The Committee will meet at 9.00 am in the James Clerk Maxwell Room (CR4).

1. **Declaration of interests**: Anas Sarwar will be invited to declare any relevant interests.

2. **Decision on taking business in private**: The Committee will decide whether to take items 4 and 5 in private.

3. **Section 23 report - NHS in Scotland 2018**: The Committee will take evidence on the Auditor General for Scotland's report entitled "NHS in Scotland 2018" from—

   Caroline Gardner, Auditor General for Scotland;

   Claire Sweeney, Audit Director, Performance and Best Value, Leigh Johnston, Senior Manager, Performance and Best Value, and Kirsty Whyte, Audit Manager, Audit Scotland.

4. **Section 23 report - NHS in Scotland 2018**: The Committee will consider the evidence heard at agenda item 3 and take further evidence from—

   Caroline Gardner, Auditor General for Scotland;

   Claire Sweeney, Audit Director, Performance and Best Value, Leigh Johnston, Senior Manager, Performance and Best Value, and Kirsty Whyte, Audit Manager, Audit Scotland.

5. **Work programme**: The Committee will consider its future approach to scrutiny of the 2016/17 audit of the Scottish Police Authority; Major capital projects and Superfast broadband in Scotland: Further progress update and post-legislative scrutiny of the Freedom of Information (Scotland) Act 2002.
The papers for this meeting are as follows—

**Agenda Item 3**

Note by the Clerk  PAPLS/S5/18/25/1
PRIVATE PAPER  PAPLS/S5/18/25/2 (P)

**Agenda Item 5**

PRIVATE PAPER  PAPLS/S5/18/25/3 (P)
Public Audit and Post-legislative Scrutiny Committee
25th Meeting, 2018 (Session 5), Thursday 15 November 2018
Section 23 report - NHS in Scotland 2018

Introduction

1. At its meeting today, the Public Audit and Post-legislative Scrutiny Committee will take evidence from the Auditor General for Scotland on her report entitled “NHS in Scotland 2018”.

2. The Auditor General has prepared a briefing on the key messages from the report and this is attached in the Annexe.

Clerks to the Committee
November 2018

2. Key messages and recommendations from the report are:

   - The NHS in Scotland is not in a financially sustainable position. The overall health budget in 2017/18 was £13.1 billion, a 0.2 per cent decrease in real terms on the previous year. NHS boards struggled to break even in 2017/18, and are increasingly reliant on brokerage from the Scottish Government and on short-term measures. NHS boards made unprecedented savings of £449.1 million but relied heavily on one-off savings. The financial pressures facing the NHS continue to intensify (set out in Exhibit 5, pages 15 and 16) and EU withdrawal will bring additional challenges, including recruiting and retaining staff and procuring vital supplies such as drugs.

   - The Scottish Government published its *Medium Term Health and Social Care Financial Framework* in October 2018. This is an important step in enabling an open debate about the scale of the financial challenges ahead and the potential options for dealing with the impact this will have on delivering services. Detail on what the framework means in practice is not yet available. The Scottish Government also announced that all territorial boards’ outstanding brokerage will be written off at the end of the 2018/19 financial year and that territorial boards will no longer be required to break even at the end of each financial year. These are welcome steps but for these to have a positive impact, the underlying financial challenges still need addressed and it remains essential that NHS boards develop their longer-term planning.

   - Performance continued to decline against the eight key national targets between 2016/17 and 2017/18. Only one key target was met nationally (for 90 per cent of patients referred for drug and alcohol treatment to receive treatment within three weeks), and no boards met all key targets. More people waited longer for outpatient and inpatient appointments. NHS boards need to balance quality of care, performance targets, and financial targets. A continuing focus on meeting targets in the acute sector makes it harder to achieve the longer-term aim of moving more funding and services into the community. In October 2018, the Scottish Government published its *Waiting Times*
Improvement Plan. This set out a series of interim targets and funding to improve waiting times performance.

- The NHS workforce is crucial to the future of the NHS, but NHS boards continue to face significant workforce challenges. NHS boards continued to find it hard to recruit staff in 2017/18, with vacancy rates across key staff groups higher than in previous years. Sickness absence and staff turnover also increased over the past year to 5.4 per cent and 6.6 per cent respectively. We have recommended that the Scottish Government, in partnership with NHS boards and integration authorities should continue to develop a comprehensive approach to workforce planning.

- Changing how healthcare services are accessed and delivered will bring real benefits to patients, NHS staff, and the wider public but the scale of the challenges facing the NHS means decisive action is required. There needs to be an urgent focus on the key elements that are critical to success, including clarity about the scale of the challenge, effective leadership, involving stakeholders in planning and decisions, and clear governance. We have made a number of recommendations relating to these factors in the report (pages 5 and 6).

- Leaders play a crucial role in developing and delivering change but there is evidence that the NHS is struggling to recruit and retain the right people. We have recommended that the Scottish Government, in partnership with NHS boards, should identify why NHS leadership posts are difficult to fill and develop ways to address this. The Scottish Government and NHS also needs to become more open, with much more engagement and information needed about how new forms of care will work, what they cost and the difference they make to people’s lives. Without this, it will continue to be difficult to build support among the public and politicians to make the decisions needed to change how healthcare is delivered in Scotland.

3. The report covers a number of areas that have been of interest to the Committee previously including:

- sustainability of services, and the short-term nature of financial planning and savings

- clarity of governance of the healthcare system

- the workforce challenges facing the NHS

- variation across NHS boards in performance against national standards.
4. During the audit we gathered data, including information about expenditure, cost pressures, demand for NHS services, and overall performance standards. We have compiled this data into an interactive graphic, which is available on Audit Scotland’s website: [http://www.audit-scotland.gov.uk/report/nhs-in-scotland-2018](http://www.audit-scotland.gov.uk/report/nhs-in-scotland-2018). This allows comparison of information at a national level and by NHS board over current and previous years. We have also produced a checklist for NHS non-executive directors containing key questions to support them in their scrutiny role. This checklist is available at the above link.