



REPORT TO: East Lothian IJB – Audit and Risk Committee

MEETING DATE: 12 December 2017

BY: Chief Finance Officer

SUBJECT: Other Reports of Interest

1 PURPOSE

- 1.1 This report provides the committee with a brief note of reports issued by Audit Scotland and the Scottish Government of interest to the Committee.

2 RECOMMENDATIONS

- 2.1 The Committee is asked to note the contents of this report.
- 2.2 The Committee is asked to consider if any issues raised in the highlighted reports should be brought to the attention of the IJB.

3 BACKGROUND

- 3.1 As part of the overall governance process and to allow the Committee to be informed of reports by other bodies of interest to the IJB a paper is presented to every committee bringing and briefly summarising other reports of interest – largely from Audit Scotland and the Scottish Government.
- 3.2 Rather than append these reports of interest to this paper, it has been decided to add web links into this report. If members of the Committee wish paper copies then these can be provided by the CFO.
- 3.3 **Audit Scotland**

[NHS in Scotland 2016/17](http://www.audit-scotland.gov.uk/report/nhs-in-scotland-2017)

<http://www.audit-scotland.gov.uk/report/nhs-in-scotland-2017>

Audit Scotland produce an annual review of the performance of the NHS in Scotland and makes recommendations to the SG. Appendix 1 is a copy of the summary of this report along with the

recommendations. This report notes the significant financial challenges faced by the NHS in 2016/17

Local Government in Scotland – Financial Overview 2016/17

<http://www.audit-scotland.gov.uk/report/local-government-in-scotland-financial-overview-201617>

Appendix 2 is a copy of the summary

Scottish Government

Professor Sir Harry Burns - Targets and Indicators in Health and Social Care in Scotland A Review.

<http://www.gov.scot/Resource/0052/00527689.pdf>

Sir Harry Burns has examined the targets that the Scottish Government has set the NHS the targets that the Scottish Government has set the Integration Authorities. A copy of the conclusions is attached as appendix 3.

Health and Sports Committee - Looking ahead to the Scottish Government Health and Sport Draft budgets 2018-19

<https://sp-bpr-en-prod-cdnep.azureedge.net/published/HS/2017/11/13/Looking-ahead-to-the-Scottish-Government-Health-and-Sport-Draft-Budget-2018-19--A-call-for-greater-transparency-1/HS-S5-17-13.pdf>

Summary attached as appendix 3.

4 ENGAGEMENT

- 4.1 All the documents discussed above have been broadly discussed by the authors with stakeholders and are free available on the internet.

5 POLICY IMPLICATIONS

- 5.1 There are no further policy implications in this report.

6 INTEGRATED IMPACT ASSESSMENT

- 6.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

7 RESOURCE IMPLICATIONS

- 7.1 Financial – none
- 7.2 Personnel – none
- 7.3 Other – none

8 BACKGROUND PAPERS

- 8.1 None

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Appendix 1 - Audit Scotland – NHS In Scotland 2017

Key messages

1. Every day the NHS provides vital services to thousands of people across Scotland. It has a budget of around £13 billion each year, equivalent to 43 per cent of the overall Scottish budget in 2016/17. At some time in their lives, everyone in Scotland will use a service provided or funded by the NHS, from dentists and GPs to hospital services such as maternity and orthopaedics. 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. The NHS in Scotland is 70 years old next year. In the intervening decades since it was set-up demographic and health trends have changed significantly and demand for services has increased dramatically. We have reported many times on the challenges facing the NHS including increasing costs, growing demand, and the continuing pressures on public finances. In 2016/17, these challenges continued to intensify. Demand for healthcare services continues to increase and more people are waiting longer to be seen. For example, the number of people waiting for their first outpatient appointment increased by 15 per cent in the past year and there was a 99 per cent increase in the number of people waiting over 12 weeks. Scotland's health is not improving and significant inequalities remain, while general practice faces significant challenges, including recruiting and retaining GPs and low morale. In the face of this, NHS staff have helped maintain and improve the quality of care the NHS provides. Yet there are warning signs that maintaining the quality of care is becoming increasingly difficult. The findings in this year's report illustrate why the way healthcare is planned, managed and delivered at all levels in Scotland must change.
3. Healthcare is likely to look very different in future. Health and social care integration marks a significant change in how the different parts of the health and social care system work together and how the Scottish public will access and use services in future. Yet the scale, complexity, and interdependencies of health and social care make achieving the changes needed a highly complicated and long-term undertaking. A number of factors provide a positive basis on which to build. Scotland has had a consistent overall policy direction in health for many years and there is broad consensus on the aim that everyone will be able to live longer, healthier lives at home or in a homely setting. Staff remain committed to providing high-quality care and there is a continued focus on safety and improvement. Levels of overall patient satisfaction continue to be high and the Scottish public hold the NHS in high regard. There are also early signs that changes in the way services are planned and delivered are beginning to have a positive impact. For example, delayed discharges have reduced in a number of areas and this provides opportunities for sharing learning across the country.
4. There is no simple solution to addressing the issues facing the NHS and achieving the changes required. Previous approaches such as providing

more funding to increase activity or focusing on specific parts of the system are no longer sufficient. Attention needs to focus on overcoming a number of barriers to change. Managing the health budget on an annual basis is hindering development of longer-term plans for moving more care out of hospital. It is still not clear how moving more care into the community will be funded and what future funding levels will be required. A clear long-term financial framework is a critical part of setting out how change will happen and when. Culture change is an essential part of transforming health and social care services. A different way of involving the public and staff in how they access, use and deliver health and care services is needed to help make the necessary difficult decisions. More information about how the NHS is working and the impact changes have on different parts of the system would help. For example, there are indicators measuring access to acute care services, such as hospitals, but there is little or no monitoring of activity levels and still little public information about primary care, such as GP practices, and community care.

Recommendations

To provide the foundations for delivery of the 2020 Vision and changing the way healthcare services are provided:

The Scottish Government should **(paragraphs 63–70)**:

develop a financial framework for moving more healthcare into the community which identifies:

- the anticipated levels of funding available for future years across the different parts of the healthcare system

- how funding is anticipated to be used differently across NHS boards and integration authorities to change the way services are delivered

develop a longer-term approach to financial planning to allow NHS boards and integration authorities flexibility in planning and investing in the longer-term policy aim of developing more community-based services.

The Scottish Government, in partnership with NHS boards and integration authorities, should **(paragraphs 71–78)**:

develop a capital investment strategy to ensure the NHS Scotland estate is appropriate for delivering more regional and community-based services

continue to develop a comprehensive approach to workforce planning that:

- reflects forecasts of future staffing and skills requirements to deliver changing models of healthcare provision at regional, local and community level

- provides a clear breakdown of transitional and future costs to meet

projected demand through additional recruitment and training.

To improve governance, accountability and transparency:

The Scottish Government should **(paragraphs 61–62)**:

develop a robust governance framework for the delivery of the *Health and Social Care Delivery Plan*. This should:

set out all the work currently under way and planned, and the interrelationships between them

move on from statements of intent to developing the specific actions, targets and timescales to deliver all of its workstreams and plans, to allow better oversight and progress to be assessed and reported publicly

simplify and make clear the lines of accountability and decision-making authority between the Health and Social Care Delivery Plan Programme Board and major work programme delivery oversight groups, regional boards, NHS boards and integration authorities

improve transparency by including measures of performance covering all parts of the healthcare system which include indicators of quality of care in addition to indicators of access.

The Scottish Government and NHS boards should **(paragraphs 18–26)**:

work together to develop a consistent way of measuring and reporting savings to ensure that it is clear how boards have planned and made savings, and what type of savings they have made.

To promote the culture change necessary to move to new ways of providing and accessing healthcare services:

The Scottish Government should (paragraph 87):

work with the entire public sector to develop a shared commitment to, and understanding of their role and interrelationships in improving public health and reducing health inequalities.

The Scottish Government, NHS boards and integration authorities, should **(paragraphs 83–84 and paragraphs 53–56)**:

continue to work with the public, local communities and staff to develop a shared understanding and agreement on ways to provide and access services differently

work together to embed the principles of 'realistic medicine' in the way they work, monitor progress in reducing waste, harm and unwarranted variation; and creating a personalised approach to care.

Appendix 2 - Audit Scotland – Review of Councils 2017

1. Councils' financial challenges continue to grow. Funding reductions are compounded by increasing costs and demands on services. In response, councils have needed to achieve ambitious savings plans, including around £524 million of savings for 2016/17.
2. Councils are showing signs of increasing financial stress. They are finding it increasingly difficult to identify and deliver savings and more have drawn on reserves than in previous years to fund change programmes and routine service delivery. Some councils risk running out of General Fund reserves within two to three years if they continue to use them at levels planned for 2017/18.
3. Debt increased by £836 million in 2016/17 as councils took advantage of low interest rates to borrow more to invest in larger capital programmes. Councils' debt levels are not currently problematic, but some are becoming concerned about affordability of costs associated with debt within future budgets.
4. Councils' budget-setting processes for 2016/17 were complicated by late confirmation of funding from the Scottish Government and the funding arrangements for integrating health and social care. Councils' expenditure and use of reserves often differed noticeably from that originally planned, indicating the need for budget-setting to become more robust and reliable.
5. All councils received an unqualified audit opinion on their 2016/17 accounts but auditors found that in several councils financial management could be improved. Councils can use their accounts to more clearly explain their financial performance over the whole year to support better scrutiny.
6. The financial outlook for councils continues to be challenging, with the need to deliver savings being increasingly critical to their financial sustainability. As such, robust medium-term financial strategies and effective leadership to deliver them are of increasing importance.

Appendix 3 – Professor Sir Harry Burns - Targets and Indicators in Health and Social Care in Scotland - a Review

Conclusions

1. Indicators and targets have been effective in improving performance in a number of areas of health and social care in Scotland. However, current thinking suggests that our present system can be improved upon in terms of its effectiveness in improving services.
2. Principles, which should underlie the development of guidelines and targets, have been identified. An important first principle is to understand why indicators and targets are being used. This review has assumed that the guiding principle for the use of such indicators should be the Scottish Government's purpose of allowing all of Scotland to flourish through achieving sustainable, inclusive growth. Other characteristics of effective indicators include the fact that they are pragmatic, coproduced and subject to continuing review. They should also reflect the performance across the whole system they are trying to measure.
3. The present system of targets and indicators is fragmented and many of the indicators do not lend themselves to effective improvement interventions. A different approach to targets and indicators is necessary.
4. Current indicators have been grouped according to their impact on different stages of the life course. If the aim is to improve healthy life expectancy and wellbeing of individuals, then different indicators have impact on different aspects of the life course.
5. Improving early life, social and economic circumstances of people living with deprivation as well as improving health and social services are all interventions which interact to increase healthy life expectancy. If an effective group of indicators, which would assist continuing improvement, are to be developed, we need to see the drivers of wellbeing as part of a complex system.
6. It is recommended that we move to a system of indicators and targets which allow improvements across a whole system of care to be tracked. It is important that frontline staff, managers accountable for performance and the people who use services coproduce the activities which they can then use to drive improvement.
7. Scottish public services are effective and efficient. A new approach to improving those services can deliver further success in comparison to many other systems

Appendix 4 - Health and Sports Committee - Looking ahead to the Scottish Government Health and Sport Draft budgets 2018-19

Summary

127. It is our task to monitor the spending of in excess of £8billion by the IAs, to evaluate how this is being undertaken and we are disappointed at the apparent lack of progress in the true integration of budgets. We have heard each blaming the others for the lack of progress. At a basic level it is unacceptable 2 years on (that it is impossible to evaluate spending, or begin to evaluate outcomes.
128. IAs are the vehicle which have been tasked to deliver the shift in the balance of care. In this report we have identified some of the challenges which are being faced by IAs including areas such as the setting of budgets, measuring the outcomes of their investment and shifting resource to ensure transformational change in health and social care. These are issues which the Committee has returned to several times in the last two years.
129. In order to be a success it is vital that IAs tackle these challenges. We have the clear sense these matters are being allowed to drift and are repeatedly told change in the NHS takes time. After two years we expected to have seen more progress towards meeting the aims Parliament endorsed when passing the legislation.
130. There needs to be clear leadership provided by the Chief Officers of each IA in line with direction provided by the Scottish Government to drive this change forward and ultimately ensure its delivery. IAs are accountable for the spending of over £8bn of public money and the current difficulties they are facing cannot be allowed to continue indefinitely.
131. We remain concerned those leading IAs require to rise to and address the challenges preventing change from occurring. In our view that is their fundamental challenge and one upon which we expect to see significant progress being made forthwith.
132. Finally we are disappointed at the absence of data to identify and evaluate outcomes, including spending and savings. To our mind this would be unacceptable in any small organisation never mind ones responsible for this level of public money. This requires to be rectified immediately and a mechanism for facilitating scrutiny and benchmarking established.