Scottish Government Draft Budget 2015-16

RCN Scotland

Key points:

- There are mounting pressures on the NHS, from growing demand to national reforms. An honest public debate about the impending funding gap and the choices to be made over the allocation of resources to provide high quality health and care for Scotland is urgently needed.

- Once again it is difficult to provide an analysis of how effective the budget is likely to be because Level 4 information is not yet available and no information on impact of past spending decisions including on health inequalities is provided.

- While many NHS boards have succeeded in balancing their books, more and more challenges to providing good quality care while demand is rising are emerging. Waiting times, delayed discharges and boarding are all examples of the effect of pressures on patient care.

- The Scottish Government is allocating £100m to NHS boards to assist with the transition to integration of health and social care. Yet, from the information available, it appears that this is included in the NHS boards’ 2.7% uplift which helps them meet inflationary pressures. In reality this would leave the boards with a 1.5% uplift.

- £21.5m of the proposed £75.3 million to be spent centrally on health and social care integration is dependent on income from the migrant surcharge. Is there a contingency plan if the surcharge delivers a smaller amount?

- The national initiatives designed to improve care must be better integrated to ensure a sustainable future for the NHS.

- The Scottish Government should invest in new team approaches to primary care delivery to reduce health inequalities and improve access. It should also set out how it intends to weight central investment to reduce health inequalities.

The RCN acknowledges the continued privileged position of the health budget within overall spending plans for Scotland in the current economic climate. We welcome the priority that the Scottish Government has placed on improving the country’s poor health record and appreciate the importance that this will have on achieving the Government’s purpose where everyone has the opportunity to flourish in creating a successful country. All of our comments below are made within this context.

We have focused our written response on five of the questions posed by the Health and Sport Committee. We note at the outset that there are few changes in proposals for next year’s health-focused spending plans from projections provided in the 2014-15 budget documents in autumn 2013.

Is the allocation of resources in line with the Scottish Government’s stated aspirations?
This is, as in previous years, not wholly possible to answer from the information supplied. At the time of writing, Level 4 details on individual budget lines have not been made available,
resulting in our analysis of significant spending lines (for example £153m on miscellaneous projects) being incomplete.

It is also still not possible to truly understand the impact of previous years’ investment decisions on the health and wellbeing outcomes of the population in order to assess whether adjustments could be made to deliver additional improvements. For example, in previous years we have raised some concerns around changes in planned investments in eHealth. This is central to delivery of the Scottish Government’s 2020 vision for the NHS. Building financially sustainable, patient-centred quality services across all parts of Scotland in the future will require a step change in the use of the technology to support care.

We note the slight increase in planned allocations to this budget line for 2015-16, but there is no supporting information to explain: exactly what the increase will fund and why; how next year’s budget will build on previous years’ investments, and which past investment decisions have improved outcomes and which have not. So, apart from suspecting the increased investment is generally a positive step in the circumstances, we can offer no clearer comment on whether this allocation will meet the stated aspiration. More money may not equate to better spending.

**How are we mitigating pressures on health spending? How are we ensuring the quality of outcomes for patients?**

Notwithstanding the relative protection of health spending, this budget is unlikely to mitigate many of the pressures on our health services.

In purely financial terms, many NHS boards managed to balance their books in the last financial year, despite significant pressures on resource. However, in a service designed to provide healthcare this is, of course, only part of the picture. The consequences of decisions made to meet efficiency saving targets and agreed end of year forecasts can have profound effects on the quality of service, health outcomes and patients’ experience. We have recently seen reports of trolley waits in corridors, people ‘boarded’ in hospital beds in the wrong specialties, ‘winter beds’ opened and never closed, only two boards meeting the A&E waiting times standard\(^1\) in June 2014 and nearly 150,000 bed days lost in just three months (April to June 2014) with people stuck in hospital who didn’t need to be there.

The health budget has seen marginal increases in investment in these tough times; indeed a recent leaked letter by NHS Scotland chief executives highlighted a funding shortfall of at least £400m\(^2\). The health service has seen an exponential rise in demand from our ageing demographic, increasing complexity of care, changing expectations of services and the availability of expensive new technologies and drugs.

In these circumstances it is important that additional support for boards to meet existing inflationary and demand pressures is made transparent and the same money is not also expected to be used for new activity. We welcome the intention to pump-prime the transition to integration as it is necessary to fund double running costs to preserve existing services while new ones are tested and rolled out. We should not underestimate the scale of radical

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\(^1\) 98% of patients seen and admitted, transferred or discharged from A&E within four hours

\(^2\) [http://www.bbc.co.uk/news/uk-scotland-29213416](http://www.bbc.co.uk/news/uk-scotland-29213416)
reform that the Public Bodies Act will drive. However it is not clear how £100m of the 2015-16 integration fund is being allocated in these spending plans.

From the available documents, we have assumed that this £100m of new money announced in July 2014 must be included in the 2.7% uplift to the core resource budgets of the territorial boards, which is also to be used to soak up inflationary pressures, such as surging drug costs. Remove this £100m from the uplift and the total cash-terms uplift to boards is 1.5%. This will put significant pressure on boards, many of whom are, we understand, already assuming that 2015-16 will be their toughest year yet. Clarity from the Scottish Government on the £100m allocation would be welcomed.

**How are we planning for change (particularly health and social care integration)?**

As above, we acknowledge the Government’s intention to provide additional investment to support the service reforms that will arise from the Public Bodies Act. However, as well as the concerns raised above about the £100m integration fund channelled through boards, we note that £21.5m of the proposed £75.3 million to be spent centrally on health and social care integration is dependent on income from the migrant surcharge. It would be helpful to understand what contingency is in place should this income not be forthcoming as anticipated.

Over time, we hope that the integration of health and social care will result in significant changes in how efficiently and effectively public money is spent. Extensive, and very positive, work has been done to provide clear financial guidance to shadow integration boards to support their move to integrated budgets. NHS Highland is, of course, in advance of all other areas in terms of its formal partnership structures and has been very open in the financial difficulties it has faced in this new approach. In its financial risk assessment for this year it noted:

> The integration of adult health and social work services into NHS Highland has proven extremely challenging in terms of agreeing the final quantum of budget, dealing with in year pressures and gaining agreement on future funding base. This remains a high priority area and requires considerable focus throughout the year. A three year funding package has finally been agreed with Highland Council which gives some welcome certainty – however it must be recognised that a significant savings challenge remains.

With all 14 NHS boards about to face the challenge of how to allocate funds to 31 new partnerships and how to manage their total budget in this new world, it is essential that the lessons of Highland are clearly understood to avoid major financial instability arising in the whole health and social care sector over the coming years.

Health and social care integration should, if it works as intended, be an important lever to change and we hope the legislative and guidance frameworks will support good planning. However, it will not provide all the reforms required to achieve a sustainable, high quality health and care service for the future. There are a plethora of central initiatives being taken forward to try to address the pressing demands on the NHS, alongside the integration agenda: seven day care, unscheduled care, bed planning, patient flow, delayed discharge, intermediate care, reforms to primary care etc. It is not always clear that these government workstreams are well integrated in their plans for the future of health care and moves to redesign services, nor always realistic in their desire to effect change with little, if any, additional resource. Too often approaches are rooted in existing ways of working, rather
than offering truly creative thinking on how to build sustainable team-based services. And often we do not see them taking account of the powers that will be placed in the hands of integration authorities from April 2015 to radically redesign pathways of care and disinvest in existing services and buildings.

An honest public debate on the choices to be made over the allocation of resources to provide high quality health and care for Scotland is urgently needed.

The issues we have highlighted above with regard to linking investment to outcomes in national spending remains an issue at a local level too, as has been well documented in various Audit Scotland reports. We must ensure more is done to robustly evaluate the impact of spending decisions to allow scarce resources to be spent effectively. The sorts of reforms we will need to see to ensure sustainability must be rooted in the best evidence we can gather.

Finally, we are unclear how fully integrated health and social care budgets will be scrutinised by parliamentary committees within the budget cycle in future years.

**What will be the impact of the health budget on health inequalities policy?**

As with all other issues of impact, this is not easy to answer from the available budget information. The continued support for such centrally funded programmes as tobacco control, alcohol misuse and healthy start, are likely to have greatest impact in areas of greatest deprivation. We appreciate the commitment in the narrative to spreading the Family Nurse Partnership programme and the targeting of primary care resources into the most deprived areas. We look forward to supporting the Scottish Government in finding new ways to invest in team approaches to primary care delivery to achieve a step change in health for those currently experiencing the poorest health outcomes and access to services. We would welcome further explanation from the Scottish Government on how it intends to weight central investment towards those experiencing the greatest health disadvantage.

A footnote on page 27 of the draft budget explains the £3.3m drop in health improvement and health inequalities as a reflection of a transfer to the Commonwealth Games, Sport, Equalities and Pensioners’ Rights Portfolio. We would welcome further explanation of how this specific transfer of investment will continue to achieve reductions in health inequalities.

However, assuming the Scottish Parliament passes the draft regulations on health and wellbeing outcomes this autumn, from April 2015 significant responsibility for reducing health inequalities will rest with new integration authorities. These budget documents can tell us nothing about how nationally allocated resources will be directed by those authorities to address persistent inequalities across Scotland. The RCN is interested to see how national scrutiny of these new partnerships will emerge to help us all assess the success of investment of public funds through the integration reform agenda.

**RCN Scotland**