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Clare Haughey MSP
Convener
Health, Social Care and Sport Committee

via email

28th February, 2024

Dear Convener

The previous Cabinet Secretary's Budget Scrutiny 2024-25 letter of 5 February 2024 included a commitment to provide details of the 2022-23 Health Service Costs (the 'Costs Book') upon publication. The publication date was yesterday and I have included a link to the report: <https://publichealthscotland.scot/publications/scottish-health-service-costs/scottish-health-service-costs-summary-for-financial-year-2022-to-2023/>.

The publication shows that £16 billion was spent on health service operating costs, a 3.6% (£562 million) increase on the £15.4 billion spent in 2021-22. Expenditure is estimated to have increased in real terms by 24% since 2012-13 but decreased by 2.8% in the last year. This reduction follows a period of accelerated growth from 2019-20 to 2021-22, which was in large part due to additional non-recurring funds made available to help mitigate the impact of the COVID-19 pandemic.

The combined cost of staff working in the hospital and community sectors accounted for £8.2 billion of expenditure, a year-on-year increase of £529 million (6.9%), now constituting 51.5% of total operating costs. This proportion has risen from 47.6% in 2017/18, increasing every year since. This is due in part to increasing numbers of staff, particularly during the pandemic, but also larger annual pay awards in recent years in response to general inflation.

I trust that this information is helpful.

Your sincerely

Richard McCallum
Director of Health and Social Care Finance, Digital and Governance

