

News release

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Reform of NHS is progressing but fundamentals still need addressed

Significant activity is under way to transform Scotland's healthcare system, but a number of crucial building blocks still need to be put in place.

Audit Scotland's annual review of the NHS says staff are committed and overall patient satisfaction is high. But the report also notes increasing costs and growing demand for services, amid signs that the NHS is struggling to maintain the quality of care.

In 2016/17, the health budget was £12.9 billion - 43 per cent of the total Scottish Government budget. Funding increased, but operating costs are also rising and NHS boards had to make unprecedented savings of almost £390 million in order to break even.

The report says the NHS faces significant challenges, including:

- More people are waiting longer to be seen;
- The majority of national performance targets were not met;
- Scotland's health is not improving, and significant inequalities remain;
- General practice is under pressure, including recruiting and retaining GPs and low morale;

It also states that spending more to treat more people in hospital and speed up treatment is no longer sufficient, and won't deliver the step change that's needed across the system.

There are some signs of progress - in areas such as integrating health and social care, developing better data, and embedding a 'realistic medicine' approach - but some key building blocks still need to be put in place by the Scottish Government, NHS boards and integration authorities.

It's still not clear how moving care into the community will be funded, and what future funding levels will be required. A clear and long-term framework is needed that features how funding will be used differently to change services, alongside greater financial flexibility for NHS boards.

A comprehensive approach to workforce planning should be put in place, with input from staff. A capital investment strategy should also be developed to ensure that the NHS estate can deliver more community-based services.

Caroline Gardner, Auditor General for Scotland, said: "The NHS in Scotland marks its 70th anniversary next year, and there is widespread agreement that healthcare must be delivered differently if it is to withstand growing pressure on services.

"There is no simple solution, but these fundamental areas must be addressed if reform is to deliver the scale of transformation that's needed across the NHS. Involving staff, the public and bodies across the public sector will also be crucial for success."

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Notes to editors

1. In 2016/17, the NHS in Scotland employed almost 140,000 whole-time equivalent staff, performed 1.5 million hospital procedures and conducted an estimated 17 million GP consultations.

2. Between 2015/16 and 2016/17 the overall health budget increased by 5.7 per cent in cash terms. Taking into account inflation, the real terms increase was 3.6 per cent. This was made up as follows:
- Revenue funding, for day-to-day spending, increased by 3.1 per cent in cash terms from £12 billion to £12.4 billion, an increase of one per cent in real terms.
 - Capital funding, for example for new buildings and equipment, increased from £203 million to £525 million, an increase of 159 per cent in cash terms, 154 per cent in real terms. The majority of this increase is due to changes in the way capital funding is accounted for, and excluding this, the real terms increase was 35 per cent.
3. In 2016/17, the NHS budget included £250 million ring-fenced for social care funding for health and social care integration. Although this funding was for social care, it was included in the health budget and NHS boards were required to give this funding directly to Integration Authorities. Without this element of non-health funding, the health revenue budget decreased by one per cent in real terms between 2015/16 and 2016/17.
4. Demand for NHS services continues to increase. Exhibit 6 in the report sets out performance against indicators of demand for NHS services covering the period 2012/13 to 2016/17. Appendix three sets out individual boards' performance against key Local Delivery Plan standards
5. The Auditor General reported in July 2017 that spending on staff in Scotland's NHS is increasing and overall staff numbers are at their highest level ever but there are urgent workforce challenges, and the Scottish Government and health boards have not planned effectively for the long term. [This report](#) was the first of a two-part audit.
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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