

News release

Embargoed until 00:01 hours, Thursday 27 October 2016

NHS struggling to keep up with rising demand and cost pressures

A combination of increasing costs, staffing pressures and unprecedented savings targets mean that Scotland's NHS boards are finding it difficult to balance demand for hospital care with investing in community-based services to meet future need.

Audit Scotland's annual review of the financial health and performance of the NHS in Scotland recognises there have been improvements over time, such as increasing patient safety and reducing waiting times for hospital treatment.

The total health budget in 2015/16 was £12.2 billion. Although this increased by 2.7 per cent in real terms from the previous year, NHS spending is not keeping pace with increasing demand, rising costs and the needs of a growing and ageing population. This strengthens the case for changing the way services are delivered.

NHS boards struggled to achieve financial balance in 2015/16, and many used short-term measures to break even. Overall, NHS Scotland failed to meet seven out of eight key performance targets, though one of these was missed by a very small margin.

The report highlights a number of other significant challenges for the NHS, including:

- Increasing spending on drugs;
- The need for NHS boards to make unprecedented levels of savings in 2016/17, and a risk that some will not achieve financial balance;
- An ageing NHS workforce and difficulties in recruiting and retaining staff in some areas;
- Increasing spending by boards on temporary staff;
- A lack of workforce planning for new models of care to deliver more community-based services.

While the Scottish Government has published several strategies for reducing the use of hospitals and supporting more people in the community, most spending is still on hospital and other institutional-based care.

Caroline Gardner, Auditor General for Scotland, said: "Major challenges lie ahead for the NHS in Scotland. There are growing pressures on health boards which are struggling to juggle service delivery and progressing major reform whilst also managing considerable financial challenges.

"The Scottish Government has had a policy to shift the balance of care for over a decade but despite multiple strategies for reform, NHS funding has not changed course. Before that shift can occur, there needs to be a clear and detailed plan for change, setting out what the future of the NHS looks like, what it will cost to deliver and the workforce numbers and skills needed to make it a reality."

Audit Scotland has made several recommendations in today's report to support the Scottish Government and NHS boards implementing improvements.

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Notes to editors

1. Between 2008/09 and 2015/16, the total health budget increased by 16 per cent in cash terms. Taking into account inflation, the real-terms increase was five per cent. In 2015/16, the health budget increased by 2.7 per cent in real terms from the previous year. This includes a:
 - 3.2 per cent increase in the revenue budget (for meeting day-to-day expenses, such as staff costs, medical supplies, rent and maintenance)
 - 20.3 per cent decrease in the capital budget (for developing long-term assets, such as buildings or major IT programmes).
2. Spending on drugs increased by over ten per cent between 2012/13 and 2014/15 and the Scottish Government predicts that drugs spending will continue to rise by five to ten per cent each year (see paragraphs 37-39 for more detail).
3. The number of emergency admissions increased by six per cent and the associated costs increased by five per cent, between 2010/11 and 2013/14. Since 2008/09, although the real-terms increase in the total health budget was five per cent:
 - the budget per head of population only increased by 1.6 per cent
 - the population aged 75 and over increased by 11.8 per cent
 - the number of patients waiting for an inpatient or day case appointment increased by 5.6 per cent and the number waiting for an outpatient appointment increased by 89 per cent.
4. Staff costs are the largest spending area in the NHS. In 2015/16, they were £6.2 billion, an increase of 6.4 per cent since 2010/11. Overall staff levels are at the highest level ever, with 138,458 whole-time equivalent (WTE) staff employed as at March 2016. This is an increase of 0.6 per cent (855 WTE) in the last year.
5. The Auditor General has recently published separate reports on [NHS 24](#) and [NHS Tayside](#). Audit Scotland has also begun [a two-part audit](#) looking at the NHS workforce.
6. Audit Scotland has prepared this report for the Auditor General for Scotland. All Audit Scotland reports published since 2000 are available at www.audit-scotland.gov.uk
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