provision of radiology services over Public Holidays. The proposal includes the optimisation of staffing levels and reduction in premium holiday staffing costs. Staffing levels would be limited to those essential personnel necessary to provide critical radiology services on Public Holidays.

Impacts on groups of the population/those with protected characteristics:

A reduction in the number of appointments would reduce access for patients awaiting non-critical radiology services. The patients that would be affected do not belong to any specific group with protected characteristics.

Mitigation:

Ceasing elective activity across the 4 Public Holidays currently worked cannot be mitigated without increase activity/cost at alternative times. The additional capacity generated through our national waiting time improvement plan is anticipated to minimise delays.

Additional Information:

The delays to diagnosis/treatment and/or backlog created by curtailing activity is likely to have a corresponding impact on performance against targets.

Ceasing activity over Public Holidays will support staff health and wellbeing by ensuring adequate time away from the workplace.

SAV039 - Standardisation of Vascular Stents

This proposed saving relates to a change to the type of vascular stent used for selected patients. Vascular Consultants will instruct the use of an alternative stent for insertion where clinically safe and appropriate. It is important to note that some patients would continue to require the existing stent based on individual clinical need based on risk.

Impacts on groups of the population/those with protected characteristics:

The proposal looked at the summary of cases completed annually. No negative impact on individuals has been identified, therefore there is no disproportionate negative impact on people with protected characteristics

Mitigation: None required.

SAV041 – Reduction in Cancer Day Services Unit on Public Holidays

This proposal relates to ceasing cancer day services over Public Holidays. The proposed saving would be delivered through a reduction in premium holiday staffing costs.

Impacts on groups of the population/those with protected characteristics:

The patients that would be affected do not belong to any specific group with protected characteristics. However, the proposal would reduce access for all patients requiring for Systemic Anti-Cancer Treatments and impact on 31 day cancer performance which, in turn, may affect their condition.

Mitigation:

Ceasing activity on Public Holidays cannot be mitigated without extra resource/cost being incurred at an alternate time.

Additional Information:

If the Acute Pharmacy decreases their capacity on Public Holidays this will impact on day treatment services, such are the interdependencies (see SAV043).

Ceasing activity over Public Holidays will support staff health and wellbeing by ensuring adequate time away from the workplace.

SAV043 - Acute Pharmacy Public Holiday Staffing Review

This proposed saving relates to a reduction in premium holiday staffing costs realised by a reduction in Pharmacy service provision during public holidays. Whilst staffing levels within dispensary will be maintained, there will be reduced dispensary experience, meaning fewer routine medicine orders will be processed to enable reduced staff to maintain urgent and emergency medicine supply and ordering.

Impacts on groups of the population/those with protected characteristics:

The proposal has identified a potential impact on all patients due to increased waits for dispensary, reduced ward based clinical activity, reduced aseptic services, inability to provide emergency medical gas testing. However, patients accessing maternity services may be more impacted and those in younger age groups since the Royal Aberdeen Children's Hospital dispensary is closed.

Mitigation:

To mitigate the negative impacts, the service will be delivered by adult dispensary with predominantly adult experienced pharmacy staff. Overall, the pharmacy team would be required to ensure staffing mix reflects the range of skills required as far as possible.

SAV047 - Review Depot Intramuscular Medication & Service Provision

This proposed saving relates to a service redesign of the Depot Clinic including staff reduction and new medication monitoring.

Impacts on groups of the population/those with protected characteristics:

The proposal has identified potential negative impact on patients attending the service who have a disability (i.e. mental health condition).

Mitigation:

Among the mitigations required to address potential negative impacts are:

Engagement with staff and affected patients/the at risk population to develop appropriate transition plans, promote and increase awareness of the proposed redesign.

There is a potential for positive impact from service redesign if the patients' community hub was more accessible. However, care will need to be taken to ensure it does not have the opposite effect – i.e. destabilising long standing patient/staff relationships.

Additional information:

Consideration will be given to using the Mental Wellbeing Impact Assessment toolkit [Mental health impact assessment](#)

SAV063 - Service Redesign, Spiritual Care

This proposed saving relates to a reduction in the delivery of the Spiritual Care provision through reduced staffing and on-call provision.

Impacts on groups of the population/those with protected characteristics:

The proposal has identified potential negative impacts on patients and staff who require access to spiritual care support. Those with the following protected characteristics would likely be affected; religion/belief, age, disability, pregnancy/maternity, race)

Mitigation:

Further redesign of the service, continued working with other key services that support staff wellbeing, eg. We Care team/Value Based Reflective Practice, further development of volunteer workforce and digital option.

The service would monitor future requests received and the impact of the change. As a key pillar of NHS Grampian Staff Wellbeing, any impact on absence rates/Occupational Health Service referrals would be also be tracked along with any feedback from patients.

SAV080 - Cessation of Paediatric Elective surgery on Public Holidays

This proposed saving relates to ceasing elective paediatric outpatient and inpatient activities over public holidays. The proposal includes the standardisation of practice to reduce premium holiday staffing costs.

Impacts on groups of the population/those with protected characteristics:

The proposal would reduce access for younger patients awaiting elective outpatient and inpatient appointments through an increase in waiting times that may affect their condition. Those with the following protected characteristics would likely be affected; age, pregnancy/maternity.

Mitigation:

Work has been undertaken to reduce the waiting times for children's surgeries over the past year. Ceasing elective activity on Public Holidays cannot be mitigated entirely without extra resource/cost being incurred at an alternate time.

Additional Information:

The delays to treatment and/or backlog created by curtailing services is likely to have a corresponding impact on performance against targets.

Ceasing activity over Public Holidays will support staff health and wellbeing by ensuring adequate time away from the workplace.