

Health and Sport Committee: Consideration of the draft budget 2018/19

Response from the Audit Scotland, June 2017

1. Audit Scotland welcomes the opportunity to respond to the Health & Sport Committee's call for views on the budget for 2018/19. You set a number of specific questions for consideration and while it would not be appropriate for us to respond to all of those questions, we clearly have an interest in your question:

Is sufficient information available to support scrutiny of the Scottish Government's health and sport budget? If not, what additional information would help support budget scrutiny?

2. In July 2013, we published our report *Developing Financial Reporting in Scotland*, available [here](#). In this report we highlighted that publically reported information on the devolved Scottish public sector's assets and liabilities is important for accountability and decision-making.
3. Accurate and robust financial information is a cornerstone of the good management of public services and finances. The provision of comprehensive, reliable and transparent financial information by public bodies can help support decision-making; provide accountability by, for example, by allowing the Parliament to understand the rationale for decisions and to hold to account those responsible for the use of public funds; and generate public and other stakeholder confidence in the sustainability of public services.
4. In our report we identified that there is scope for the Scottish Government to further develop its financial reporting to make it more comprehensive and transparent. While the Scottish Government and other public sector bodies produce audited accounts, they do so individually. It would require the consolidation of over 100 sets of accounts, with appropriate adjustments for transactions between public bodies, to determine the assets and liabilities of the devolved Scottish public sector as a whole.
5. More recently, we published our report *Scotland's New Financial Powers: Key Issues for the Scottish Public Finances*, available [here](#). In this report we reiterated that effective Parliamentary scrutiny is critical to ensure that decisions being taken by government are thoroughly tested and independently reviewed. This improves decision-making and contributes to public trust in our democratic system of government. As the Scottish Government implements the new financial powers, the Parliament's role in scrutinising its policies, budgets and performance has never been more important. To fulfil this role, the Parliament must get comprehensive, reliable and timely information about the Scottish Government's objectives, plans and progress.
6. In terms of specifics in relation to the health and sport budget, it could be made more meaningful by disclosing further information such as how the funding to health boards is allocated across the boards rather than simply split between special and territorial boards. Some areas are amalgamated to make the health budget more manageable, however a more detailed breakdown would help in making budget transfers between revisions clearer, for

example the funding for nursing and midwifery education which is transferred from the Health and Sport budget to the Education budget at the Autumn Budget Revision.

7. In addition, the Scottish Government receives budget/Barnett consequential in year from UK budget announcements for which there is a Scotland element. The Scottish Government has a policy that all consequential will be passed to the health budget, but it may choose to hold some budget back for contingency. The budget documents show where a budget transfer has been funded by a consequential, but the budget documents do not show all consequential received in year and what has been spent and what has been saved for contingency.
8. In general, it would be beneficial for longer term financial targets to be set for Health Boards to help with a more strategic approach to planning for services and budgeting. The increasing role of integration authorities is fundamentally changing the way resources are used across health and social care, including a focus on localities. This increasing complexity means comprehensive, reliable and transparent financial information is even more crucial to support decision-making, provide public accountability and trust in the decisions of government.
9. The Committee may be interested to note that we plan to look at Managing Continued Devolution of Fiscal Powers in our 2018/19 audit programme which continues a series of reports looking at the devolution of new financial powers. We plan to publish this in spring 2018 on behalf of the Auditor General.
10. It may also be useful to note our continuing interest in health and social care as reflected in our [work programme](#). Our forthcoming second audit of health and social care integration will follow up the [emerging risks highlighted in our 2015 report](#), including: governance arrangements, budget-setting and strategic planning. We are currently carrying out an audit of children's mental health services, and we will examine spend, outcomes, and issues relating to transitions into adult mental health care. Our annual NHS in Scotland report will comment on the financial performance of the NHS in Scotland in 2016/17, performance against national targets, progress with health and social care integration, developments in public health and realistic medicine and how well the NHS is adapting for the future.