

Cabinet Secretary for Health and Social Care
Rùnaire a' Chaibineit airson Slàinte agus Cùram Sòisealta
Neil Gray MSP
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Clare Haughey MSP
Convener
Health, Social Care and Sport Committee
The Scottish Parliament
Edinburgh
EH99 1SP

20 January 2025

Dear Clare

Thank you to the Committee for inviting me to attend on 17th December 2024, to provide evidence regarding the 2025-26 Draft Scottish Budget. I welcomed the opportunity to discuss and respond to questions from the Committee.

There were a number of follow up points which I agreed to provide additional information and have included as an Annex to this letter. I trust you will find this response useful.

Yours sincerely



NEIL GRAY

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Annex A – Post budget scrutiny – Committee follow up queries.

1. *In response to Paul Sweeney MSP, you stated you could provide written confirmation on points raised regarding comparisons between budgets and, specifically, between the autumn budget revision and budget positions.*

- The revised presentation of the 2025-26 budget document was adopted in response to the asks of the Finance and Public Administration Committee (FPAC) and external stakeholders such as the Institute for Fiscal Studies (IFS) to have latest budget numbers used as the 2024-25 Budget comparator, rather than the Budget Act as passed by Parliament at the start of the year.
- On this basis, the main comparator used in this years' Scottish budget document is the Autumn Budget Revision to the 2024-25 Budget Act, which represents the latest budget approved by the Scottish Parliament for 2024-25.
- This information supports a more meaningful analysis of the comparison of spending plans against the latest position.

2. *Also, in response to Mr Sweeney, you stated you could provide more detail on known transfers within the budget or budget documents and the Committee would welcome this information.*

3. *Finally, in response to Mr Sweeney, Alan Gray stated he would be able to provide further clarification on a number of areas where baseline funding has increased, including in relation to mental health.*

(Combined response below)

- There are significant movements in portfolio budgets across the financial year that reflect transfers of resource funding between portfolios. These transfers allow for recurring movement of sums between areas where policy responsibility (and initial budget) sit in one portfolio and ultimate delivery takes place in another. Further transfers will take place in year as part of subsequent budget revisions during 2025-26 once the values are more certain and therefore transfers are more accurate.
- However, we remain committed to reducing the number of in year allocations as far as possible and ensuring early notice is given on the value of in-year allocations.
- As part of the budget process for 2025-26, the Health and Social Care portfolio has moved key allocations into core funding. In response to your question asking for further clarification of areas impacted further information is provided below.
 - We have baselined a greater proportion of total allocations to NHS Boards, with c£328 million transferred to their opening budgets in 2025-26.
 - This includes providing Alcohol and Drugs Partnerships with increased levels of baselined funding, which will provide more stability, and transferring funding for the public dental service, the outcomes framework and support for annual service payments for operational hub/NPD projects to NHS Board baseline budgets.

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- Over and above this, a further £376.5 million has been baselined into the core Local Government revenue grant to provide certainty over the costs of the real living wage uplifts and free personal nursing care costs.
- For Mental Health services, £16.6 million of continued investment has also been permanently transferred to Local Government. This covers core funding for children and young people's community based mental health and wellbeing support, as well as and the National Trauma Transformation Programme.
- £6.1 million of mental health funding in the Dementia Strategy has also been realigned into Social Care support budgets following an internal restructure.

4. *You further stated, in response to Mr Sweeney, that you would be able to provide additional information on Barnett consequentials for the health budget as well as more detail on changes that underpin the decline in the “miscellaneous other services and resource income” budget line.*

- The Scottish Government remains fully committed to passing on all frontline health consequentials to support health and social care spend.
- Each year since 2010-11 the delivery of this commitment has been demonstrated through Budget publications, with an uplift exceeding consequentials included in the 2025-26 budget.
- With regards the Other Board Services and Miscellaneous income budget line, the significant increase in budget at the 2024-25 Autumn Budget Revision compared to the published 2024-25 budget was the allocation of over £1 billion additional funding provided to the portfolio in-year, which was predominantly to support NHS Board and Health contractors pay and pensions costs.
- The apparent decrease in this budget in 2025-26 is due to this budget being permanently allocated to the relevant budgets lines as part of the budget process, that is, mainly to NHS Boards and Health Contractors.

5. *In response to Brian Whittle MSP, you stated you would follow up in writing to provide clarity on where funding is going, specifically regarding funding to front-line services.*

- The 2025-26 budget document and published Level 4 budget tables provides detail on how budgets are allocated across individual NHS Boards and core policy lines in Health and Social Care Directorates.
- The Scottish Government publishes the Scottish Budget, that includes the prior two year's budget data and other supporting information, annually on its website.
- For 2025-26 budget movements across financial years, comparator information is provided showing the movement in budget from the latest budget position at the Autumn Budget Revision to the 2024-25 budget and 2023-24 financial outturn.
- Resource funding for health and social care has more than doubled since 2006-07 (up 126.7% cash; 41.7% real terms).
- NHS Boards' baseline funding has increased by over 120% in cash terms and 37% in real terms in the same timeframe.

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- This budget continues to prioritise investment in front line services, with over £16.2 billion provided directly to NHS Boards core funding.
- NHS Boards have the responsibility for the use of this funding to best provide health and social care services to meet the needs of their local population.
- NHS Boards provide a range of in-year reporting data on their total spend against allocated core funding and funding provided from Scottish Government Directorates in-year, supporting both analysis of and decision-making in relation to commitments and priorities.
- Information around spend for hospital services, primary care community services and primary care family health services is also included in the Scottish Health Service Costs (often referred to as the 'Cost Book') which are published annually in arrears by Public Health Scotland.
- The Cost Book is the only source of published costs information for NHSScotland, and provides a detailed analysis of where its resources are spent (noting that not all National Boards are included within the reporting).
- The most recent information published covers 2022-23 which due to some data issues includes estimates for two Boards. The key figures are included at Annex B.

6. *You also stated you would be able to provide greater clarity on how the Scottish Government has agreed the appropriate balance of spending between the health budget and social care budget.*

- A joint and collaborative approach is taken in the setting of the Scottish Government budget to determine how resources best support the delivery of Government priorities.
- For Health and Social Care services the budget process balances the requirement to address funding uplifts in pay and non pay costs and provide increased investment to meet priorities set out in the Programme for Government.
- Almost £2.2 billion is provided for social care and integration, exceeding our commitment to increase funding by 25% over this parliament, by over £350m.
- As part of the budget process this year, we have also baselined £376.5 million of funding into the core Local Government revenue grant, providing additional funding of £125 million to deliver against our PfG commitment to fund the real living wage for our adult social care workers.

7. *In response to Carol Mochan MSP, you also stated you could provide an answer to her questions regarding RAAC, as well as further information on capital investment in net zero, in writing.*

Reinforced autoclaved aerated concrete (RAAC)

- We do not expect RAAC to materially disrupt the delivery of health and social care services. The national survey programme provides assurance that all instances of RAAC in the NHS estate are known and that appropriate management plans are in place.
- A total of 560 buildings have been surveyed with the completion of a small number of revisits expected imminently; 51 properties have been identified as having RAAC in parts across 11 health boards.
- Of these, 36 properties had been recommended to have an annual reinspection and a programme of re-inspections is currently underway. Thirteen properties have been

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reinspected and no significant changes in RAAC condition have been reported at any of those properties.

- Two buildings have been closed, however, one (Denburn Health Centre) was planned to be vacated prior to RAAC discovery and the other (main laundry at the Western General) had been vacated and was planned to be demolished.
- Three more buildings on the 'PFI' New Craigs Hospital site have recently been vacated, as part of a master planning exercise with minimum disruption to services, which all remain on site.
- More-detailed 'pilot' surveys have been undertaken and reports are now with the NHS boards, and nothing of significance has been raised. These pilots were intended to and have proven the proposed methodology for the next phase of surveys. A Phase 2 of more-detailed surveys will be tendered and undertaken next year and the procurement of this Phase 2 is underway.
- All Health Boards will continue to publish updates on their RAAC position (note that updates can take time following surveys) and, for ease, NHS Scotland Assure have published a hyperlink to each website: [Reinforced Autoclaved Aerated Concrete \(RAAC\) Discovery Survey Programme - List of Properties | National Services Scotland](#)

Net Zero

- The focus of spending across health and social care includes improving the health of our population. With the risks that we face from climate change representing the greatest threat to health this century, population health is inextricably linked to sustainability and net zero and those aims must be embedded within – not separate to – our work to improve healthcare services and outcomes.
- From 2022-2023 objectives relating to climate change and the environment were put into Scottish Health Boards' Annual Delivery Plans and Medium Term Plans, ensuring that environmental sustainability and adaptation become part of core business for our Health Boards. The Annual NHS Scotland Climate Emergency & Sustainability Report sets out progress on how NHS Scotland is working to reduce its environmental impact and adapting its infrastructure and services to the address the risks presented by climate change.
- The latest report ([Annual NHS Scotland Climate Emergency & Sustainability Report 2024 - gov.scot](#)) shows that significant progress is being made in:
 - reducing emissions from the use of building energy - the largest single source of direct greenhouse gas emissions for NHS Scotland
 - reducing emissions from medical gases
 - decarbonising the NHS Scotland fleet
- Much is still to be done and as I set out during the evidence session, both the capital and revenue budgets will continue to support delivery of environmentally sustainable services. The budget allows for the continuation of the National Green Theatre Programme as well as our initiative to secure renewable Heat and Power Purchase Agreements for the NHS. Following receipt of Board Business Continuity Plans (BCPs) as required by [DL \(2024\) 02](#) officials will undertake a further review of capital requirements and whether further allocation of funding can be made available.
- Work is also under way to establish an NHS Energy Investment Fund to reinvest future savings from greater use of renewable electricity at NHS sites in energy improvement measures.

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8. You also stated, in response to Brian Whittle MSP, that you would provide further information on active healthy lives funding as well as funding for sport. Alan Gray, in follow up, also stated he would provide a written statement “to set out how the budget has moved over the past few years and where it has gone”.
(Alan Gray follow up covered in point 5 response above, with the answer below providing the response to the points raised on sport and active living only)

- The 2025-26 Budget underlines our ongoing commitment to Sport and Active Living by protecting the investment in SportScotland and the Active Healthy Lives budget against the challenging economic backdrop. A summary of investment over 2023-24 to 2025-26 is included in the table below.
- We recognise the significant impact that spending on sport and physical activity makes in delivering health outcomes and the doubling of investment into sport and active living by the end of this parliament still remains the ambition of the Scottish Government.
- Since April 2007, SportScotland has invested more than £192 million of Scottish Government and National Lottery funding to help sports clubs, community groups, local authorities, sports governing bodies and other organisations deliver new and upgraded sporting facilities across the country.
- We recognise that Physical activity is one of the best things we can do for our physical, mental and social health and want to create every opportunity for participation in sport and physical activity for everyone in Scotland no matter their background.
- Our investment is targeted into addressing inequalities in participation, in order to break down the barriers, financial or otherwise, that keep too many people from leading active lives.

9. In response to Sandesh Gulhane MSP, you stated you would be able to provide greater detail on how the budget has contributed to a reduction in health inequalities with respect to children’s dental health. The Committee would also be interested to know where the Scottish Government intends to target the £100 million of additional funding for dental services and how the Scottish Government intends to monitor this spend.

- Children’s oral health care is predominantly delivered through the Childsmile programme in communities, schools and nurseries, as well as at the dentist. It is therefore important that we focus on oral health outcomes when monitoring oral health inequalities in children.
- The National Dental Inspection Programme (NDIP) collates population-level data regarding the oral health of 5 year olds (Primary 1) and 11 year olds (Primary 7) in Scotland. The latest Primary 1 results published in October 2024 demonstrate a significant improvement in child oral health inequality, with the difference in the percentage of Primary 1 children with no obvious decay in the most and least deprived areas decreasing from 32.2 percentage points in 2010 to 23.5 percentage points in 2024. This is the lowest recorded gap. The publication also shows that 73% of Primary 1 children have no obvious decay, compared with 45% in 2003 when the Programme was first introduced.
- These results show the success of our flagship Childsmile programme. Our continued investment enables the delivery of the national Programme, as well as local systems to deliver its key elements including: daily supervised toothbrushing in schools and nurseries;

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free toothbrushes and toothpaste; targeted provision of fluoride varnish for children in the 20% most deprived populations across Scotland; and a community practice based element.

- Since 2022-23 we have provided additional annual funding of £1.85 million to support the recruitment of additional Dental Health Support Workers who work directly with more vulnerable communities to offer advice, advocacy and assistance with access to a dentist if needed. This additional funding has also supported the introduction of oral health tools and guidance in the baby box (which is available to all those expecting a baby in Scotland), and increased frequency of health visitor contacts regarding oral health matters. We continue to provide funding to Public Health Scotland and the University of Glasgow to support the ongoing statistical and epidemiological analysis of the national data set, focusing on area-based socio-economic circumstances (SIMD) and more vulnerable groups, considering all intersectionalities that exist.
- More broadly, the significant investment into the reformed NHS dental payment system introduced in November 2023 drives prevention and early intervention in oral health care. The Enhanced Preventive Care treatment focusses on instructing patients in preventive self-care through the teaching of oral hygiene techniques and management of risk factors that can lead to poor oral health. In the period from the introduction of payment reform until 30 September 2024, 1.7 million Enhanced Preventive Care treatments have been delivered to patients
- The Draft Budget reinforces our commitment to NHS dentistry, with an increase of almost 15% in funding for primary care dental services planned for 2025-26, taking total funding to over half a billion pounds for the first time. If approved, this means that over the course of this Parliament we will have increased investment in primary care dental services by 33%.
- The Draft Budget also pledges a £100 million package for reform and improvement across the health portfolio. Within this, we propose to invest up to £3 million in 2025-26 to improve the capacity and sustainability of Scotland's dental workforce. This investment will be used to grow both domestic student numbers over the longer-term – through immediate increase to university intakes for dental courses – as well as to invest in our existing workforce, supporting retention and development of our hard-working dental teams.
- We will continue to monitor our spend through the use of existing official statistics, published by Public Health Scotland. These allow us to understand the detail and reach of primary care dental activity across Scotland through provision of overall treatment counts and registration and attendance data, with the latter provided at both national and NHS Board level.

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Annex B – Key Figures from 2022-23 Costs Book.

The level of inflation between 2021-22 and 2022-23, as measured by the GDP deflator published by the UK Government, was 6.7%.

	£000	£000
	2022-23	2021-22 ¹
Shifting the balance of care		
Hospital Sector	8,904,686	8,381,574
Community Sector	3,551,437	3,615,094
Family Health Sector	3,094,657	2,942,111
Resource Transfer	425,554	476,032
Total Operating Costs	15,976,334	15,414,811
% of Total Operating Cost		
Hospital Sector	55.7	54.4
Non-Hospital Sector	44.3	45.6
Family Health Services – contractor breakdown		
Primary Medical Services (PMS)		
Total Operating Costs	1,038,806	1,022,227
% of Total Operating Costs	6.5	6.6
General Dental Services (GDS)		
Total Operating Costs	496,184	434,434
% of Total Operating Costs	3.1	2.8
General Ophthalmic Services (GOS)		
Total Operating Costs	112,391	111,646
% of Total Operating Costs	0.7	0.7
Pharmaceutical Services		
Total Operating Costs	1,447,276	1,373,806
% of Total Operating Costs	9.1	8.9

¹ 2021-22 cash expenditure figures have changed from the prior year publication, and the table reflects adjusted expenditure as included for comparative purposes in the 2021-22 release. This is due to NHS Boards updating expenditure post-publication.

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