PA/S6/24/20/1

Public Audit Committee
Thursday, 20 June 2024
20th Meeting, 2024 (Session 6)

NHS in Scotland 2023

Introduction

1. At its meeting today, the Committee will take evidence from the Chief Executive of NHS Scotland and Director-General Health and Social Care on the Auditor General for Scotland's (AGS) NHS in Scotland 2023 report, which was published on 22 February 2024. The report can be found in the **Annexe**.

2. The Committee previously took evidence on the report from the AGS and Audit Scotland on 21 March 2024.

3. The Committee will decide any further action it wishes to take following the evidence session today.

Clerks to the Committee
June 2024

Annexe : NHS in Scotland 2023

NHS in Scotland 2023

AUDITOR GENERAL

Prepared by Audit Scotland
February 2024

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Audit team

The core audit team consisted of: Leigh Johnston, Martin McLauchlan, Fiona Lees, Naomi Ness and Liam Prior under the direction of Cornilius Chikwama.

Key messages

1. Significant service transformation is required to ensure the financial sustainability of Scotland's health service. Rising demand, operational challenges and increasing costs have added to the financial pressures on the NHS and, without reform, its longer-term affordability.

2. The NHS, and its workforce, is unable to meet the growing demand for health services. Activity in secondary care has increased in the last year but it remains below pre-pandemic levels and is outpaced by growing demand. This pressure is creating operational challenges throughout the whole system and is having a direct impact on patient safety and experience.

3. There are a range of strategies, plans and policies in place for the future delivery of healthcare, but no overall vision. To shift from recovery to reform, the Scottish Government needs to lead on the development of a clear national strategy for health and social care. It should include investment in preventative measures and put patients at the centre of future services. The current absence of an overall vision makes longer-term planning more difficult for NHS boards.

Recommendations

The Scottish Government should:

- develop and publish a national NHS capital investment strategy in 2024, stating how spending is being prioritised and the overall estate is being managed (paragraph 30).
- ensure that the relationship between new financial engagement arrangements and the NHS Scotland Support and Intervention Framework is widely understood by stakeholders ahead of NHS boards preparing and submitting their 2024/25-26/27 financial plans (paragraph 39).
- publish a revised Medium-Term Financial Framework (MTFF) for health and social care, following publication of its wider Medium-Term Financial Strategy (MTFS) in 2024 (paragraph 41).
- confirm which indicator(s) will be used to measure year-on-year reductions in waiting times (paragraph 49).
- publish a National Workforce Strategy update for health and social care that includes guidance on improving staff wellbeing and culture (paragraph 75) and indicative workforce growth projections (paragraph 79) in 2024.
- revisit its NHS Recovery Plan commitments and use its annual progress updates to report clearly and transparently on what progress has been made and whether those commitments, or the targets and delivery timeframes related to them, need to change and why (paragraph 92).
- publish clear and transparent annual progress reports on:
  - the work being undertaken on the reform of services showing the effectiveness and value for money of new innovations and ways of delivering NHS services (paragraph 103)
  - the Care and Wellbeing Portfolio to better show how it is making a difference (paragraph 108).
- work with NHS boards, their staff, partners, and the public to develop a new long-term vision for the wider health system by 2025 that sets out national priorities and recognises the interdependencies in the healthcare system, to enable the necessary reforms that will ensure the future sustainability of health services (paragraph 121).

The Scottish Government and NHS boards should:

- work together to progress the 13 actions set out in the Value Based Health and Care Action Plan, empowering staff to take advantage of innovative opportunities for service reform and transformation and measuring the difference Realistic Medicine is making to outcomes and service sustainability[1] (paragraph 116).
- ensure that the new approach to self-assessment within the revised Blueprint for Good Governance in NHS Scotland is rolled out across all NHS boards in 2024 and that any areas for improvement identified are addressed (paragraph 126).

Introduction

1. The NHS provides a range of vital services to thousands of people, everyday, across Scotland. We publish an annual report on the NHS in Scotland to provide assurance over NHS Scotland's performance and finances and to assess the progress of ongoing reforms.

2. Our NHS in Scotland 2022 report focused on progress against the NHS Recovery Plan 2021–2026 (published in August 2021), as the health system emerged from the Covid-19 pandemic. It highlighted that progress against recovery ambitions had been slow, and that the financial, workforce and demand pressures faced by the NHS presented an ongoing risk to recovery from the pandemic.

3. This report reflects the need for short-, medium- and long-term investment and reform to ensure the future sustainability of the NHS in Scotland. It provides an update on the implementation of longer-term reforms, such as the Sustainability and Value Programme and the Care and Wellbeing Portfolio approach, alongside reporting on how recovery has progressed.

4. This includes an increased focus on funding and financial performance, position and sustainability compared to our recent reports; analysis of service performance and patient safety; and progress on wider reforms aimed to ensure services are sustainable into the future. We outline our audit methodology in Appendix 1, provide more detailed board level performance data in Appendix 2 and comment on the progress made against the recommendations from our NHS in Scotland 2022 report in Appendix 3.

To note:

5. When reporting on funding and finances, we refer to changes in real terms in this report. This means that we are showing financial information for past and future years at 2022/23 prices, adjusted for inflation so that they are comparable. To adjust for inflation we use gross domestic product (GDP) deflators, which are published quarterly by HM Treasury. GDP deflators are the standard approach adopted by both the UK Government and Scottish Government when analysing public expenditure. As a result of the way that GDP is calculated, Covid-19 resulted in volatility across 2020/21 and 2021/22. To compensate for this, and to provide meaningful comparisons between years, we have used an average GDP growth rate for 2020/21 and 2021/22 in our calculations to separate inflation (increases in prices) from changes in outputs and those largely attributable to Covid-19 spending.

1. Financial performance and outlook

The NHS in Scotland faces medium-term financial challenges that highlight the need for service reform

Health funding has been increasing in real terms, and is projected to take up an increasing share of the Scottish Government's budget

6. The Scottish Government manages health spending as part of its overall budget process. Health remains the single largest area of Scottish Government spending, accounting for 39 per cent of the budget in 2022/23. Between 2013/14 and 2022/23, direct health spending has increased by 21 per cent in real terms. The Scottish Government health budget in 2022/23 was £17.8 billion. Most health funding is provided to territorial boards to deliver services (Exhibit 1, page 8).

7. NHS boards delegate a significant proportion of their budget to **Integration Authorities (IAs)** to fund health services such as primary and community care. In 2022/23, territorial boards delegated £7.2 billion directly to IAs, 49 per cent of their budgets. In turn, NHS boards received £7.5 billion back to provide services on behalf of IAs. Alongside these payments NHS boards also transferred £0.7 billion on behalf of themselves and IAs directly to councils. The Accounts Commission produces an annual report on the finances and performance of Integration Joint Boards (IJBs), next due for publication in June 2024.

8. The Scottish Government received significant Covid-19 related funding linked to increased UK Government spending in both 2020/21 and 2021/22. A total of £2.9 billion (2020/21) and £2.6 billion (2021/22) of this funding was used to support health and social care. From 2022/23 onwards, however, any spending related to Covid-19 was expected to be funded from the Scottish budget rather than from specific funding allocations and be managed as part of NHS boards' annual budget-setting processes. This resulted in a real-terms decrease in health spending between 2021/22 and 2022/23, reflecting the reduction in Covid-19 related funding (Exhibit 2, page 9).

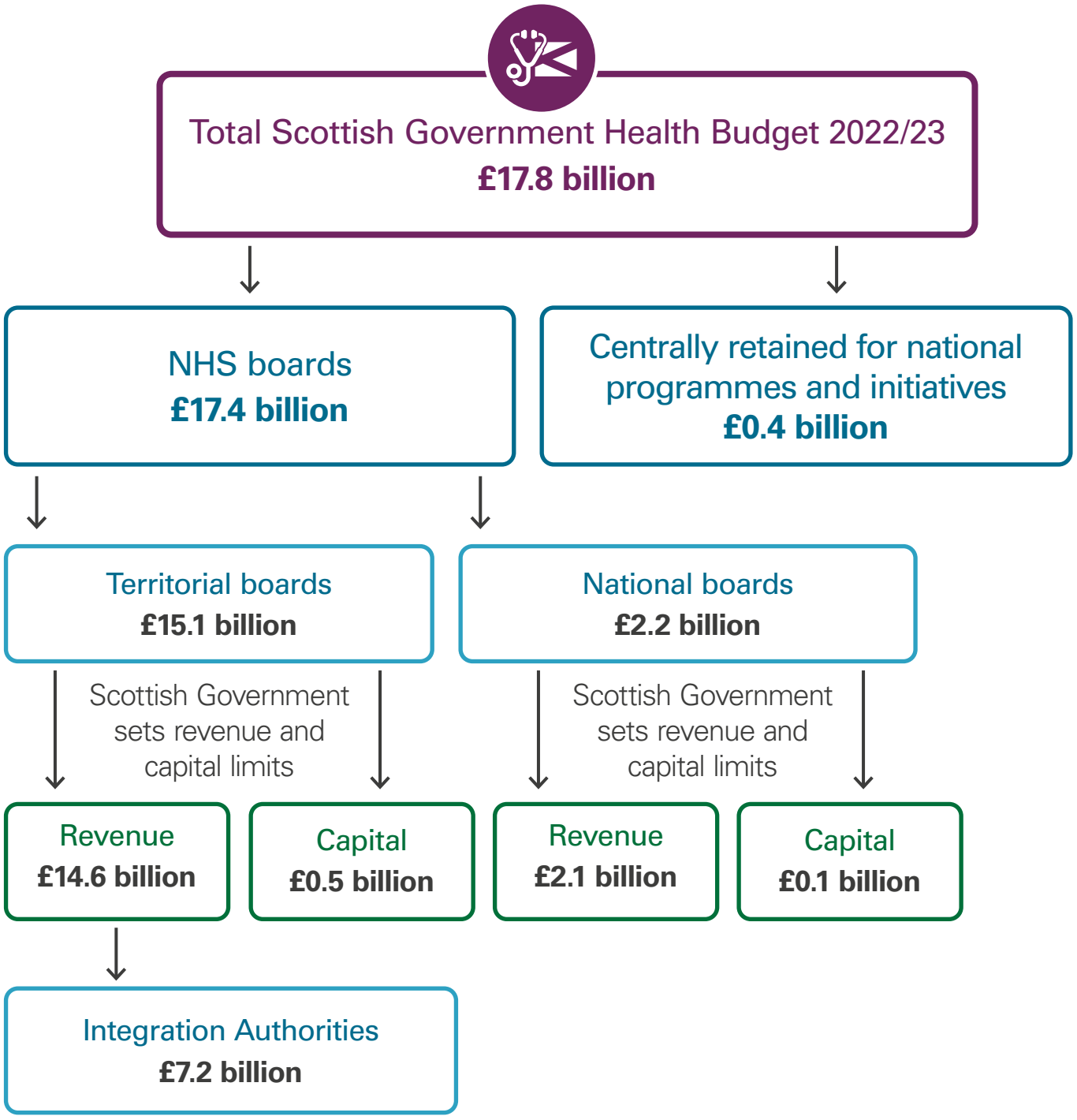
9. The overall health and social care budget for 2023/24 was set at £19.1 billion, representing over one-third of the total Scottish budget and 38 per cent of the discretionary budget, although in-year changes reduced this to £18.9 billion.[2] This means, in real terms, there was a small annual reduction in the health budget of 0.2 per cent. However, this relates mainly to increases in the annual transfers of social care funding to the local government portfolio to support social care and mental health service delivery.

Integration Authorities

The Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) requires councils and territorial NHS boards to work together in partnerships, known as Integration Authorities (IAs).

As part of the Act, new bodies were created – Integration Joint Boards (IJBs). The IJB is a separate legal entity, responsible for the strategic planning and commissioning of the wide range of health and social care services across a partnership area. Of the 31 IAs in Scotland, 30 are IJBs and one area, Highland, follows a Lead Agency model.

Exhibit 1.
Scottish Government health funding in 2022/23



Note: Figures may not balance due to rounding.

Source: Scottish Government Budget documents and NHS boards' audited accounts

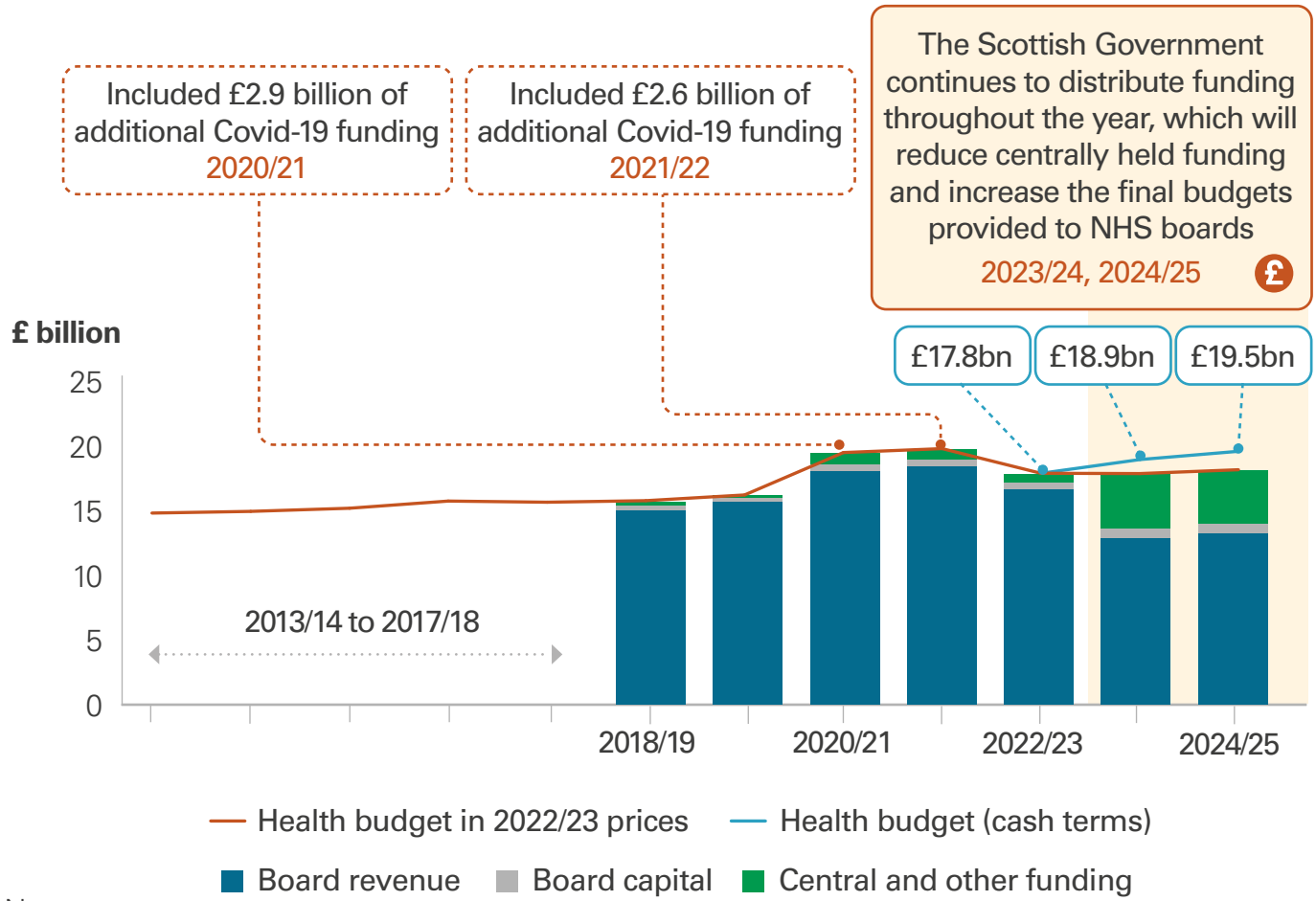
10. In its Medium-Term Financial Strategy (May 2023), the Scottish Government reflected the Scottish Fiscal Commission's projections that health spending will grow faster than that of other public services.[3], [4] The growth in health spending up until 2027/28 was, however, one reason that the Scottish Government forecast that its budget would potentially not be enough to meet its spending commitments. This highlights the challenge of meeting healthcare costs in the medium term.

11. The Scottish Government published its 2024/25 budget plans in December 2023, with the health budget of £19.5 billion representing a real-terms annual increase of 1.7 per cent and reflecting the longer-term trend of real-terms increases in health spending. The Scottish Government published a single-year budget but has indicated that it intends to provide further public sector-wide spending plans in 2024, including a refreshed Medium-Term Financial Strategy, Resource and Capital Spending Reviews and an Infrastructure Investment Plan.

Exhibit 2.

The health budget has been increasing in real terms since 2013/14

Specific funding was given to support the response to Covid-19, and funding is now increasing again annually.



Notes:

1. The total health budget reflects the position from relevant Scottish Government budget documentation as at December 2023. From 2022/23 it is shown in both cash and real terms, but all other figures have been adjusted to 2022/23 prices.
2. Board allocations reflect the final allocations to NHS boards up to 2022/23 and assume all capital funding distributed to boards from 2023/24 onwards.
3. Central funding represents the difference between the health budget and direct board allocations and, from 2023/24 onwards, funds distributed in-year. It also includes some technical elements of the Scottish Budget and so differs from the 'Centrally retained' funding in Exhibit 1.

Source: Audit Scotland analysis of Scottish Government budget documentation and NHS boards' audited annual accounts

The Scottish Government has made progress in moving boards towards receiving their calculated share of the health budget

12. The Scottish Government uses a formula developed by the NHS Scotland Resource Allocation Committee (NRAC) to assess how much funding each of Scotland's 14 territorial NHS boards should be allocated. NRAC funding covers hospital and community health services and GP prescribing. It considers many factors that influence the need for, and cost of, providing healthcare such as population size, deprivation levels and geographical differences.

13. The Scottish Government currently adjusts NRAC allocations to reflect specific need and ensure stability of funding, with some boards receiving more than their formula allocation (and others less). The Scottish Government committed to moving all boards closer to receiving their NRAC calculated share of funding, known as parity, by gradually increasing all annual resource allocations to boards in real terms, but giving those boards receiving above target allocations smaller relative increases.[5]

14. Following the extraordinary measures taken throughout the Covid-19 pandemic, including suspending medium-term planning arrangements and using Covid-19-specific funding to ensure that boards were fully funded, moving towards parity has resumed in 2023/24. Currently no board is more than 0.6 per cent below parity (compared to 0.8 per cent in 2018/19).[6] The Scottish Government has committed to reviewing the NRAC formula and this work is currently ongoing.

All boards met financial break-even requirements in 2022/23, but over one-third of territorial boards needed financial support to do so

15. In 2020/21 and 2021/22, the Scottish Government provided non-repayable financial support to ensure all NHS boards delivered financial balance due to the exceptional financial challenges related to responding to the Covid-19 pandemic. From 2022/23, however, boards were again expected to operate within their financial targets. They can also make use of limited financial flexibilities, allowing them to operate within one per cent of their **core revenue budget**, offsetting any annual overspend over the next two years ('three-year break-even').

16. All 22 NHS boards met their break-even requirements in 2022/23, but this was achieved only after five territorial boards received additional funding from the Scottish Government, and one made use of the three-year flexibility:

- NHS Ayrshire and Arran (£25.4 million), NHS Borders (£11.7 million), NHS Dumfries and Galloway (£9.3 million), NHS Fife (£9.7 million) and NHS Highland (£16.0 million) all received additional financial support (brokerage).

Core revenue budget

NHS boards receive budget limits from the Scottish Government. These are referred to as the revenue resource limit (RRL) and capital resource limit (CRL).

Core revenue budgets are those spent on delivering services, for example to pay staff and buy medicines.

Core capital budgets are spent on building and maintaining the NHS estate or investing in new medical equipment.

Non-core budgets are for technical accounting adjustments, for example depreciation.

- NHS Tayside made use of the three-year flexibility to allow it to spend an additional £9.6 million in 2022/23.

From 2022/23, additional funding will again be repayable. The Scottish Government will set repayment terms only once these boards have returned to a break-even position.

Seven boards failed to make planned savings in 2022/23 and the NHS remains reliant on one-off savings

17. In 2022/23, NHS boards were once again required to produce three-year financial plans. Boards had to prepare to manage the end of Covid-19-specific funding streams despite some associated costs continuing. The three-year plans submitted to the Scottish Government in 2022 indicated that, in 2022/23, three of the 14 territorial boards and seven of the eight national boards expected to break even, subject to achieving £620.6 million of savings.

18. The final health budget undergoes significant in-year changes due to a number of factors. In-year funding allocations to boards, alongside additional support and flexibilities, reduced the 2022/23 required savings to around £464 million, with boards collectively achieving £441 million of this target. Notably, however, two-thirds of the savings delivered were one-off, non-recurring measures which will not contribute to efficiencies on an ongoing basis.

19. For 2023/24, the Scottish Government has set an NHS-wide target for boards to deliver recurring annual savings equivalent to three per cent of their **baseline RRL**. While boards did deliver savings equivalent to three per cent of the baseline RRL in 2022/23, two-thirds of savings were non-recurring in nature and seven boards failed to achieve their own revised savings targets. The level of savings, both in value and the reliance on one-off, non-recurring savings, was in line with historical (pre-Covid) savings delivered (Exhibit 3, page 12).

Even if ambitious future savings targets are achieved, boards are likely to require further financial support

20. The savings identified in the 2023/24 three-year financial plans will not be sufficient to allow boards to break even. At the beginning of 2023/24 only 62 per cent of required savings had been identified, with a further 20 per cent to be drawn from identified potential savings and 18 per cent remaining unidentified. Even if savings in excess of those delivered in recent years are achieved, and savings are delivered as per the plans, it was forecast that annual deficits in excess of £0.5 billion would still require to be addressed by 2025/26 (Exhibit 4, page 13).

Baseline RRL

Boards' revenue budgets are further split into recurring funding that will be received every year, and specific funding.

This allows boards to identify their 'baseline' revenue funding, which is the funding they can be certain they will receive in future years to meet day-to-day spending.

The Scottish Government and NHS boards can then use this baseline budget as part of their medium-term financial planning, including the savings they may need to make.

Exhibit 3.

Historically boards have found it difficult to deliver planned savings and have often relied on non-recurring measures, as in 2022/23

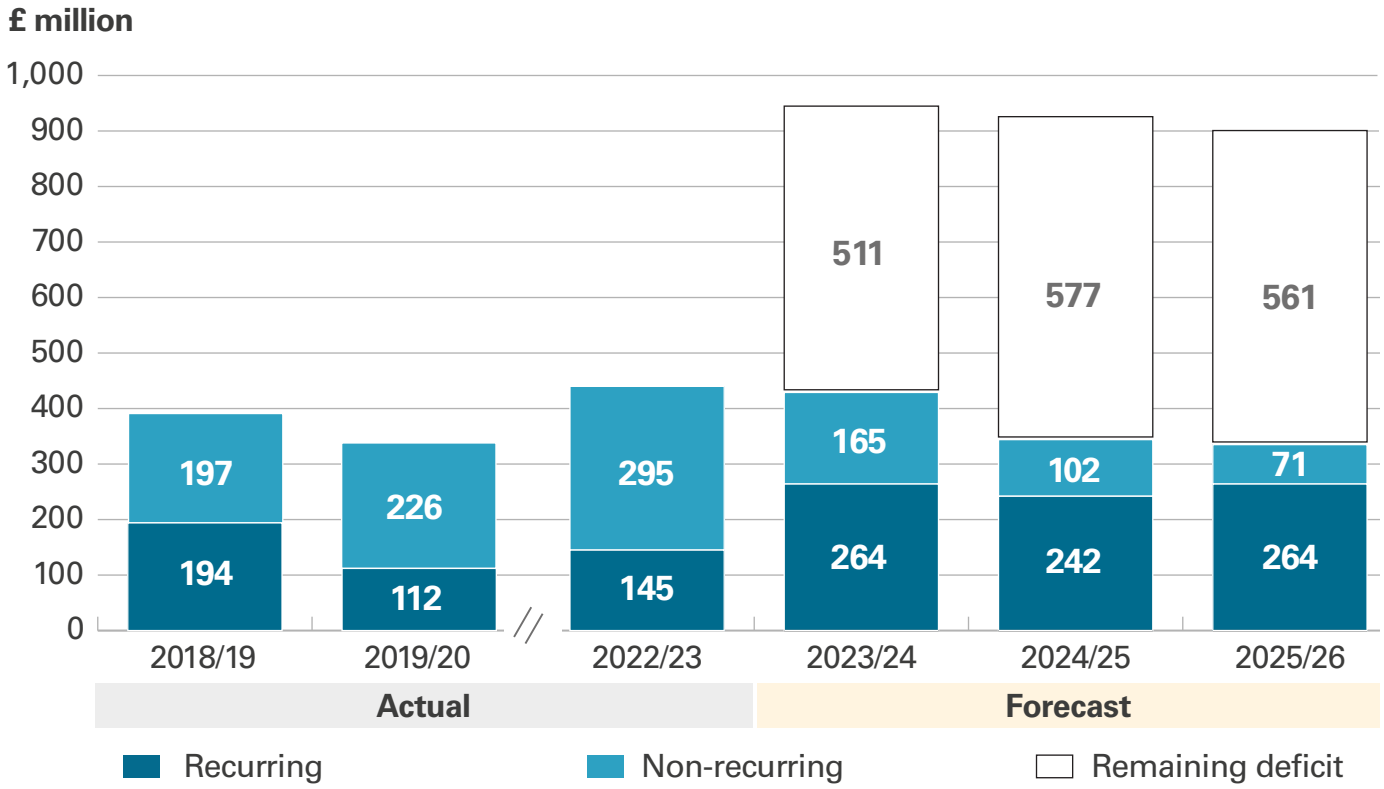
NHS Board	Savings made (£ million)			Savings target (£ million)	Savings made as a percentage of baseline RRL (%)
	Recurring	Non-recurring	Total		
NHS Scotland	**145.5**	**295.5**	**441.0**	**464.0** ✗	**3.5**
NHS Ayrshire & Arran	6.5	4.8	11.3	16.7 ✗	1.4
NHS Borders	2.4	7.6	10.0	11.5 ✗	4.3
NHS Dumfries & Galloway	2.2	21.3	23.5	23.5 ✓	7.0
NHS Fife	3.0	6.8	9.8	11.7 ✗	1.3
NHS Forth Valley	9.0	20.3	29.3	29.3 ✓	4.9
NHS Grampian	2.5	7.7	10.2	5.4 ✓	1.0
NHS Greater Glasgow & Clyde	54.8	119.7	174.5	174.5 ✓	7.0
NHS Highland	3.0	7.0	10.0	26.0 ✗	1.4
NHS Lanarkshire	9.5	45.0	54.5	54.5 ✓	4.0
NHS Lothian	14.7	9.1	23.8	25.9 ✗	1.5
NHS Orkney	0.9	2.4	3.2	4.9 ✗	5.7
NHS Shetland	1.2	2.9	4.1	3.1 ✓	7.2
NHS Tayside	4.4	19.0	23.4	23.4 ✓	2.7
NHS Western Isles	2.2	1.8	4.0	4.0 ✓	4.8
NHS 24	1.3	1.4	2.6	2.6 ✓	3.2
NHS Education for Scotland	0.0	2.8	2.8	2.8 ✓	0.6
NHS Golden Jubilee	1.0	2.0	3.0	4.6 ✗	4.3
NHS National Services Scotland	14.7	3.1	17.8	16.8 ✓	4.8
Healthcare Improvement Scotland	0.4	0.0	0.4	0.0 ✓	1.2
Public Health Scotland	4.3	0.3	4.6	4.6 ✓	8.7
Scottish Ambulance Service	7.5	9.9	17.4	17.4 ✓	5.5
The State Hospital	0.0	0.8	0.8	0.8 ✓	2.1

✓ Savings target met ✗ Savings target not met

Source: Audit Scotland analysis of NHS audited information

Exhibit 4.

Even if savings are delivered as planned over the next three years, significant forecast deficits remain to be addressed



Notes:
1. 2020/21 and 2021/22 are excluded due to operational pressures and funding arrangements related to Covid-19. 2022/23 totals differ between Exhibits 3 and 4 by £1 million due to rounding.
2. Savings achieved in 2022/23 were equivalent to 3.5 per cent and planned savings in 2023/24 are equivalent to 3.2 per cent of baseline RRLs. Planned savings in 2024/25 and 2025/26 are around 2 per cent of forecast annual Core RRLs. Remaining deficit is against forecast Core RRLs.
3. Figures for 2023/24 onwards have not been adjusted by Audit Scotland as they were adjusted by boards when preparing their financial plans.

Source: Audit Scotland analysis of NHS audited information and the Scottish Government's summary of NHS board three-year financial plans submitted to them in summer 2023

21. A total of £200 million was provided to boards over the summer of 2023 in in-year adjustments, including money for new medicines funding, movement towards NRAC parity and to address issues of financial sustainability. The latest assessment, made at the mid-point of 2023/24, is that this additional funding has now reduced the forecast 2023/24 deficit to around £400 million but the level of savings achieved by NHS boards is behind schedule.

NHS boards faced significant cost pressures in 2022/23, with staff and prescribing costs increasing alongside inflation

22. Direct responses to Covid-19 within the healthcare environment, the pandemic-related healthcare backlog, and wider societal and behavioural changes have altered how health services are delivered. In 2022/23, boards had to manage the end of Covid-19-specific funding streams, although some associated costs continued. At the same time, general inflationary pressures, increasing utility prices and higher than expected pay deals have increased significant areas of NHS spending. For example, the costs associated with primary and secondary prescribing rose, in real terms, with increases in unit costs. These external factors have resulted in increased volatility as boards have tried to plan in the medium term (Exhibit 5, page 15).

Staffing remains the most significant cost for NHS boards and will continue to increase

23. Staff costs across the NHS increased again in 2022/23, both in real terms and as a proportion of overall NHS spending, to £9.8 billion. Commitments around pay, and terms and conditions, play an important role in the recruitment and retention of staff. Staff costs are subject to annual increases but will also rise because of recruitment ambitions to increase the number of NHS employees, including nurses and doctors There is an ongoing commitment to no compulsory redundancies for NHS staff.

24. Recently agreed pay deals, reflecting higher than expected inflation, resulted in significant wage increases across the public sector. For example, junior doctors in Scotland agreed to a 4.5 per cent wage deal in 2022/23, with an average increase of 12.4 per cent agreed for 2023/24. Similarly, NHS workers subject to the Agenda for Change agreement (which includes nurses, midwives, paramedics and others) agreed an average 7.5 per cent increase in pay in 2022/23, with a further 6.5 per cent average increase in 2023/24.

25. The National Workforce Strategy for Health and Social Care in Scotland (March 2022)[7] committed to increasing the NHS workforce over the next five years by one per cent (1,800 Whole Time Equivalent (WTE)) to ensure there is sufficient workforce capacity, but this does not take into account any reduction in WTE hours. Forthcoming changes such as the intention to move staff, including nurses, to a 35-hour working week will mean more WTE staff being needed to meet staffing requirements and provide the same number of working hours.

Exhibit 5.

Boards faced significant cost pressures in 2022/23 and these pressures are likely to continue

	Change since last year[1]	Change from five years ago[1]
Net expenditure **£17.0 billion**	↓ **-6.0%**	↑ **13.6%**
Staff costs **£9.8 billion**	↑ **0.4%**	↑ **23.5%**
Medical and dental staff £2.3 billion	Nursing and midwifery £3.7 billion	Other staff, including AHPs £3.8 billion
Agency staff costs[2] **£381.8 million** (3.9% of total staff costs)	↑ **27.5%**	↑ **97.2%**
Including medical agency[3] £119.6 million (+10% since last year)	Including nursing agency[3] £169.7 million (+79% since last year)	Cost of using the nursing bank[4] £277.7 million (+12% since last year)
Prescribed drugs costs **£2.1 billion**	↑ **0.6%**	↑ **3.7%**
In primary care: £1.1 billion	↑ **0.5%**	↓ **-5.4%**
In secondary care: £979.9 million	↑ **0.7%**	↑ **16.9%**
Capital and estate costs Expenditure: **£528.5 million**	↓ **-3.1%**	↑ **38.7%**
Backlog maintenance of **£1.1 billion** at the end of 2022 Energy costs: **+21%** in a year Cleaning costs: **+28%** in a year		

Cont.

	Change since last year[1]	Change from five years ago[1]
Clinical negligence and other risks indemnity scheme (CNORIS)		
Set aside to manage future potential clinical negligence payments: £804.2 million	↑ 3.5%	↑ 11.5%

Notes:
1. All changes are in real terms.
2. Agency staff costs (£381.8 million) are as reported in NHS staff and remuneration reports. This includes all agency and directly engaged staff, for example those on temporary contracts, and not just medical and nursing agency staff.
3. Medical agency (£119.6 million) and nursing agency (£169.7 million) costs are included in this overall figure and are published separately by NES.
4. Costs related to the use of the nursing bank are not included within agency costs, or separately disclosed in NHS board accounts, but are published by NES.

Source: Audit Scotland analysis of NHS boards' 2022/23 audited accounts, Scottish Government management information and NES Workforce statistics

26. Total agency staff costs continued to rise in 2022/23, increasing by over 25 per cent overall, and with a significant annual increase in spending on agency nurses (79 per cent). Increases in spending on agency staff, however, pre-date this and, at the same time, use of nursing bank staff has also been increasing. Boards spent £278 million on nursing bank staff in 2022/23, an annual real-terms increase of 12 per cent and 50 per cent since 2018/19.[8] In 2023, the Scottish Government removed flexibilities on the use of agency staffing which it had introduced during the Covid-19 pandemic, with the impact of this likely to be shown in 2023/24 NHS spending. Nonetheless, agency and bank staffing is likely to remain a significant cost while vacancies are filled on a permanent basis (paragraph 71).

Capital funding will not be sufficient to deliver new healthcare facilities and also maintain the current estate

27. The capital budget available to NHS boards has been increasing in recent years, but this has largely been committed to pay for specific new building projects, including the development of the National Treatment Centres (NTCs). Hospitals represent 60 per cent of the total estate, and investment in recent years has resulted in a newer estate. Around 70 per cent of the estate is in good condition and used efficiently.[9]

28. Future capital funding available, however, is likely to be constrained. The Scottish Government's overall capital funding now includes ring-fenced funding for research and development. The funding that can be spent on equipment, new buildings and maintenance is therefore unlikely to keep pace with increasing costs and existing commitments related to delivering the NTCs. While this will impact wider investment in new buildings, it also means that the funding available for maintaining the current estate is unlikely to be sufficient (Case study 1).

Case study 1.
National Treatment Centres

In the NHS Scotland Recovery Plan 2021-2026, the Scottish Government announced plans for a network of National Treatment Centres (NTCs). These were expected to contribute to the overall ambition of delivering 55,000 additional inpatient and day case procedures by 2025/26 (NTC's delivering 40,000 of these) and involve significant recruitment (1,500 NTC-based staff).

Initially, nine NTCs were announced, to be completed by 2026 at an estimated cost of £400 million, including the second phase of development at the Golden Jubilee Hospital. The programme was then extended to include the redevelopment of the Princess Alexandria Eye Pavilion, bringing the total number of NTCs to 10, with costs revised to £600 million.

Currently, only three NTCs are operational (Golden Jubilee Phase 1, NHS Fife and NHS Highland), with Golden Jubilee Phase 2 and the NTC located in NHS Forth Valley now due to open in 2024.

The NTC located in NHS Ayrshire and Arran was scheduled to open as planned in 2025, but delays and slippage across the programme meant the remaining five NTCs would not be delivered until 2027, impacting their contribution to the 2025/26 activity targets. Due to global supply chain issues and construction inflation, the cost of building the remaining NTCs has also been significantly revised. The latest estimates available indicated that the first four NTCs have cost around £190 million to build, and that the cost of building five of the six remaining NTCs would be £730 million (not including the NTC based in NHS Lanarkshire).

Following the 2024/25 budget in December 2023, the Scottish Government indicated that all major projects in construction will be completed, including Phase 2 of the Golden Jubilee, but that NHS boards should pause the development of any projects that have not yet passed certain development milestones. This includes the remaining six NTCs.

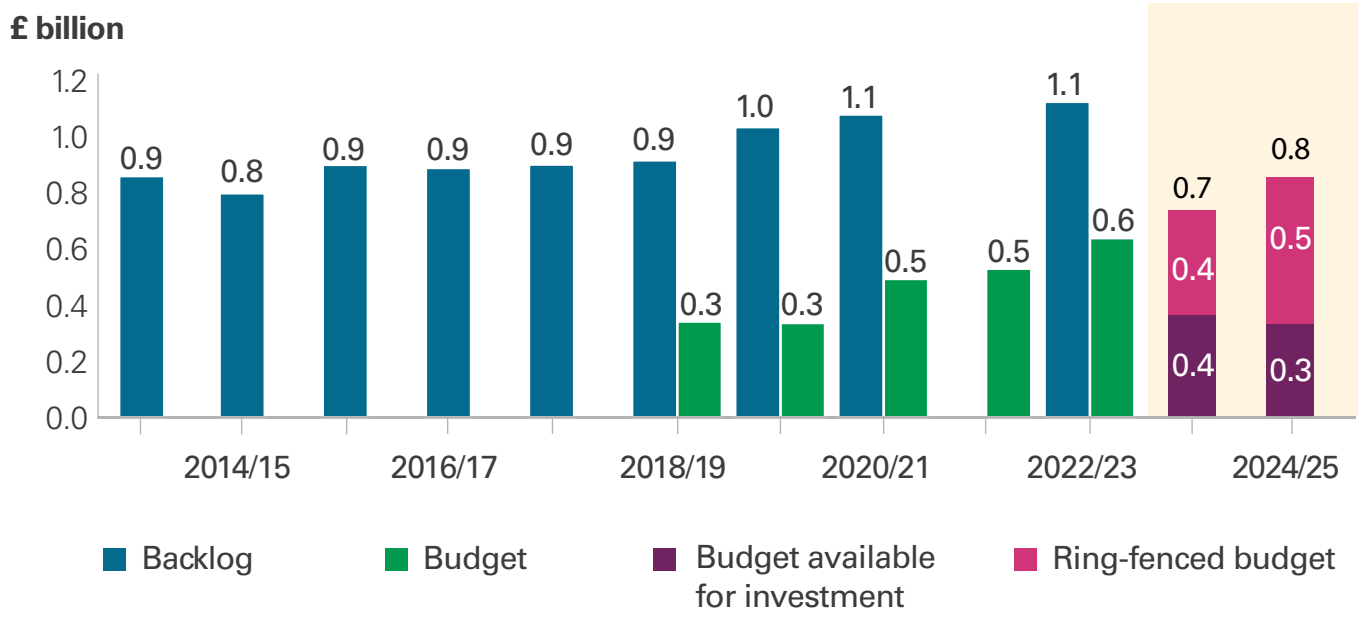
Source: Audit Scotland

29. There is already a significant backlog of maintenance required across the NHS estate, with the identified backlog now exceeding £1.1 billion (Exhibit 6). As capital budgets available for new buildings and maintenance decrease, it is not clear how boards will address both routine and backlog maintenance requirements as the existing estate ages.

30. In our recent briefing Investing in Scotland's Infrastructure, we set out the challenges the Scottish Government faces as it looks to manage a decreasing capital budget while meeting its infrastructure investment ambitions. Deployment of limited health capital funding will require clear strategic oversight of the national estate, alongside transparency about how projects are being prioritised, and coordinated action to address the maintenance backlog. A national NHS capital investment strategy, drawing upon current information about the state of the estate and up-to-date cost projections for new building projects, would help to ensure that the existing estate can be maintained and reshaped to meet future clinical needs.

Exhibit 6.

The maintenance backlog across the NHS estate now exceeds £1.1 billion, almost double the total 2022/23 capital budget and three times the future budgets that can be spent to address it



Notes:
1. Work to assess the value of maintenance required was not undertaken in 2021.
2. Figures may not total due to rounding.

Source: Audit Scotland analysis of Scottish Government budget documentation and management information related to backlog maintenance

Currently, Reinforced Autoclaved Aerated Concrete (RAAC) across the NHS estate is unlikely to require significant spending in the short term

31. RAAC represents a risk to the public sector estate and, under certain circumstances, requires immediate remedial work to be undertaken. Initially, a desktop survey was completed by NHS boards to assess which properties may contain RAAC. Across 11 territorial boards, 254 properties were identified as having a high or medium likelihood of containing RAAC. Information about these properties was published on relevant board websites and on the NHS Scotland Assure website. NHS Scotland Assure then led a national programme of physical surveys of these properties to assess the presence of RAAC across the NHS estate in Scotland, concluding this work in November 2023.

32. Of the buildings physically surveyed, RAAC was identified as being present in 32. This resulted in the planned closure of one building being brought forward, and remedial work being undertaken at another. No urgent remedial work was required at the other 30, with ongoing monitoring deemed appropriate. This has limited the immediate potential demand on the capital budget that widespread remedial work would have necessitated.

33. Since the initial survey work was undertaken, a further 150 buildings have been identified or reclassified as having a potentially medium or high likelihood of containing RAAC. The programme of physical survey work has been extended to these sites and is expected to conclude in March 2024, prior to physical surveys then being carried out on those properties identified as having a low likelihood of RAAC being present.

Recognising the scale of the overall financial challenge the Scottish Government has put in place a range of support for boards

34. The Scottish Government has now established the Financial Improvement Group (FIG) to monitor and support boards in delivering their planned savings and wider elements of financial planning. Made up of senior stakeholders from across NHS boards and the Scottish Government, the FIG meets monthly to support boards and Health and Social Care Partnerships (HSCPs)/Integration Joint Boards (IJBs) to work towards achieving financial balance, supporting the wider Sustainability and Value Programme (paragraph 98).

35. Boards continue to develop their own financial plans but, on submission to the Scottish Government, these are reviewed by the FIG which gives its opinion on the level of detail and assurance provided. In 2023, a small number of boards were asked to resubmit their financial plans following this initial review (Exhibit 7, page 21).

36. The Scottish Government has now established a central Financial Delivery Unit (FDU). The FDU is aiming to support the delivery of board savings at a more operational level, assisting boards in identifying savings and supporting their delivery by issuing detailed guidance on how individual boards made specific savings so that others can look to implement the same measures.

There is a need for greater clarity about Scottish Government monitoring and support as financial challenges become more widespread

37. Alongside the work of the FIG and FDU, the Scottish Government has introduced new financial support and engagement arrangements for 2023/24 to help individual boards address the financial challenges they are facing. NHS boards have been categorised into three engagement groups: Tailored Support; Enhanced Monitoring and Quarterly Engagement. Those in the first two categories received specific support to develop current financial plans aimed at improving the underlying financial health of the board.

38. Where NHS boards are not delivering effective performance against agreed outcomes or appropriate governance, or are facing significant financial challenges, boards may be subject to additional scrutiny and support through the **NHS Scotland Support and Intervention Framework** (the framework).[10] The Scottish Government's National Planning and Performance Oversight Group (NPPOG) considers both performance and finances when deciding where to place a board on the framework, which consists of five levels. Each increase in the level assigned corresponds to increased formal monitoring and intervention from the Scottish Government. Six NHS boards are currently escalated to stage three or above on the framework (Exhibit 7, page 21).

39. Historically, where a board required additional financial support (brokerage), or was forecasting significant deficits, they would have been escalated up the framework. Escalation on the framework was paused at the end of March 2020 to enable all boards to focus on ensuring an effective response to the pandemic. Due to systemic financial pressures emerging across boards in the medium term there is a need for greater clarity around the level of support offered to boards. This includes clearly communicating how decisions are made about boards being assigned to an engagement level; how boards can move to a lower engagement level; and the relationship between financial support categories and placement on the more formal framework. The Scottish Government needs to clarify the plans for future escalation on financial grounds and ensure that the placement of boards on the framework, and what this means, is communicated and understood.

NHS Scotland Support and Intervention Framework

Stage 1 – steady state: NHS boards are delivering in line with agreed plans. Normal reporting arrangements in place.

Stage 2 – enhanced monitoring: Some variation from agreed plan(s), possible delivery risk if no remedial action is taken.

Stage 3 – enhanced monitoring and support: Significant variation from plan, risks materialising, Scottish Government commissioned tailored support package is required.

Stage 4 – senior external support and monitoring: Significant risks to delivery and tailored support is not producing the required improvements. Senior level external support required.

Stage 5 – statutory intervention: The level of risk and organisational dysfunction is so significant that the NHS Board requires direct intervention using statutory powers of direction.

Exhibit 7.
Scottish Government financial support arrangements 2023/24

Scottish Government engagement	Criteria	NHS boards	Current framework level	Financial support sought in 2022/23
Tailored support	• Financial forecast deficit position significant deviation from average position. • Appropriate Scottish Government support to develop and implement financial recovery plan.	NHS Borders	**3** (financial)	**£11.7 million** brokerage
		NHS Dumfries and Galloway	**2**	**£9.3 million** brokerage
		NHS Highland	**3** (financial and non-financial)	**£16.0 million** brokerage
		NHS Ayrshire and Arran	**3** (financial)	**£25.4 million** brokerage
		NHS Orkney	**3** (financial)	
Enhanced monitoring	• Financial plan requires to be resubmitted, either due to financial position or significant weaknesses identified in plan. • Specific actions set for board to complete to address issues. This may be supported potentially with less formal Scottish Government support. • Regular engagement with board to ensure delivery of these actions.	NHS Fife	**2**	**£9.7 million** brokerage
		NHS Tayside	**3** (non-financial)	**£9.6 million** flexibility
		NHS Grampian	**2**	
		NHS Shetland	**1**	
		Scottish Ambulance Service		

Cont.

Scottish Government Engagement	Criteria	NHS Boards	Current framework level	Financial support sought in 2022/23
Quarterly engagement	• Board to be subject to regular monthly monitoring and quarterly review. • Board expected to continue to participate with national forums to share good practice and learning with other boards.	NHS Forth Valley	**4 (non-financial)**	
		NHS Greater Glasgow and Clyde	**1**	
		NHS Lanarkshire	**1**	
		NHS Lothian	**1**	
		NHS Western Isles	**1**	
		All other National Boards		

Note: The framework applies to NHS territorial boards only. National boards are covered by separate arrangements.

Source: Scottish Government

Boards require greater certainty to appropriately plan for the medium term

40. Boards submitted financial plans for the period 2023/24 to 2025/26 to the Scottish Government in the summer of 2023, after the preparation of the 2023/24 Annual Delivery Plans (ADPs) and three-year Medium Term Plans (MTPs). Financial plans made assumptions relating to allocation uplifts, inflation, pay and prescribing cost growth as well as ongoing Covid-19 costs and targeted efficiency savings. Boards prepared and submitted these plans in the absence of a revised MTFF. Auditors at a number of boards recommended that detailed scenario planning be included in future financial plans and reporting submitted in public to boards, as well as in quarterly forecasting to the Scottish Government.

41. The 2018 MTFF aimed to provide a clear indication of future financial scenarios for health and social care over the medium term, it being aligned to the Scottish Government's own wider MTFS. In our NHS in Scotland 2022 report, we recommended that the Scottish Government publish a revised MTFF as soon as possible after the May 2023 MTFS was published. This is still required, which the Scottish Government recognises and has stated its aim is to publish a revised MTFF in spring 2024. This is needed alongside the better alignment between the annual activity planning cycle that the Scottish Government has introduced for 2024/25. NHS boards are now required to develop their existing MTPs and produce three-year delivery plans for submission, alongside their three-year financial plans (paragraph 97).

2. Operational performance and recovery

The NHS in Scotland is still struggling to recover following the Covid-19 pandemic, and increasing demand is adding to capacity issues

42. In addition to the financial pressures the NHS is facing, described in Part 1, its operational performance and recovery continues to be challenged by a range of other systemic issues. Even before the Covid-19 pandemic, NHS boards were finding it difficult to consistently meet waiting times standards, particularly for planned care.

The NHS in Scotland is still struggling to provide healthcare in a timely way; most waiting times standards are not being met

43. Performance against national waiting times standards shows that the NHS in Scotland is still struggling to provide healthcare in a timely way for many patients. Only three out of eight key waiting times standards have been met at a national level in any quarter in the last five years (Exhibit 8, page 24). Between July and September 2023, only one out of eight key waiting times standards was met at NHS Scotland level. When the latest quarter is compared with the equivalent quarter a year ago, performance has improved against four standards, but has deteriorated in the other four. Performance against each standard varies among boards. (Webpage table)

44. Although waiting times standards are an official measure of performance, they do not provide a comprehensive picture of post-pandemic service performance or recovery. Performance against the standards continues to be influenced by the backlog of care that built up during the pandemic, efforts to reduce the number of long waits for planned care, the availability of staff and hospital beds, and other factors that affect activity and capacity.[11]

45. There are no current plans to change the waiting times standards; the Scottish Government and NHS boards still aim to reduce waiting times and meet the standards in the future. They have agreed interim targets and trajectories to help monitor performance as services recover from the pandemic. The Scottish Government has recently reviewed and updated official guidance on planned care waiting times, reflecting newer working practices.[12] This includes how appointments at NTCs should be managed and the waiting list improvement work led by the national Centre for Sustainable Delivery (CfSD).

Exhibit 8.

Performance against key waiting times standards, September 2018 to September 2023

Only one out of eight key waiting times standards is currently being met in NHS Scotland.

Waiting times standard (target)	Quarterly trend (quarter ending) September 2018 – September 2023	Change in latest year (percentage points)
People referred to **CAMHS**[1] should start treatment within 18 weeks (90%)	69.0% … 75.6%	7.7 ↑
People referred for help with **drug and alcohol** use should receive treatment within 3 weeks (90%)[2]	93.9% … 92.3%	2.3 ↑
People attending **A&E** should be admitted, discharged or transferred for treatment within 4 hours (95%)	92.0% … 71.3%	1.8 ↑
People referred urgently with a suspicion of **cancer** should begin treatment within **62 days** (95%)[3]	81.4% … 72.0%	-3.1 ↓
People diagnosed with **cancer** should begin treatment within **31 days** of the decision to treat (95%)[3]	95.2% … 94.9%	0.5 ↑
People referred for a **new outpatient** appointment should be seen within 12 weeks (95%)	75.7% … 63.4%	-4.4 ↓
People should begin **inpatient/day** case treatment within 12 weeks of the decision to treat (100%)	73.6% … 56.1%	-0.4 ↓
People **referred** for planned care should begin **treatment** within 18 weeks (90%)[4]	82.2% … 68.7%	-3.7 ↓

- - - Target ○ Standard met in latest quarter Sep 2022–Sep 2023

Notes:
1. Child and Adolescent Mental Health Services (CAMHS).
2. Drug and alcohol standard includes community and prison based services only.
3. The cancer waiting times standards do not apply to all referrals/cancers.
4. National trend data for the referral to treatment standard is unavailable for some quarters.

Source: Public Health Scotland

Meeting waiting times standards for cancer remains a priority, but performance against the 62-day standard is poor

46. The Cabinet Secretary for NHS Recovery, Health and Social Care has the objective of showing an improvement in cancer waiting times by April 2024, set by the First Minister as part of the 2023/24 Programme for Government.[13] In our NHS in Scotland 2022 report, we noted that cancer referrals had increased and were higher than pre-pandemic. This growth in referrals has continued in 2023. In the quarter ending 30 September 2023, NHS Scotland was struggling to meet the 31-day standard, with four boards not meeting it. No boards were meeting the 62-day waiting times standard (Exhibit 8, page 24).[14]

Planned care activity has increased in the last year, but so has demand, and so waiting lists continue to grow

47. Waiting lists for planned care are still substantially larger, and waiting times substantially longer, than before the pandemic (Exhibit 9, page 26). The number of new outpatient attendances and inpatient/day case admissions increased in the year to September 2023, but so did demand. Furthermore, activity is still running below pre-pandemic levels, and more cases are being added to waiting lists than are being removed. In the year to September 2023 waiting lists continued to grow, but the rate of growth has slowed for the inpatient/day case waiting list.[15]

48. Although some progress has been made in reducing some of the longest waits, key targets for eradicating long waits have been missed and reducing the number of long waits remains a priority:

- The number of ongoing waits for a new outpatient appointment, where patients have been waiting over a year, increased in the year to September 2023 by 7.2 per cent. This means that the target to eradicate these waits in most specialties by March 2023 was not achieved.
- The number of ongoing waits for inpatient/day case treatment, where patients have been waiting over 18 months, increased in the year to September 2023 by 7.8 per cent. This means that the target to eradicate these waits in most specialties by September 2023 was not achieved.

New commitments on waiting lists and waiting times are unlikely to be met in 2023/24

49. In the 2023/24 Programme for Government, the Scottish Government made commitments to reduce waiting lists and waiting times year on year.[16] Based on current progress, it is unlikely that it will meet these commitments in 2023/24 (Exhibit 9, page 26). The Scottish Government has not stated which indicator it intends to use to measure year-on-year reductions in waiting times, but for 2023/24 the focus is still on eradicating the longest waits.

Exhibit 9.

New outpatient and inpatient/day case waiting list activity, size and waiting times

Planned care activity has increased in the last year, but so has demand, and so waiting lists continue to grow.

	Pre-Covid		Latest year	Change	
New outpatient waiting list activity	**Year to Sep 2019**	**Year to Sep 2022**	**Year to Sep 2023**		**Latest year**
Attendances	1,460,289	1,208,048	1,237,657	↑	**2.5%**
New outpatient[1] ongoing waits and waiting times	**End of Sep 2019**	**End of Sep 2022**	**End of Sep 2023**		**Latest year**
Number of ongoing waits	319,356	475,618	525,654	↑	**10.5%**
Over 12 weeks (standard)	87,365	252,105	302,777	↑	**20.1%**
Over 1 year (long wait target)[2]	3,594	37,353	40,052	↑	**7.2%**
Median ongoing wait (days)[4]	45	93	107	↑	**14 days**
90th percentile ongoing wait (days)[5]	166	332	333	↑	**1 day**
Inpatient/day case waiting list activity	**Year to Sep 2019**	**Year to Sep 2022**	**Year to Sep 2023**		**Latest year**
Admissions	281,785	194,503	232,601	↑	**19.6%**
Inpatient/day case ongoing waits and waiting times	**End of Sep 2019**	**End of Sep 2022**	**End of Sep 2023**		**Latest year**
Number of ongoing waits	77,806	141,286	151,093	↑	**6.9%**
Over 12 weeks (standard)	24,845	95,738	103,112	↑	**7.7%**
Over 18 months (long wait target)[3]	486	16,520	17,812	↑	**7.8%**
Median ongoing wait (days)[4]	48	168	166	↓	**-2 days**
90th percentile ongoing wait (days)[5]	196	582	579	↓	**-3 days**

Notes:
1. Before October 2019, the new outpatient waiting list included some patients waiting for a diagnostic test. These patients are no longer included in this list, so caution is required when comparing figures for September 2019 to later years.
2. New outpatient long wait target to eradicate waits of over one year by March 2023.
3. Inpatient/day case long wait target to eradicate waits of over 18 months by September 2023.
4. Median ongoing wait: half of ongoing waits are less than or equal to this time.
5. 90th percentile ongoing wait: nine out of ten ongoing waits are less than or equal to this time.

Source: Public Health Scotland

50. Waiting lists and waiting times continue to be particularly long for some specialties. For example, nearly one-third of waits for inpatient/day case treatment are for an orthopaedic procedure, and the number of waits for this specialty increased to 45,549 in the year to September 2023 (+7.3 per cent). Orthopaedics has the highest number of ongoing waits lasting over 18 months (6,290 or 13.8 per cent of all ongoing waits within this specialty).[17]

51. Progress in increasing activity, reducing waiting lists and eradicating long waits also varies among boards (Appendix 2). The CfSD is supporting boards to adopt good practices and implement a range of programmes to manage demand and increase capacity. This includes working with specialty delivery groups to reduce unwarranted variation among boards, and initiatives such as active clinical referral triage and patient-initiated review. The National Elective Coordination Unit is helping boards to validate waiting lists, reduce unnecessary appointments and coordinate the use of available capacity across NHS Scotland.[18]

52. Apart from the indicators of activity mentioned above, there are other signs that activity has increased in NHS Scotland in the last year. For example, the number of return outpatient attendances and the number of procedures performed in acute hospitals increased in 2022/23.[19] More planned operations were scheduled in the year to September 2023 compared with the previous 12-month period.[20] Activity in each of these areas is, however, still below pre-pandemic levels.

Winter planning began earlier in 2023 and focused on building resilience across the health and social care system

53. The Scottish Government took a more proactive approach to planning for winter 2023/24 compared with previous years. Building on lessons from 2022/23, planning began in early spring 2023 and involved organisations from across health and social care. This included establishing a single, whole-system oversight and planning group to replace the separate governance structures used in earlier years. A whole-system winter planning summit was also held in August 2023. This was the first time that people from across the health and social care sectors, trade unions, local authorities and the third sector were brought together to plan for winter in this way.

54. Unlike previous winter plans, the 2023/24 plan does not rely on non-recurring funding.[21] Many of the actions in the plan are already being implemented as part of wider reform and improvement programmes. Two announcements relating to funding were made as part of the 2023/24 winter plan:

- £50 million for the Scottish Ambulance Service (SAS) to help support increased demand. SAS's Demand and Capacity Programme began in 2019 with core funding of £40 million, with further funding to set up an integrated clinical hub and patient pathways navigations centre (£5 million) and to cover Covid-19-related costs (£5 million).

- £12 million to create an additional 380 Hospital at Home service beds, over and above the 800 beds already available. In 2022/23 more than 11,000 patients received care through part of this service,[22] and its expansion will allow acute care to be provided to more patients in their own homes. Capacity will also be extended into new service areas to help reduce hospital admissions.[23]

55. The 2023/24 winter plan focuses on building resilience across the system to cope with increased demand and surges in demand no matter when they occur. Winter will always bring particular challenges, but more fundamental capacity and demand pressures need to be addressed. These pressures include workforce shortages in health and social care,[24] an ageing population,[25] the growing burden of disease,[26] an increasing number of people with multiple health conditions,[27] health inequalities,[28] and the healthcare backlog that built up during Covid-19.[29]

Demand for unscheduled care continues to cause pressure, but the Scottish Government and NHS boards are acting to address this

56. The Urgent and Unscheduled Care Collaborative (UUCC), launched in June 2022, is working to protect inpatient capacity for those with the greatest need. The UUCC has five strands focusing on urgent care pathways in the community, flow navigation centres/redesign of urgent care, Hospital at Home services, assessment and care pathways in Accident and Emergency (A&E) departments, and hospital discharge planning.

57. The Redesign of Urgent Care Programme has been incorporated into the UUCC. Originally implemented in December 2020, this programme aims to reduce the number of people who self-present at hospital, particularly when this is not the best place for them to receive care. If they need to attend an A&E department, patients may be given a scheduled, or 'planned', time to attend.

58. According to activity data published by Public Health Scotland (PHS), there are fewer unplanned A&E attendances now than before the pandemic. In the year to September 2019 there were 1.7 million unplanned A&E attendances. This compares with 1.5 million in the year to September 2023.[30] However, it is not known how many people are presenting at A&E departments as planned attendances. PHS is working with boards to improve the consistency and quality of planned attendance data so that it can be reported in the future.

59. The impact of the Redesign of Urgent Care Programme is not yet clear. An independent evaluation of the programme is currently in progress and is due to report in 2024. This evaluation will assess patient and staff experiences of the programme; it will also consider the programme's current performance and how its impact can be evaluated on an ongoing basis.

60. Ninety-five per cent of people attending A&E departments should be seen and admitted, discharged or transferred within four hours. This standard is an important indicator of pressure throughout the acute care system, but currently it applies only to unplanned A&E attendances. Despite the work described above to reduce unplanned attendances, performance against the four-hour standard remains poor and instances of extreme overcrowding in A&E departments have been reported.[31] Performance against the standard fell to a low in December 2022 (62.1 per cent). Although it began to recover in spring 2023, performance levelled out at around 71-73 per cent during the summer months. Performance in September 2023 fell to 70.0 per cent, one per cent better than at the same point a year earlier.[32]

Increased ambulance turnaround times are reducing the effectiveness of work to improve urgent and unscheduled care

61. Additional funding provided to SAS over the last few years has helped the service to increase capacity by employing extra staff (paragraph 54). It has also allowed SAS to focus on reducing the demand for ambulances and on A&E departments through initiatives such as the integrated clinical hub (covered as a case study in NHS in Scotland 2022).

62. Overcrowding and increased waiting times in A&E departments are, however, leading to increased ambulance turnaround times at hospital. This is reducing the effectiveness of SAS's improvement work. On average, compared with before the pandemic, SAS staff are spending around 23 minutes longer at the hospital for every patient conveyed there.[33] This reduces the availability of ambulances for other emergency patients, affects SAS staff rest periods, and undermines patients' experience and safety. Like the A&E service, the ambulance service is not designed to care for patients for extended periods.

63. The Scottish Government issued new guidance in April 2023 to support the safe and timely handover of patients who arrive at hospital by ambulance, particularly when A&E departments are under pressure. It sets out the responsibilities of SAS and receiving hospitals and underlines the importance of working together. The guidance states that, by August 2023, 100 per cent of patients should be handed over within 60 minutes. Turnaround times, however, indicate that handover within one hour is not always achieved and show that turnaround performance varies widely among hospitals.[34]

The Scottish Government and NHS boards have worked to reduce delayed discharges, but they remain stubbornly high

64. In our NHS in Scotland 2022 report, we noted that delayed discharges were a barrier to patient flow through hospitals, which puts pressure on the whole system. Furthermore, patients whose discharge is

delayed can have poorer experiences and poorer outcomes. The Scottish Government developed a Delayed Discharge and Hospital Occupancy Plan early in 2023 and issued it to boards in March. The plan is evidence-based and promotes known good practice in terms of discharge planning and whole-system working. Implementing the plan, however, has not managed to free up as much capacity in hospitals as was anticipated.

65. The number of people whose discharge has been delayed is still higher than pre-pandemic. The Scottish Government had hoped to reduce the number of people who were delayed in their discharge at each monthly census point to around 1,400-1,550 by summer 2023, but 1,688 is the lowest number of people delayed achieved at any census point in 2023 (March). At the end of September 2023, the number of people whose discharge was delayed (1,835) was slightly lower than at the equivalent point a year earlier (1,885).[35]

66. People who are delayed in their discharge continue to occupy a considerable number of hospital beds.[36] The Delayed Discharge and Hospital Occupancy Plan indicates that boards should be aiming for a hospital occupancy rate of around 85-89 per cent. The occupancy rate for acute specialty beds across NHS Scotland was 88.1 per cent in 2022/23. This is higher than the previous year (2021/22: 84.4 per cent) and higher than pre-pandemic (2019/20: 85.8 per cent). But, this annual figure does not capture the variation among hospitals or peaks in particular months or weeks. Board-level data show that eight boards had a hospital occupancy rate above 90 per cent in 2022/23.[37]

67. Hospital occupancy rates and patient flow are affected by the number of delayed discharges, but also by the length of time patients stay in hospital even when their discharge is not delayed. The average length of stay associated with all inpatient discharges, delayed or otherwise, has increased in recent years. This is particularly the case for those patients admitted as an emergency (7.6 days in 2022/23 versus 6.6 days in 2019/20).[38]

68. Alongside work to reduce attendances, admissions and length of hospital stay, some boards are implementing continuous flow models to try to improve patient flow and prevent overcrowding in A&E departments. For example, NHS Greater Glasgow and Clyde has introduced GlasFLOW. This system uses a regular schedule of patient moves from A&E to inpatient wards, in line with expected discharges from hospital. A&E staff report that this model has allowed responsibility and risk to be shared across the hospital system, but have stressed that it is 'not a magic bullet'. The board also noted that the model is supported by other programmes such as Discharge without Delay.[39] When introduced, it is vital that the impact of a continuous flow model is monitored to ensure that patient safety and experience issues are not transferred to other parts of the system.

69. A lack of social care capacity remains an obstacle to improving patient flow and reducing the number of delayed discharges from hospital. This is supported by data showing that many patients whose discharge is delayed are awaiting the completion of care arrangements to allow them to live in their own home (awaiting social care support), waiting for a place in a nursing home, or awaiting the completion of a post-hospital social care assessment. Just over a quarter of delays are for complex reasons, for example when a patient lacks capacity or is awaiting a place in a specialist facility.[40] Our three case study boards highlighted the importance of encouraging patients to plan for the future by putting in place anticipatory care plans and power of attorney arrangements. If a patient loses the capacity to make decisions, having these plans in place can help to reduce delays and also safeguard the patient's wishes.

70. As at autumn 2023, several systemic pressures in NHS Scotland remained unresolved, despite focused work to tackle them. Changing this situation will rely on wider and more rapid reform of services and investment in preventative measures. It will also require a shared sense of responsibility and collaboration across the whole system. The Auditor General plans to consider these issues further in an audit of primary care services in 2024.

Despite growth in the workforce, the number of vacancies remains high and staff turnover and absences have increased

71. The number of staff employed in the NHS in Scotland has increased over the last five years, however the number of vacancies has also increased (Exhibit 10, page 32).[41] The use of agency and bank staff has also increased, with significant growth in the costs associated with this (Exhibit 5 and paragraph 26).

72. Staff sickness absence increased in 2022/23 to 6.2 per cent; equivalent to 9,719 WTE staff over the year. This is above the four per cent national standard set by the Scottish Government, and is the highest rate reported in the last ten years. Given that Covid-19-related absences have been included in this rate since September 2022, the figure for 2022/23 is not directly comparable with earlier years.

73. Workforce capacity is also affected by high staff turnover rates. In the first year of the pandemic turnover dropped markedly, but it has risen sharply since. The expiry of fixed-term contracts among temporary staff, taken on during the pandemic, contributed to a historically high overall turnover rate of 9.4 per cent in 2022/23, but turnover rates for permanent staff are also historically high.

Exhibit 10.

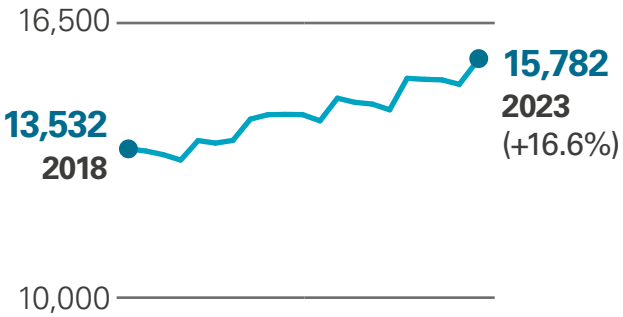
NHS Scotland workforce: September 2018 – September 2023

The NHS Scotland workforce has grown in the last five years, but so has the number of vacancies.

NHS Scotland

Whole-Time Equivalent (WTE) September 2023	**158,375**	**Sickness absence** 2022/23	**6.2%**
Headcount September 2023	**183,858**	**Turnover rate** 2022/23	**9.4%**

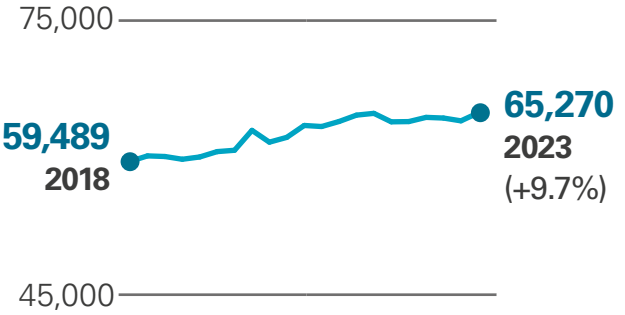
Medical and dental (WTE)



Turnover rate 2022/23: **11.7%**

Vacancies[1]	2018	2023	
Number	398	439	↑
Rate	6.9%	6.9%	←

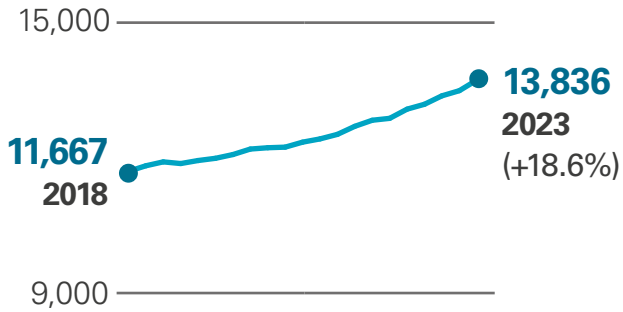
Nursing and midwifery (WTE)



Turnover rate 2022/23: **10.4%**

Vacancies	2018	2023	
Number	3,024	5,447	↑
Rate	4.8%	7.7%	↑

Allied health professions (WTE)



Turnover rate 2022/23: **7.9%**

Vacancies	2018	2023	
Number	542	934	↑
Rate	4.4%	6.3%	↑

Note:
1. Consultant grades only.

Source: NHS Education for Scotland

NHS staff remain under significant pressure and it is not clear that the workforce strategy and other ongoing actions will resolve this challenge

74. The results of the latest iMatter health and social care staff survey indicate that overall employee satisfaction has improved.[42] However, our three case study boards and NHS Education for Scotland (NES) confirmed that the NHS workforce remains under significant and sustained pressure. National support for staff wellbeing has begun to move away from the short-term measures put in place during the Covid-19 pandemic, towards longer-term programmes managed by NES. For example, the Coaching for Wellbeing service, launched in May 2020, provides free coaching to support health and social care staff; 3,709 staff had registered for coaching by the end of 2022/23.

75. The Scottish Government previously committed to publishing the Improving Wellbeing and Workforce Culture Strategy. Instead of a standalone strategy, the Scottish Government now plans to incorporate new guidance and principles into its National Workforce Strategy for Health and Social Care.[43] It is expected to publish an update on the progress of this overarching strategy, including this new guidance, in spring 2024.

76. Several other national programmes are also under way to improve the recruitment, training and retention of NHS staff. One major workstream is the Nursing and Midwifery Taskforce, announced in February 2023. Four working groups focusing on attraction, education and development, culture and leadership, and wellbeing are expected to develop initial recommendations for the taskforce by early 2024. All four groups are considering retention of staff.

77. The recruitment and retention of staff in remote and rural areas is an ongoing concern. The Scottish Government has commissioned NES to establish a National Centre for Remote and Rural Health and Care to help address this issue. The centre will have an initial focus on primary care. The Scottish Government is also developing a Remote and Rural Workforce Recruitment Strategy for Health and Social Care, expected by the end of 2024.

78. Despite these programmes, workforce and performance data show that there is a continuing mismatch between the demand for, and the availability of, staff to work in health and social care. It is not yet clear whether the actions set out in the National Workforce Strategy for Health and Social Care, published by the Scottish Government in March 2022, will be enough to resolve this ongoing challenge.

79. Workforce planning, recruitment, training, retention and wellbeing are closely tied to NHS Scotland's ability to provide safe, high-quality care that ensures the best outcomes for patients. The Health and Care (Staffing) (Scotland) Act 2019 is due to be implemented in April 2024. It sets out statutory requirements for safe staffing across health and care services and aims to support better understanding of workforce requirements. In the National Workforce Strategy for Health and Social Care, the Scottish Government committed to publishing indicative projections of workforce growth and to review these projections annually. The Scottish Government has said that it intends to publish initial projections as part of the workforce strategy update, expected in 2024.

Operational performance and workforce capacity challenges are having a direct impact on patient safety and experience

80. In April 2022 and November 2022, Healthcare Improvement Scotland (HIS) wrote to NHS boards to highlight some serious concerns identified during Safe Delivery of Care inspections of acute hospitals, to enable all boards to review their systems and procedures in light of inspection findings.[44] HIS has confirmed that the issues raised in these letters remain key areas of focus for their inspections to help support the delivery of safe and effective person-centred care (Exhibit 11, page 35).

81. HIS also noted areas of good practice. Examples include staff working well together in challenging circumstances to manage and mitigate risk, positive and caring interactions between staff and patients, and staff working hard to deliver safe care. Several of HIS's concerns, however, relate to workforce issues. For example, high levels of supplementary staffing, staff feeling exhausted, staff feeling unable to provide safe patient care, and staff's lack of confidence in local processes for raising concerns and having them acted upon. The Scottish Public Services Ombudsman/Independent National Whistleblowing Officer echoed these issues in its 2022/23 annual report.[45]

82. The Scottish Government has already taken steps to support NHS staff to raise concerns about patient safety and poor organisational culture through the National Whistleblowing Standards that came into operation in April 2021. The standards are designed to encourage a 'speak up' culture and to ensure that people who raise concerns can do so without fear of victimisation, discrimination or disadvantage. Awareness of the standards is promoted within NHS boards and via online training provided by NES.

Exhibit 11.

Key patient safety concerns raised in Healthcare Improvement Scotland Safe Delivery of Care inspections of acute hospitals

Overcrowding in A&E, the use of non-standard areas, staff wellbeing, medicines governance and the condition of buildings are key areas of concern in relation to patient/staff safety and experience.

Area of concern	Example of impact on patient/staff safety and experience
Extreme overcrowding in A&E and other admission units, and the use of non-standard areas to provide patient care (paragraph 60)	• Patients seated in corridors and waiting areas for long periods of time, without care needs being met. • Patients being cared for in 'locked areas', preventing patients and visitors from leaving the area without staff assistance. • Patients waiting for a dedicated bed space not having the required level of privacy. • Emergency fire evacuation procedures within overcrowded areas not being fully considered.
Staff wellbeing (paragraphs 74 and 81)	• Staff expressing feelings of exhaustion. • Staff expressing concerns about their ability to provide safe patient care. • Staff expressing concerns around their ability to escalate concerns and feel that they are being listened to.
Workforce pressures and higher than normal levels of supplementary staffing (paragraph 26)	• Poor skill mix and high use of agency nurses contributing to gaps in record keeping. • Staff having less or limited experience of the specialty they are working in.
Unsafe practice around medicines governance	• Prepared intravenous medications left unattended. • Inadequate checks of medication, dose or patient details. • Medication cupboards and trolleys left unlocked and unattended.
Poor condition of the healthcare built environment and lack of maintenance (paragraph 29)	• Lack of planned preventative maintenance, including testing of fire safety equipment and water safety testing. • Damaged surfaces, flooring and walls. Leaking pipes and unsealed drains. • Inadequate precautions to manage built environment infection risks to patients.

Source: Healthcare Improvement Scotland

83. If someone working with the NHS raises a concern locally and is not satisfied with the response, they can escalate their concern for external review to the Independent National Whistleblowing Officer (INWO). The number of cases currently being referred to the INWO is still relatively low, but concerns should be referred there only when they have not been resolved locally. In 2022/23, the INWO provided advice to 90 people and received 125 cases, 12 of which it progressed to a full investigation.[46]

Some staff still lack trust in processes for raising concerns

84. Despite the introduction and promotion of the Whistleblowing Standards, some staff still appear to lack awareness of and trust in the escalation process. It also appears that some staff do not believe that raising a concern locally will lead to the necessary action. Responses to questions about raising concerns included in the 2023 iMatter staff experience survey confirm that some staff still lack confidence in this area.[47]

85. There are other indicators of patient safety within NHS Scotland, such as significant adverse event reviews (SAERs). Since January 2020, NHS boards have been required to notify HIS of all category one SAERs; this is the most serious type of adverse event, for example one that may have contributed to, or resulted in, unexpected death. HIS has confirmed that, because of increased compliance with reporting requirements, the number of SAER notifications has generally increased in the last few years. Currently, however, there is no publication showing national trends in SAERs.

86. HIS has highlighted a lack of consistency in the way that SAERs are currently recorded and is leading a programme of national standardisation work to address this. HIS is also reviewing and updating its Learning from Adverse Events Framework. This important work, which will ensure that national data about SAERs is robust, is still ongoing and there are no plans to publish national figures while this work is under way.

87. Alongside patient safety, patient experience remains a valuable indicator of quality of care. NHS boards capture patient experience in a number of ways including through patient surveys, complaints procedures, incident reporting and stories submitted to the Care Opinion website. National information on patient experience, however, is captured less frequently and the National Care Experience Survey Programme is currently under review. The Chief Medical Officer's Value Based Health and Care Action Plan includes an action to develop a national person reported experience measure to improve the provision of person-centred care.[48] The plan also has an action to explore the use of patient-reported outcome measures to drive improvement and better value care.

A new Patient Safety Commissioner will advocate for the welfare and safety of patients

88. The Patient Safety Commissioner (PSC) Bill was passed by the Scottish Parliament in September 2023, and a PSC will now be appointed in

Scotland. The role of this new Commissioner will be to amplify the voice of patients and other members of the public, and improve the safety of healthcare in Scotland.

89. The new Commissioner will be independent of government and will have wide-ranging investigatory powers to look at any issue with a significant bearing on patient safety. The PSC will consider the whole healthcare system, including independent healthcare. The Commissioner's role is wider than the equivalent position in England, where the focus is on medicines and medical devices.

90. The Scottish Government has stated that the role of the PSC is not to replicate the work of other organisations. For example, the Commissioner will not consider individual complaints or harms in the way that the Scottish Public Services Ombudsman does. The PSC is expected to be a small body, so it will need to be focused and work in collaboration with other parts of the system. An advisory group, including patient representatives and subject area experts, will support the Commissioner.

Operational challenges have slowed progress in achieving the ambitions of the NHS Recovery Plan

91. In 2021 the Scottish Government published its NHS Recovery Plan 2021-2026, which outlined its ambitions for recovering and renewing health services and clearing the backlog of care.[49] The Scottish Government published its 2023 annual update on progress made against the recovery plan in December 2023.[50]

92. Previously, we recommended that the Scottish Government report clearly and transparently on progress made against the recovery plan, including whether any changes in indicated targets and timescales would be needed. The 2023 annual update has failed to progress this recommendation. Updates against a range of the ambitions are absent; other targets are mentioned but with no reference to the progress made; and others are reported so that the contribution of the actions taken to overall performance is difficult to identify. In some cases, the way progress towards specific ambitions is now being presented is also different from in the original recovery plan with no explanation given as to why.

93. From the 2023 progress update, however, it is clear that progress in certain areas is behind schedule. Delays in opening NTCs, for example, will have reduced their contribution to planned additional procedures and the recruitment of staff to work in them. Similarly, we note above that across a range of indicators performance is currently below pre-pandemic levels, and has the potential to fall further as a result of pressures in winter 2023/24. There is a clear risk to achieving the planned increases in activity levels that the recovery plan outlined by 2025/26.

3. Reform and redesign

A clear vision is required to move from recovery to reform; and significant service transformation is needed to ensure the future sustainability of the NHS

94. Financial challenges (Part 1) and operational pressures (Part 2) mean that the NHS has continued to focus on recovery and responding to short-term challenges. But the NHS now needs to move away from short-term firefighting to long-term fundamental change.

The Scottish Government and NHS boards have adopted a three horizons approach to planning

95. Work to support boards has adopted a three horizons model, ensuring that the responses to short-term pressures (Horizon 1) are designed to support delivery of outcomes and address emerging financial challenges. Horizons 2 and 3 involve developing larger more complex reforms over the medium and longer term (Exhibit 12, page 39).

96. For 2023/24, the Scottish Government issued national guidance to boards about preparing activity-based Annual Delivery Plans (ADPs) and three-year Medium Term Plans (MTPs), alongside their financial plans. The ADPs and financial plans represented Horizon 1 for boards. Boards agreed their local operational and strategic priorities, aligning these to the **10 national drivers of recovery**. These plans formed the basis of formal performance and improvement discussions between boards and the Scottish Government. The Scottish Government has now moved to strengthen and better align activity and financial planning processes.

97. For 2024/25, NHS boards have been asked to develop their existing MTPs into three-year Delivery Plans, meaning activity and financial plans will cover the same periods and be prepared concurrently. Delivery Plans will continue to refer to the national drivers of recovery, but should also align with the ministerial priorities for NHS Scotland set out in the Programme for Government, and include detailed actions for 2024/25. By setting out high level priorities and aligning activity and financial planning, it is hoped that NHS boards will be better able to plan within their own financial context to deliver both national and local priorities. The Scottish Government is introducing a Delivery Performance Framework that will set out how the progress and impact of the three-year delivery plans will be assessed, and how this will inform performance and improvement discussions.

10 national drivers of recovery

1. Improved access to primary and community care to enable earlier intervention

2. Urgent &Unscheduled Care – Provide the Right Care, in the Right Place, at the right time

3. Improve the delivery of mental health support and services

4. Recovering and improving the delivery of planned care

5. Delivering the National Cancer Action Plan (spring 2023-2026)

6. Enhance planning and delivery of the approach to health inequalities

7. Fast-track the national adoption of proven innovations

8. Implementation of the Workforce Strategy

9. Optimise use of digital and data technologies in the design and delivery of health and care services

10. Climate Emergency and Environment

Exhibit 12.

The Scottish Government acknowledges a wider programme of reform to consider longer-term changes that improve sustainability, including outcomes prioritisation, is now needed and has set this out in their hierarchy of reform planning

Sustainability and Value

The Sustainability and Value Collaborative is a joint effort between Integration Authorities and NHS boards to deliver better value care, make effective use of resources through financial improvement and to optimise within available resources. The intention is not to replace actions that can be agreed and implemented locally in each board area, but to drive opportunities to be identified and implemented on a cross-Scotland basis.

Horizon 1

CHOICES

Review of Health and Social Care Director budgets to prioritise/rationalise commitments, as defined in the Programme for Government, and to set out CHOICES regarding options that can be delivered by the Portfolio within a defined financial envelope. This will require balancing policy priorities, operational recovery and managing within existing resources.

Horizon 2

Reform and Change

Given the residual financial gap, after implementation of CHOICES and Sustainability and Value, decisions regarding reform and change will be necessary if financial balance is to be achieved. This will involve considering options that include both policy and service reform and change. Given the requirement for such actions to close a 'significant' financial gap, decisions will require to balance the need to achieve resource savings while ensuring that changes are consistent with the longer-term priorities and strategy.

Horizon 3

Source: Scottish Government

The Sustainability and Value Programme identifies savings and efficiencies, with a focus on annual break-even rather than longer-term reform

98. Work to support boards in responding to immediate challenges in 2022/23 and 2023/24 was largely delivered through the Sustainability and Value Programme. Launched in 2022, it aimed to support boards to achieve and maintain financial balance. The financial challenges facing boards means that the immediate focus of the programme was to try to reduce the scale of possible deficits in 2023/24, but with some longer-term efficiencies, for example those relating to workforce, featuring in the programme's workplan.

99. Bringing together senior representatives from the Scottish Government, NHS boards and Integration Authorities, four thematic groups supported the Sustainability and Value Board across its work:

- Operational Performance and Delivery Group: has oversight of the progress of national and local plans to deliver planned and unscheduled care waiting times targets, considering the wider system impact on areas such as cancer and diagnostics, and to support identification of national efficiencies.
- Climate Emergency and Sustainability Board: looks at opportunities for efficiencies related to estates, energy management and clinical waste and ensures that they are both financially and environmentally advantageous.
- Workforce: addresses workforce-related programmes, such as the use of agency and locum staff, permanent staffing levels and future workforce requirements to identify a longer-term programme of potential savings.
- Value Based Health and Care Group: its remit is largely aligned to the actions set out in Delivering Value Based Care (2022)[51] and its associated action plan (2023)[52] which look to support the practise of **Realistic Medicine**.[53]

The Financial Improvement Group (FIG) then operates as the primary interface with boards, assisting them to identify immediate savings opportunities and actions to respond to emerging issues (paragraph 34). The impact of the Sustainability and Value Programme and the FIG, which have good visibility and are well understood across boards, has not, as yet, been sufficient to address forecast deficits in 2023/24 (paragraph 21). In November 2023, a new NHS Scotland Planning and Delivery Board was established, with a remit covering national programmes, strategic programmes and national improvements. The Sustainability and Value Board ceased to operate at this point, with its responsibilities being transferred to this new board. The four thematic groups remain in operation but now report to the new board.

The principles of Realistic Medicine

1. Shared decision making.
2. A personalised approach to care.
3. Reduce harm and waste.
4. Reduce unwarranted variation.
5. Managing risk better.
6. Become improvers and innovators.

National commitments to deliver reform and innovation are at risk of not being delivered

100. Adopting digital healthcare solutions is one way the NHS can identify efficiencies and increase productivity, both in response to immediate pressures and to enable longer-term changes in how health services are administered and delivered. The Scottish Government's and the Convention of Scottish Local Authorities' Digital Health and Care Strategy (Care in the Digital Age) was published in 2021 and aims to deliver new digital products and solutions to support priorities including proactive and preventative care and NHS recovery.[54]

101. The Care in the Digital Age 2023/24 Delivery Plan, published in August 2023, stated that 53 out of 60 commitments in the 2022/23 delivery plan were delivered or were on track for delivery, with the remaining commitments carried forward into the 2023/24 delivery plan.[55] However, a further five actions have subsequently been reclassified as at risk and carried forward from 2022/23 into the 2023/24 delivery plan. While some commitments take time to deliver, and can span multiple years, a key risk for digital reform is uncertainty around the availability of the funding to deliver programmes such as Digital Front Door, Digital Dispensing and an integrated health and social care record. Such innovations are required as preparations are made for the proposed development of the National Care Service.

102. Alongside national digital programmes, the Scottish Government has commissioned NHS Golden Jubilee to host the CfSD to assist boards in implementing transformation programmes and adopting new and innovative approaches to delivering care. Part of the CfSD's work is the Accelerated National Innovation Adoption (ANIA) pathway which fast-tracks technological innovations from market to roll-out across boards in NHS Scotland. Through the ANIA pathway, the Scottish Government expects more technological solutions to be implemented on a 'Once for Scotland' basis, meaning that boards can adopt technological innovations more quickly. In the past year, the ANIA pathway has been developing projects to capture digital images for dermatology referrals and to increase access to closed loop monitoring systems for type one diabetes, but the adoption of these national solutions remains a local decision for each board.

103. NHS boards are also putting in place their own innovative approaches to improving care and creating more sustainable services. Boards are working in partnership with local authorities, the third and independent sectors, the academic sector and local industry to develop, test and implement innovative solutions. New models of care are going beyond the use of communication technologies such as Near Me to focus on supporting patients in the community and increasing service efficiency through automation and online data capture. While there is evidence that some nationally developed programmes are being adopted, further monitoring and reporting is needed to determine how digital programmes and the work of the CfSD are contributing to efficiencies on a national basis, both financially and operationally.

There is a need for greater transparency in reporting progress of the Care and Wellbeing Portfolio against its strategic priorities

104. The Scottish Government's Care and Wellbeing Portfolio aims to move towards a more sustainable health and care system that supports improvements in population health and reduces health inequalities. The Scottish Government intends this to be a cohesive portfolio of activity to shape and coordinate reform over Horizons Two and Three, rather than a set of separate projects.

105. Since we reported on its development last year, the portfolio's approach and internal structures have been refined and its membership expanded to include a broader range of Scottish Government and external stakeholders, and it has been adopted across the sector as a way of prioritising preventative care (Exhibit 13, page 43). Some progress has been made in embedding elements of its work, for example strengthening boards' roles as **anchor institutions**. But there is a lack of transparency in reporting overall progress, which is obscuring the risks to the portfolio being able to deliver the reforms needed to reach its ambitions. To address this, the Scottish Government, working with Public Health Scotland, has now launched a publicly available Care and Wellbeing Dashboard. This remains in the early stages of development, but aims to allow the progress that the portfolio is making against specific indicators to be monitored.

106. The portfolio has identified a high risk that immediate priorities will not be successfully delivered due to a lack of strategic direction on scope and priorities. It has struggled to define the scope and direction of the NHS Recovery, Renewal and Transformation programme, resulting in focus shifting to a broader 'Long-term Planning' programme. The portfolio is also reviewing how workforce assumptions and constraints are likely to affect what it can deliver and has identified a risk of portfolio programmes not being sufficiently aligned or integrated with existing strategies and priorities at national and local levels. If these risks are not fully addressed on a sustainable basis, the impact of the portfolio will be limited.

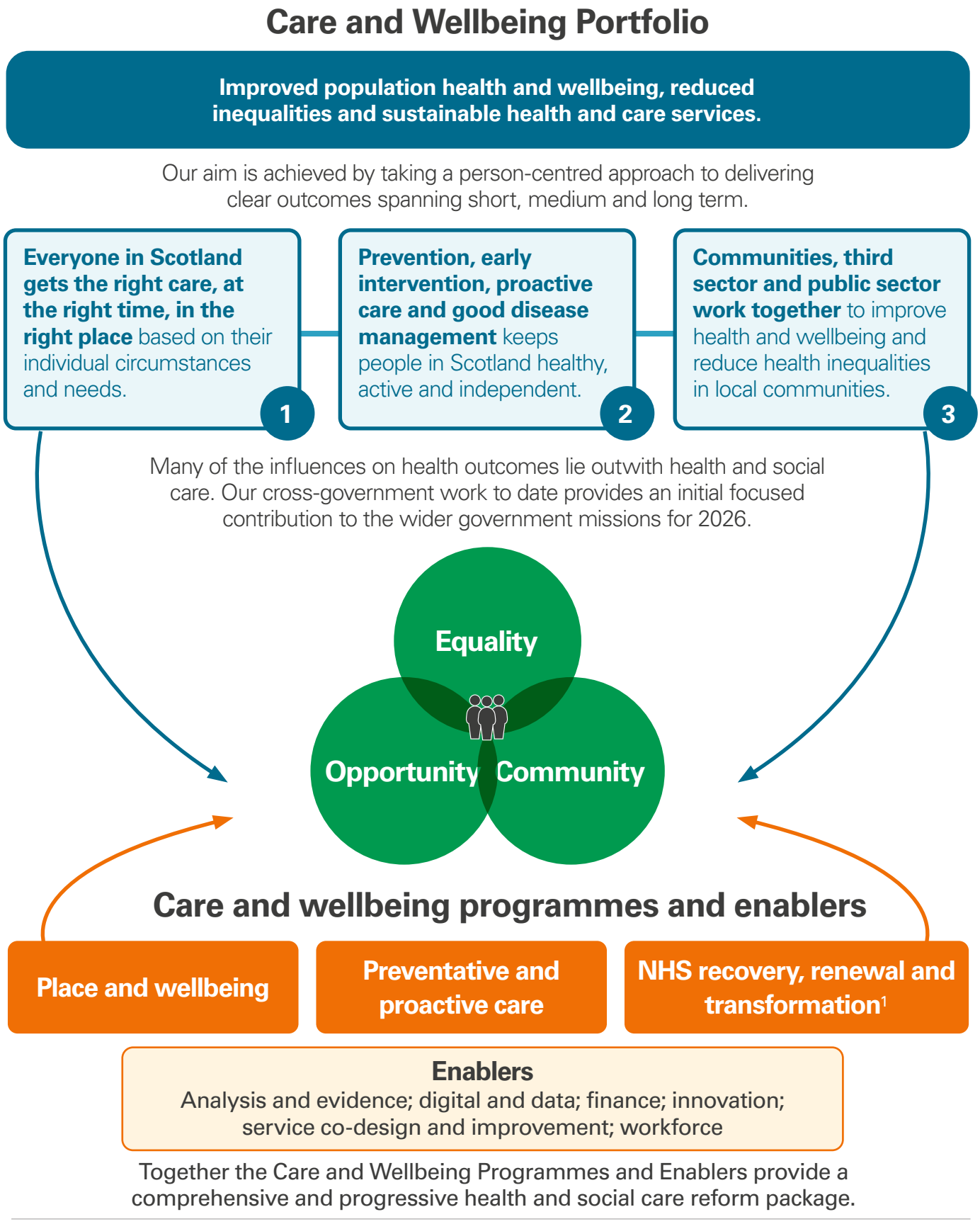
107. The Portfolio Board is taking action to mitigate or reduce these risks, however successfully delivering the strategic aims and outcomes of the portfolio will require significant service change, a widespread shift in focus to preventative care, and effective collaborative working across many boundaries. While links are being made between the portfolio and various ongoing strategies, the Board must have a clear strategic direction for all programmes, effectively plan actions in the short and long term, and strengthen the coherence between portfolio programmes and the many actions taking place across the public sector that affect population health and inequalities.

An **anchor institution** is defined as a large organisation whose long-term sustainability is tied to the wellbeing of its population. Anchors get their name because they are 'rooted' in their communities, are unlikely to relocate, and have significant assets and resources which can be used to influence the health and wellbeing of communities.

NHS boards can increase their contribution to primary prevention by becoming exemplar anchor institutions. By providing access to quality work, procuring goods and services locally where possible, and ensuring their land and buildings are used to advantage the local community. NHS boards can improve the lives of people in the communities it serves by enhancing wealth and wellbeing in the local population.

Exhibit 13.

The Care and Wellbeing Portfolio's mission and objectives were revised in 2023 to reflect the refreshed Programme for Government



Note 1. As noted in paragraph 106, the 'NHS recovery, renewal and transformation' programme has shifted focus to 'Long-term planning'.

Source: Scottish Government

108. Without clear and transparent reporting, it will be difficult for the Scottish Government to demonstrate how the portfolio enablers and programmes are progressing or how its approach is making a difference.

There is an increased focus on public health interventions and prioritising prevention, but this still remains secondary to more immediate operational pressures

109. A whole-system approach to improving the health of the Scottish population is essential to reducing the demand for health and care services. People's health is shaped by social and economic factors, health behaviours, health services, and the physical environment. Investing in preventative measures and implementing service reforms will help to ensure services are sustainable in the future. This work is not the sole responsibility of NHS Scotland; every sector has a contribution to make and it requires long-term and cross-sector investment focused on improving the wider factors that affect health. Public health improvements play an important role in shaping future demand for health and care services. While improving health is everyone's responsibility, the Scottish Government, through its Care and Wellbeing Portfolio, aims to provide leadership on prioritising population health within the public sector. A key partner in this work is Public Health Scotland (PHS).

110. PHS has described **three types of prevention**, detailing their value and how they can be used to help manage current and future demand for health services.[56,57] It has also published analysis which suggests that, despite an overall projected decline in the population of Scotland by 2043, annual disease burdens could increase by 21 per cent.[58] Two-thirds of this increase is predicted to be due to cardiovascular diseases, cancers and neurological conditions. However, this forecast does not factor in changes to prevention activity, service provision, advances in treatments or diagnostics. All types of prevention have a role to play in reducing this burden, but investment in primary prevention has been identified as the area which can make the biggest difference to the population's health and future demand for health services.

111. PHS's modelling of demand and capacity within NHS Scotland is being used by the Scottish Government, NHS boards and some HSCPs to better understand current pressures and to plan how available resources can best be used. Currently this work is mainly based on the acute hospital system, but PHS are working to refine this work and incorporate wider health and care data as they become available. Models to predict disease prevalence and how population change may impact demand for health and care services in the future are now in development. These models are intended to support decision-making around how resources are targeted towards public health interventions that can influence the scale and likely nature of future demand.

PHS has described three types of prevention:

Primary prevention is action that tries to stop problems happening (for example, by improving the conditions in which people work, live and grow).

Secondary prevention is action that focuses on early detection of a problem to support early intervention and treatment and reduce the level of harm (for example, cancer screening services).

Tertiary prevention is action that attempts to minimise the harm of a problem through careful management (for example, rehabilitation support for people who have experienced a stroke).

112. The importance of improving population health and reducing health inequalities, while continuing to deliver operational priorities, is reflected in the delivery planning guidance issued to NHS boards. Delivery Plans have begun to set out how boards will continue working on reducing health inequalities. However, the performance indicators on which boards are currently judged still tend to focus on more immediate pressures such as waiting times, in effect deprioritising the resourcing of preventative measures.

Realistic Medicine can support better use of resources to deliver person-centred outcomes, but stronger clinical leadership is required

113. There are many opportunities for clinicians and patients to work together to make health and care decisions that can contribute to better use of resources and improved health outcomes. After the immediate response to Covid-19, there is now a renewed focus on Realistic Medicine, which aims to develop a culture of shared decision-making between clinicians and patients and reduce the amount of healthcare interventions that do not add value. Realistic Medicine is partly being taken forward under the Value Based Health and Care Group (paragraph 99), but local clinical leadership is needed to apply the principles consistently in everyday practice.

114. Scotland's Chief Medical Officer noted in his annual report that research by the Organisation for Economic Co-operation and Development (OECD) estimates that 20 per cent of spending on healthcare does not result in improvements in health.[59] This is due to various factors including inefficient use of resources, treatment decisions that do not give patients the outcome they would most value, over-investigation and over-treatment, and not taking full advantage of conservative treatment options that deliver better outcomes.

115. Clinicians are being asked to implement the principles of Realistic Medicine by encouraging patients to explore with care teams what treatment options would make the most impact on their own life. Clinical practice should also exhibit a culture of stewardship, where everyone considers their role in the effective use of resources, and clinicians need to be supported by senior clinical and executive leadership to manage clinical risk differently. Staff must be empowered to implement new models of care, reduce practices that are of less value, and take advantage of innovative opportunities for service reform and transformation (paragraph 103).

116. The Chief Medical Officer has set out how the Scottish Government, NHS boards and their partners should deliver Realistic Medicine in the Value Based Health and Care Action Plan.[60] The plan sets out 13 actions related to staff training and development, maximising the use of tools that support further adoption of Realistic Medicine, and measuring the impact of Realistic Medicine on patients. The Scottish

Government intends to publish a measurement framework to evidence progress against these actions and the difference Realistic Medicine is making to outcomes and service sustainability.

Boards are planning over the longer term, but the scale of the challenge requires national coordination and a shared vision

117. Boards are trying to address the current operational challenges they face by implementing a range of approaches to improvement and redesign and working with national partners such as the CfSD. Boards are developing their own longer-term strategies to deliver reform over the next 10-15 years. NHS Tayside intends to refresh its strategic plan this year, and both NHS Dumfries and Galloway and NHS Greater Glasgow and Clyde have developed strategic visions in partnership with Integration Authorities. These plans incorporate key areas such as the importance of digital and innovation, future demand and capacity modelling, and prioritising preventative and person-centred approaches as services are redesigned. Boards, however, told us that there now needs to be greater national leadership to meet the scale of change that will be required.

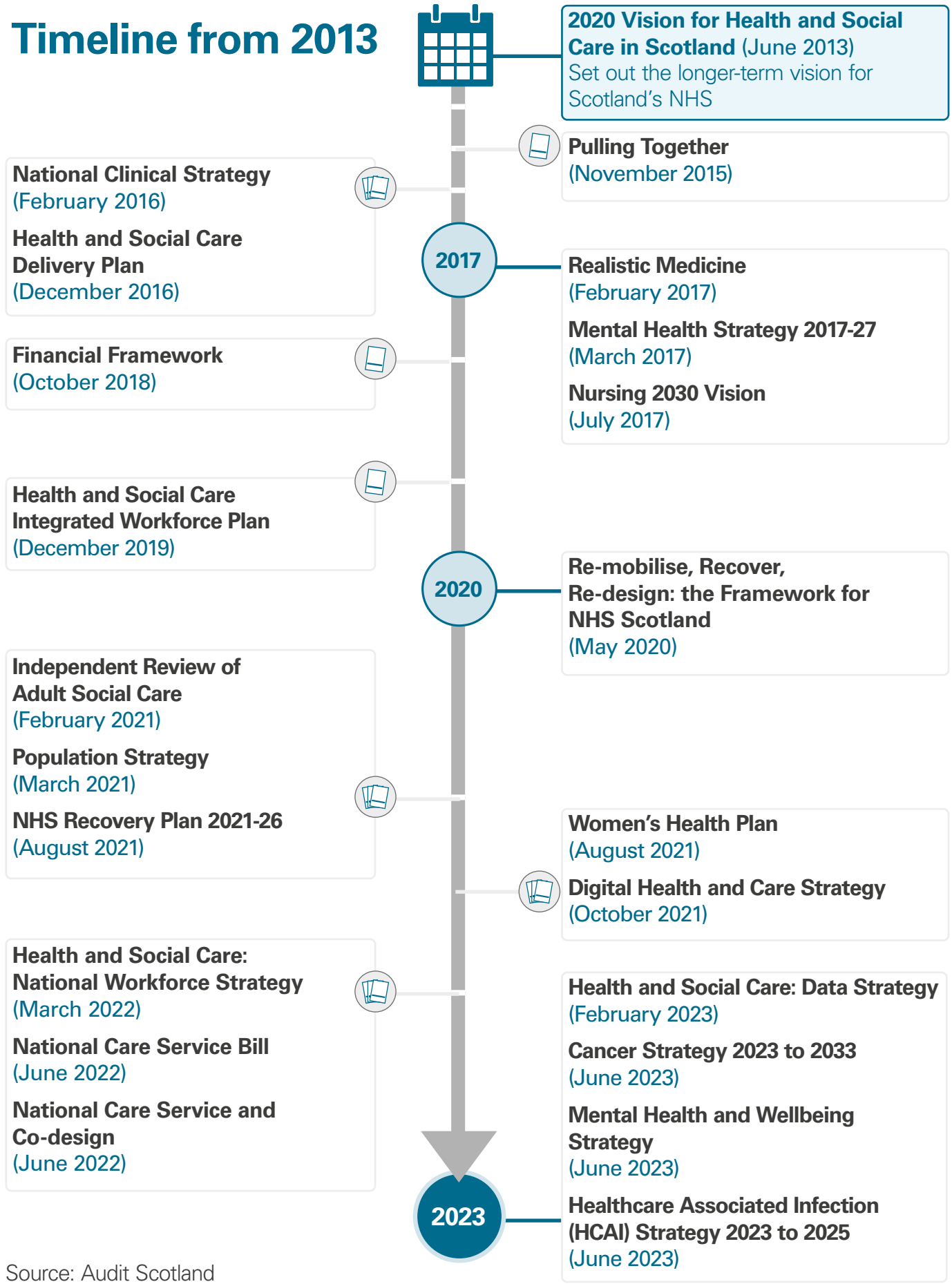
118. National planning is often done in isolation and to shorter timescales, exacerbated by one-year budget settlements. Key considerations for boards such as infrastructure and workforce requirements are planned over several years, and it is difficult to make local changes of the scale required. Boards highlighted the need for difficult financial decisions at a level not seen before, without a coherent sense of direction or an all-encompassing strategy to inform their own strategic planning. This is particularly challenging for smaller or rural boards as they have limited opportunity for radically changing local services in isolation.

119. The Scottish Government has recognised the need to better align boards' operational planning cycle to financial planning and has put plans in place to do this from 2024/25. But there is also a need to ensure that NHS boards' operational Delivery Plans (paragraph 97) are supported by a shared longer-term vision of what future health services will look like.

120. The national policy context in which the NHS operates is complex, with a range of strategies, plans and policies in place but no single, overall vision of what health services will look like in the future (Exhibit 14, page 47). The ambitions within the Scottish Government's 2020 Vision were not achieved by 2020.[61] The Covid-19 health emergency and subsequent recovery has been the immediate focus since then, but the lack of a long-term national vision is hindering boards' ability to plan and deliver reform at the scale, pace and ambition required.

Exhibit 14.

There has been no unified vision for the future direction of the entire healthcare system published since 2013



Source: Audit Scotland

121. To reduce demand on the whole health and care system, public health and preventative health care measures need to be prioritised. As part of the 2024/25 budget statement, the Scottish Government indicated its intention to take forward a 'National Conversation' about the future of the NHS.[62] The Scottish Government should now work with NHS boards, their staff, partners, and the public to develop a long-term strategy for health and social care and support the movement from recovery to reform (Horizon 3). It should set out priorities that support large-scale, system-wide reforms, advancing and building upon ongoing work such as the focus on prevention and Realistic Medicine, and recognise the interdependencies across the health care system. This is increasingly important given the proposed development of the National Care Service.

To support longer-term reform, effective and collaborative leadership will be required

122. Successfully implementing longer-term reforms requires strong executive and clinical leadership to address the current operational and financial challenges, while also looking to implement new approaches to designing services that will meet longer term need. In the joint Auditor General for Scotland and Accounts Commission report on progress with health and social care integration, we highlighted the importance of 'systems leadership' in a complex environment. Effective collaborative leaders should exhibit influential leadership and the ability to empower others, promote awareness of the organisation's goals, engage service users, and prioritise continual development.

123. The current challenges of leading in a complex and uncertain environment are putting leadership capacity across NHS Scotland at increasing risk, and there are concerns that boards are finding it difficult to recruit externally for senior executive and clinical roles. In the past year the Chief Executives at four boards have announced their retirements (NHS Dumfries and Galloway, NHS Forth Valley, NHS Highland, and NHS Tayside). It has subsequently been announced that the Chief Executive of NHS Grampian will take up the same post at NHS Tayside, but this still leaves four out of 14 territorial boards recruiting new Chief Executives.[63]

124. There is a renewed focus on succession planning and leadership skills development at various levels, both within individual boards and nationally. The Scottish Government has commissioned NHS Education for Scotland to deliver a range of leadership development programmes, known collectively as Leading to Change. The national programmes offered include the Aspiring Chief Executives programme (for senior leaders nominated by boards) and the Developing Senior Systems Leadership Programme (with a focus on system-wide collaborative leadership).

To support reform NHS boards must have good governance arrangements in place

125. System-wide reforms will require boards to operate effectively, liaise with their local populations and to report progress transparently. To support this, NHS boards must have good governance arrangements in place that provide sufficient scrutiny and assurance of financial and operational performance. The Scottish Government aims to support NHS boards by issuing guidance and carrying out reviews of governance arrangements across boards. The Scottish Government revised its Blueprint for Good Governance in NHS Scotland in November 2022.[64] The second edition of the blueprint sets out principles of good governance, emphasising the importance of rigorous challenge and scrutiny as well as collaboration with other stakeholders, including the public. The model set out in the revised blueprint places more emphasis on delivering change, and prioritising innovation and a learning culture, at the same time as meeting operational outcomes and targets.

126. The blueprint sets out three levels of evaluation: appraisal of individual board members' performance; a regular board self-assessment exercise; and external review of the organisation's governance arrangements. A new approach to self-assessment has been piloted and is to be rolled out to all boards by March 2024, aiming to provide constructive challenge and strengthen effective scrutiny and self-evaluation. A new Healthcare Governance Advisory Board is being set up and will recommend an approach to external review of board governance. These reviews will include how boards engage with stakeholders, including the public. We will continue to consider the effectiveness of the governance arrangements within NHS Scotland, including the results of the external reviews, as part of both the annual audits of individual NHS boards and our programme of national reporting.

127. There were limited governance and financial management concerns arising from 2022/23 annual audit work. Issues around governance, leadership and culture were, however, highlighted by the auditors of NHS Forth Valley. The board has been escalated on the Scottish Government's NHS Scotland Support and Intervention Framework (paragraphs 37–39). Following escalation, an independent review of the corporate governance arrangements in NHS Forth Valley was undertaken. The learning outlined by the review may enable other NHS boards to identify opportunities to improve their own governance arrangements (Case study 2, page 50).

Case study 2.
NHS Forth Valley Corporate Governance Review

In December 2023, the Auditor General published a report to draw Parliament's attention to concerns in relation to the governance, leadership and culture in NHS Forth Valley and set out the progress the board is making in addressing these issues.

In November 2022, the board was escalated to stage 4 of the NHS Scotland Performance Escalation Framework (since renamed the Support and Intervention Framework). As a result of the escalated governance arrangements an independent review of the corporate governance arrangements in the organisation was undertaken. The review was intended to assist the board in identifying any improvements to their approach to corporate governance that will be required to address the range of performance-related issues included in the Escalation Improvement Plan.

The assessment of the effectiveness of the governance arrangements in NHS Forth Valley is grounded in the NHS Scotland Blueprint for Good Governance (2022). The conclusions in the report focused on the Board's approach to active and collaborative governance.

An active governance approach to delivering good governance requires Board members 'to focus on the right things, consider the right evidence and respond in the right way'. Overall, while the board generally was focusing on the right things, the review noted that there were two notable exceptions to this that should be considered the root cause of many of the significant challenges currently faced by the organisation. These are the failure to agree an appropriate business model for the delivery of integrated health and social care, and the difficulties experienced in building and maintaining a high-performing Executive Leadership Team. The review was also concerned that the Board was not always able to consider the right evidence or respond in the right way.

A collaborative approach to governance needs to be adopted by the key partners in the healthcare system to ensure governance arrangements are understood and aligned to achieve the best outcomes for the population and ensure best value in the use of public funds. The review found there was a lack of a productive and collaborative approach to governance particularly in respect of the integration of health and social care. The reasons behind the lack of collaborative governance reported by the review, reflect those outlined in our 2018 Health and social care integration report, including: an unwillingness by some senior leaders to relinquish power and control; a lack of understanding of responsibilities and accountabilities; and difficult relationships between partners.

The review made 51 wide-ranging recommendations for improvements to the Board's governance arrangements. The review also recommended that there was merit in sharing the learning with all NHS boards to enable them to consider the review and possibly identify opportunities to improve their own governance arrangements.

Source: NHS Forth Valley Corporate Governance Review: Final Report, October 2023 and Audit Scotland

Endnotes

1 Value based health and care action plan, Scottish Government, September 2023.

2 The Health and Social Care Portfolio in 2023/24 represented around one third of Total Managed Expenditure, which includes Non-Domestic Rates (NDR) income and Annually Managed Expenditure (AME) relating to Social Security expenditure, pension costs and accounting adjustments. Excluding these budget elements, around 40 per cent of the funding that the Scottish Government can direct to support its priorities (the discretionary budget) was spent on health and social care.

3 Scotland's Fiscal Outlook: The Scottish Government's Medium-Term Financial Strategy, Scottish Government, May 2023.

4 Fiscal Sustainability Report – March 2023, Scottish Fiscal Commission, March 2023.

5 The NRAC formula was implemented in 2009/10. Upon its adoption, the Scottish Government and TAGRA (Technical Advisory Group on Resource Allocation) committed to movement towards parity over the longer term through management of the annual uplift process as described.

6 This is the current position following distribution of £200 million of funding to NHS boards in Quarter 1 of 2023/24, as outlined in paragraph 21, and provided by the Scottish Government.

7 National Workforce Strategy for Health and Social Care in Scotland, Scottish Government, March 2022.

8 NHS Scotland Workforce, as at September 2023, NHS Education for Scotland, December 2023.

9 Statistics about the age, use and condition of the NHS estate (including levels of identified backlog maintenance) were provided to us by the Scottish Government.

10 Previously known as the NHS Scotland Performance Management Framework, or escalation, it was renamed in September 2023.

11 Inpatient, Day Case and Outpatient Stage of Treatment Waiting Times, quarter ending 30 September 2023, Public Health Scotland, November 2023.

12 NHS Scotland Waiting Times Guidance, Scottish Government, November 2023.

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14 Cancer Waiting Times in NHS Scotland, 1 July to 30 September 2023, Public Health Scotland, December 2023.

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18 National Elective Coordination Unit Annual Report 2022/2023, Centre for Sustainable Delivery, November 2023.

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20 Cancelled Planned Operations, month ending 30 September 2023, Public Health Scotland, November 2023.

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22 Hospital at Home Programme progress update (older people/acute adult), Healthcare Improvement Scotland, March 2023.

23 Meeting of the Parliament Official Report, statement by Michael Matheson on planning for winter 2023-24, Scottish Parliament, 24 October 2023.

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25 Scotland's Census 2022 – Rounded population estimates, National Records of Scotland, September 2023.

26 Forecasting the future burden of disease: Incorporating the impact of demographic transition over the next 20 years, Public Health Scotland, November 2022.

27 Multimorbidity: A Priority for Global Health Research, Academy of Medical Sciences, April 2018.

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31 Safe Delivery of Care inspections of acute hospitals – findings letter to NHS boards: November 2022, Healthcare Improvement Scotland, November 2022.

32 Accident and Emergency Activity, month ending September 2023, Public Health Scotland, November 2023.

33 Board Quality Indicators Performance Report, Scottish Ambulance Service, November 2023.

34 Unscheduled Care Operational Statistics, Scottish Ambulance Service, November 2023.

35 Delayed discharges in NHS Scotland, month ending September 2023, Public Health Scotland, November 2023.

36 Delayed discharges in NHS Scotland (annual, planned revision), 2022/23, Public Health Scotland, December 2023.

37 Acute hospital activity and NHS beds information (annual), year ending 31 March 2023, Public Health Scotland, September 2023.

38 Acute hospital activity and NHS beds information (annual), year ending 31 March 2023, Public Health Scotland, September 2023.

39 Using an evidence-based approach to improve unscheduled care, Glasgow Continuous Flow Model (GlasFLOW), NHS Greater Glasgow and Clyde, June 2023.

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42 Health & Social Care Staff Experience Survey 2023, Scottish Government, November 2023.

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59 Realistic Medicine: doing the right thing – Chief Medical Officer for Scotland Annual Report 2022-2023, Scottish Government, June 2023.

60 Value based health and care action plan, Scottish Government, September 2023.

61 NHS in Scotland 2019, Audit Scotland, October 2019.

62 Scottish Budget 2024 to 2025: Deputy First Minister statement, Scottish Government, 19 December 2023.

63 Internal candidates have been appointed at NHS Highland and NHS Dumfries and Galloway, and interim appointments have been made at NHS Grampian and NHS Forth Valley.

64 The Blueprint for Good Governance in NHS Scotland, second edition, Scottish Government, November 2022.

Appendix 1.

Audit methodology

We aim to answer the following audit questions in this report:

- What was the financial performance of the NHS in Scotland in 2022/23, and what is the medium-term financial outlook?
- How is the NHS in Scotland performing against national commitments, and what progress is being made with recovery?
- What is being done to reform and redesign the NHS in Scotland, including making it financially sustainable?

Our findings are based upon:

- the 2022/23 audited accounts and annual audit reports of NHS boards and supplementary returns provided by appointed auditors
- analysis of NHS board accounts, Scottish Government budget documents
- relevant Scottish Government strategies, plans and publications
- activity and performance data published by Public Health Scotland, NHS Education for Scotland and other national boards
- interviews with senior officials in the Scottish Government and NHS boards.

This central work was supplemented by targeted work at three NHS boards (NHS Dumfries and Galloway, NHS Greater Glasgow and Clyde and NHS Tayside). This included a more in-depth review of board strategies and plans, and interviews and discussions with senior staff.

Advisory Panel

To support our work, an Advisory Panel was established to provide challenge and insight at key stages of the audit process. Members sat in an advisory capacity only and the content and conclusions of this report are the sole responsibility of Audit Scotland.

We wish to extend our thanks to the members of the panel: Andrew Bone (NHS Borders); Lorraine Cowie (NHS Highland); Julie Carter (Scottish Ambulance Service); Stephen Gallagher (Scottish Government); and Scott Heald (Public Health Scotland).

Appendix 2.

NHS board performance against selected waiting list indicators

New outpatient waiting list indicators (September 2023)

NHS board	Attendances in year to Sep 2023	Change in year to Sep 2023 (%)	All ongoing waits Sep 2023	Change in year to Sep 2023 (%)	Ongoing waits over a year Sep 2023[1]	Change in year to Sep 2023 (%)
NHS Scotland	**1,237,657**	**2.5** ↑	**525,654**	**10.5** ↑	**40,052**	**7.2** ↑
NHS Ayrshire & Arran	94,622	5.0 ↑	47,689	7.6 ↑	5,409	-26.5 ↓
NHS Borders	21,677	-9.8 ↓	11,813	11.7 ↑	1,485	-7.1 ↓
NHS Dumfries & Galloway	32,177	7.3 ↑	10,629	3.5 ↑	20	-86.0 ↓
NHS Fife	78,251	4.9 ↑	30,300	14.9 ↑	2,427	161.5 ↑
NHS Forth Valley	68,967	-0.4 ↓	19,312	7.4 ↑	84	-63.3 ↓
NHS Grampian	112,091	2.3 ↑	51,684	21.7 ↑	6,117	45.7 ↑
NHS Greater Glasgow & Clyde	343,198	5.8 ↑	146,522	3.8 ↑	7,463	-38.4 ↓
NHS Highland	51,909	4.4 ↑	25,171	22.5 ↑	2,068	1.0 ↑
NHS Lanarkshire	109,510	1.5 ↑	67,132	37.7 ↑	7,661	266.6 ↑
NHS Lothian	221,444	1.8 ↑	79,510	-2.2 ↓	5,603	4.2 ↑
NHS Orkney	4,231	-4.4 ↓	1,513	39.8 ↑	27	92.9 ↑
NHS Shetland	4,671	-2.9 ↓	1,346	28.2 ↑	9	28.6 ↑
NHS Tayside	86,054	-7.4 ↓	31,319	10.8 ↑	1,675	34.3 ↑
NHS Western Isles	6,279	2.3 ↑	1,367	17.7 ↑	4	0.0 ←
NHS Golden Jubilee	2,576	8.6 ↑	347	7.1 ↑	0	-100.0 ↓
	Fewer attendances than a year ago		More ongoing waits than a year ago		More ongoing waits over a year than a year ago	

Note: 1. There was a new outpatient target to eradicate long waits of over one year by March 2023.

Inpatient/day case waiting list indicators (September 2023)

NHS board	Admissions in year to Sep 2023	Change in year to Sep 2023 (%)	All ongoing waits Sep 2023	Change in year to Sept 2023 (%)	Ongoing waits over 18 months Sep 2023[1]	Change in year to Sep 2023 (%)
NHS Scotland	**232,601**	**19.6** ↑	**151,093**	**6.9** ↑	**17,812**	**7.8** ↑
NHS Ayrshire & Arran	15,949	18.0 ↑	7,863	-8.1 ↓	753	-13.8 ↓
NHS Borders	2,951	24.6 ↑	2,539	7.0 ↑	310	-9.9 ↓
NHS Dumfries & Galloway	7,969	11.9 ↑	4,729	30.8 ↑	2	-60.0 ↓
NHS Fife	13,121	15.6 ↑	7,805	40.4 ↑	134	197.8 ↑
NHS Forth Valley	9,486	6.3 ↑	4,822	15.7 ↑	23	-41.0 ↓
NHS Grampian	18,537	14.0 ↑	16,409	4.6 ↑	2,775	1.5 ↑
NHS Greater Glasgow & Clyde	64,059	21.0 ↑	44,878	9.3 ↑	6,634	36.4 ↑
NHS Highland	13,153	24.5 ↑	7,004	-7.5 ↓	772	-42.9 ↓
NHS Lanarkshire	17,601	29.4 ↑	11,621	-0.7 ↓	1,634	-1.7 ↓
NHS Lothian	40,209	31.4 ↑	27,780	3.2 ↑	3,256	2.5 ↑
NHS Orkney	738	-8.2 ↓	346	-4.7 ↓	2	-71.4 ↓
NHS Shetland	933	-17.3 ↓	359	10.8 ↑	6	0.0 ←
NHS Tayside	20,986	11.0 ↑	12,911	13.6 ↑	1,496	7.3 ↑
NHS Western Isles	1,410	-0.8 ↓	327	-27.5 ↓	0	-100.0 ↓
NHS Golden Jubilee	5,499	10.3 ↑	1,700	8.0 ↑	15	36.4 ↑
	Fewer admissions than a year ago		More ongoing waits than a year ago		More ongoing waits over 18 mths than a year ago	

Note: 1. There was an inpatient/day case target to eradicate long waits of over 18 months by September 2023.

Source: Public Health Scotland

Appendix 3.

Progress against the recommendations from NHS in Scotland 2022

Recommendations for Scottish Government	Progress/status
Publish a revised Medium-Term Financial Framework (MTFF) for health and social care that clearly aligns with the Medium-Term Financial Strategy (MTFS) for the entire Scottish Government, as soon as possible after the next MTFS is published, to determine what financial resources will be available and to give a clear understanding of potential financial scenarios.	**In progress.** The MTFS was published in May 2023, but a revised MTFF has not been published yet. Publication planned for 2024. Further action recommended.
Complete work on modelling demand and capacity to inform planning for future service delivery, taking into consideration demographic change, service redesign options and anticipated workforce capacity.	**In progress.** A model exists and work to develop and improve this model is ongoing.
Revisit NHS Recovery Plan commitments annually and use annual progress updates to report clearly and transparently on what progress has been made and whether those commitments, or the targets and delivery timeframes related to them, need to change and why.	**No progress.** The NHS Recovery Plan update was published in December 2023 but does not clearly report progress. Further action recommended.
Ensure targets for tackling the backlog of care are clear, publish accessible and meaningful information about how long people will have to wait for treatment, and urgently explore all options to provide support to the most vulnerable people waiting for treatment to minimise the negative impact on their health and wellbeing.	**In progress.** Work to improve waiting times information for patients ongoing.
Publish annual progress updates on the reform of services, showing the effectiveness and value for money of new innovations and ways of delivering NHS services.	**Limited progress.** Updates for some programmes published. We repeat this recommendation in this report.

Cont.

Recommendations for Scottish Government and NHS boards	Progress/status
Work with partners in the social care sector to progress a long-term, sustainable solution for reducing delayed discharges from hospital.	**Limited progress.** Awaiting decision on National Care Service.
Ensure focus on staff retention measures is maintained, including wellbeing support, and continually look at ways to increase the impact of these measures.	**In progress.** Awaiting National Workforce Strategy progress update.
Work together more collaboratively on boards' delivery, financial and workforce plans to maximise boards' potential to achieve the ambitions in the NHS Recovery Plan, by balancing national and local priorities against available resources and capacity and setting realistic expectations for the public.	**In progress.** We note the arrangements to support boards to develop plans and to better align activity and financial planning.
Urgently implement a programme of engagement with the public to enable an open discussion about the challenges facing the health sector in Scotland and help inform future priorities and how the delivery of services will change.	**Limited progress.** There is evidence of engagement locally and nationally but longer-term strategies, plans and reforms still need to be developed.

NHS in Scotland 2023

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