



## AUDIT & PERFORMANCE SYSTEMS COMMITTEE

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<b>Date of Meeting</b>	13.11.2018
<b>Report Title</b>	NHS in Scotland 2018 – Audit Scotland Report
<b>Report Number</b>	HSCP.18.085
<b>Lead Officer</b>	Alex Stephen, Chief Finance Officer
<b>Report Author Details</b>	Alex Stephen, Chief Finance Officer
<b>Consultation Checklist Completed</b>	Yes
<b>Appendices</b>	a) NHS in Scotland 2018 – Audit Scotland Report

### 1. Purpose of the Report

- 1.1. This report provides the Audit & Performance System Committee with the opportunity to discuss and comment on Audit Scotland's Report 'NHS in Scotland 2018' which was published on 25 October 2018.

### 2. Recommendations

- 2.1. It is recommended that the Audit & Performance Systems Committee:
- a) Reviews, discusses and comments on the report as attached at Appendix A.

### 3. Summary of Key Information

- 3.1. It is generally accepted as good practice for the audit committee of public bodies to review relevant national reports and reflect on the recommendations in the content of their own organisation.



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### **Highlights from the 'NHS in Scotland 2018' Report**

- 3.2.** In 2017/18 the health budget made up 42% of the total Scottish Budget at £13.1 billion. Whilst savings of £449.1 million were made, this was largely made up of one-off savings.
- 3.3.** In the annual review of the NHS, the Auditor General for Scotland found that “performance continued to decline in 2017/18 and the NHS is not financially sustainable in its current form”. The report identifies major financial pressures which are likely to continue:
- a) major workforce challenges – difficulties in recruiting and increases in sickness absence and staff turnover.
  - b) rising drug costs
  - c) a significant maintenance backlog.
- 3.4.** Boards are also considering the potential impact of EU withdrawal on areas such as staffing, the supply and cost of drugs, and food prices.

### **Relevance to Integration Authorities**

- 3.5.** As well as the obvious relevance for Integration Authorities as an analysis of one of their major partner organisations, the Audit Scotland Report makes a number of recommendations which the Integration Authorities should carry out in partnership with the Scottish Government and NHS Boards.
- 3.6.** The recommendations include:
- a) working to develop a national capital investment strategy;
  - b) continuing to develop a comprehensive approach to workforce planning;
  - c) working together to develop a clearer understanding of demand, capacity and activity trends in primary and secondary care
  - d) publishing information on how the health funding system works
  - e) to put NHS staff, local communities at the heart of change



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### **Scottish Medium-Term Health & Social Care Financial Framework (Financial Framework)**

- 3.7. The Audit Scotland report makes reference to the financial framework (also included on today's agenda). The Audit Scotland report emphasises that it is not yet clear how the figures presented in this framework relate to those set out in the Scottish Government's overall 5-year strategy.

### **4. Implications for IJB**

- 4.1. Equalities – there are no direct equalities implications arising from the recommendations of this report.
- 4.2. Fairer Scotland Duty - there are no direct implications for the Fairer Scotland Duty arising from the recommendations of this report.
- 4.3. Financial – the financial implications are outlined throughout the Audit Scotland Report. The IJB will need to be aware of these implications as NHS Grampian is one of its partner organisations and as such any financial difficulties relating to the Health Board may impact on IJB budgets.
- 4.4. Workforce – the workforce implications are outlined throughout the Audit Scotland Report. The IJB will need to take consideration of these points in relation to their own workforce planning activity, for example the potential impacts of withdrawing from the European Union.
- 4.5. Legal - there are no direct workforce implications arising from the recommendations of this report.
- 4.6. Other - there are no other implications arising from the recommendations of this report.

### **5. Links to ACHSCP Strategic Plan**

- 5.1. Ensuring that the APS committee has full awareness of Audit Scotland recommendations which relate to both the IJB and ACHSCP will help to ensure the IJB successfully delivers on its strategic plan.



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### 6. Management of Risk

- 6.1. Identified risks(s)** There is a risk of financial failure, that demand outstrips budget and IJB cannot deliver on priorities, statutory work, and projects an overspend.
- 6.2. Link to risks on strategic or operational risk register:** Strategic Risk 2
- 6.3. How might the content of this report impact or mitigate these risks:** Ensuring that the IJB has an oversight of Audit Scotland reports relating to its partners will provide the IJB on the scale of the challenges faced in transforming the healthcare system in Scotland.