



**Item No. 14**

**Meeting Date**

**Wednesday 16 November 2016**

**Glasgow City  
Integration Joint Board  
Finance and Audit Committee**

**Report By:** Sharon Wearing, Chief Officer: Finance and Resources

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**NHS IN SCOTLAND 2016 – AUDIT SCOTLAND REPORT OCTOBER 2016**

**Purpose of Report:**

To advise Committee on the key findings of the Audit Scotland report NHS in Scotland published in October 2016; and, to seek approval of the action plan developed to address the report recommendations for the NHS and Integration Joint Board.

**Recommendations:**

The Integration Joint Board Finance and Audit Committee is asked to:

- a) note the recommendations from the Audit Scotland report NHS in Scotland 2016;
- b) consider and approve the draft action plan (Appendix 1), which will be subject to ongoing scrutiny and oversight by this committee; and,
- c) remit the report to the Integration Joint Board for consideration, and approval of a direction to the NHS.

**Implications for Integration Joint Board:**

**Financial:**

Audit Scotland make a number of recommendations in relation to budgeting and financial planning

**Personnel:**

Audit Scotland make a number of recommendations in relation to workforce planning

**Legal:**

Audit Scotland's recommendations relate directly to the statutory functions of the Integration Joint Board

<b>Economic Impact:</b>	None
<b>Sustainability:</b>	None
<b>Sustainable Procurement and Article 19:</b>	None
<b>Equalities:</b>	None
<b>Risk Implications:</b>	None
<b>Implications for Glasgow City Council:</b>	None
<b>Implications for NHS Greater Glasgow &amp; Clyde:</b>	The Audit Scotland report contains a number of recommendations that apply to the NHS.

## 1. Purpose of Report

- 1.1 To advise Committee on the key findings of the Audit Scotland report NHS in Scotland 2016 published in October 2016; and, to seek approval of the action plan developed to address the report recommendations for the Integration Joint Board.

## 2. Background

- 2.1 The report is the Audit Scotland annual report on how the NHS in Scotland is performing. The overall aim of the audit was to answer the question *'How well is the NHS in Scotland performing and is it equipped to deal with the challenges ahead'*. The audit objectives were to assess:
- how well did the NHS manage its finances and performance in 2015/16;
  - is the NHS in Scotland equipped to deal with the financial challenges in 2016/17 and beyond; and,
  - is the NHS making good progress towards implementing public service reform?
- 2.2 The report has two parts, Part 1 Financial and service performance, and Part 2 Service reform. The findings are based on evidence from a range of sources including:
- the audited annual accounts and auditors' reports on the 2015/16 audits of the 23 NHS boards in Scotland;

- NHS boards' Local Delivery Plans, which set out how boards intend to deliver services to meet performance indicators and targets, as well as indicative spending plans for the next three to five years;
- monthly Financial Performance Returns that each NHS board submits to the Scottish Government throughout the year;
- activity and performance data published by Information Services Division, part of NHS National Services Scotland; and,
- interviews with senior staff in the Scottish Government and a sample of NHS boards.

2.3 Audit Scotland reviewed service performance information at a national and board level with the aim of presenting the national picture and to highlight any significant variances between boards. Focus was on a sample of key targets and standards, covering some of the main activities of the NHS. Where trend information is used, the selected time period was one where information was most comparable.

2.4 The report and accompanying supplements can be found at:

<http://www.audit-scotland.gov.uk/report/nhs-in-scotland-2016>

### **3. Audit Summary Findings**

3.1 The primary finding from the audit is that:

*'A combination of increasing costs, staffing pressures and unprecedented savings targets mean that Scotland's NHS boards are finding it difficult to balance demand for hospital care with investing in community-based services to meet future need'.*

3.2 The key messages from the report are as follows:

- Over the last decade, there have been improvements in the way health services are delivered and reductions in the time that patients need to wait for hospital inpatient treatment. There have also been improvements in overall health, life expectancy, patient safety and survival rates for a number of conditions, such as heart disease. At the same time, demands on health and social care services have been increasing because of demographic changes. People are living longer with multiple long-term conditions and increasingly complex needs.
- NHS funding is not keeping pace with increasing demand and the needs of an ageing population. NHS boards are facing an extremely challenging financial position and many had to use short-term measures to break even. NHS boards are facing increasing costs each year, for example drug costs increased by ten per cent, allowing for inflation, between 2012/13 and 2014/15. NHS boards will need to make unprecedented levels of savings in 2016/17 and there is a risk that some will not be able to achieve financial balance.

- Despite the significant financial challenges facing NHS boards, there have been improvements in some areas, for example in reducing the overall number of bed days from delayed discharges. However, boards are struggling to meet the majority of key national standards and the balance of care, in terms of spending, is still not changing. It is difficult balancing the demand for hospital care, alongside providing more care in the community. Boards need to ensure they maintain high-quality hospitals, while investing in more community-based facilities.
- The NHS workforce is ageing and difficulties continue in recruiting and retaining staff in some geographical and specialty areas. Workforce planning is lacking for new models of care to deliver more community based services. There is uncertainty about what these models will look like and the numbers and skills of the workforce required. NHS boards' spending on temporary staff is increasing and this is putting pressure on budgets.
- The NHS is going through a period of major reform. A number of wide ranging strategies propose significant change, including the National Clinical Strategy, integration of health and social care services and a new GP contract. These need to be underpinned by a clear plan for change. Some progress is being made in developing new models of care, but this has yet to translate to widespread change in local areas and major health inequalities remain.

#### **4. Audit Scotland Recommendations and Draft Integration Joint Board Action Plan**

4.1 The audit made 9 recommendations to Scottish Government, NHS and Integration Joint Boards. Of these recommendations:

- 3 recommendations are directed to the Scottish Government
- 3 recommendations are directed to the Scottish Government, working in partnership with NHS boards and integration authorities
- 3 recommendations are jointly directed to NHS boards, working in partnership with integration authorities

4.2 The recommendations are as follows:

*3 recommendations to the Scottish Government* that they should provide a clear written plan for implementing the 2020 Vision and National Clinical Strategy, including setting immediate and longer-term priorities, a long term funding plan for implementing the policies, and a workforce plan; set measures of success by which progress in delivering national strategies can be monitored that link with the review of national targets and shift from hospital to more community-based care, and align with the outcomes and indicators for health and social care integration; and, consider providing NHS boards with more financial flexibility, such as three-year rolling budgets rather than annual financial targets, to allow better longer-term planning

*3 recommendations to the Scottish Government, working in partnership with*

*NHS boards and integration authorities* that they should model the cost of implementing its National Clinical Strategy and how this will be funded, including the capital investment required; share good practice about health and social care integration, including effective governance arrangements, budget-setting, and strategic and workforce planning; and in line with the national policy on realistic medicine work to reduce over-investigation and variation in treatment and ensure patients are involved in making decisions and receive better information about potential treatments

*3 recommendations to NHS boards, working in partnership with integration authorities* that they should take ownership of changing and improving services in their local area, working with all relevant partner organisations; develop long-term workforce plans (more than five years) to address problems with recruitment, retention and succession planning and to ensure high quality of care; and work with the public about the need for change in how they access, use and receive services and to take more responsibility for looking after their own health and managing their long-term conditions

- 4.3 All of the audit recommendations are appended to this report along with a first draft action plan for scrutiny by Committee prior to being remitted to the Integration Joint Board (Appendix 1) for consideration, and approval of a direction to the NHS. Ongoing scrutiny and oversight will be done by this Committee.

## **5. Recommendations**

- 5.1 The Integration Joint Board Finance and Audit Committee is asked to:
- a) note the recommendations from the Audit Scotland report NHS in Scotland 2016;
  - b) consider and approve the draft action plan (Appendix 1), which will be subject to ongoing scrutiny and oversight by this committee; and,
  - c) remit the report to the Integration Joint Board for consideration, and approval of a direction to the NHS.

## Audit Scotland Report: NHS in Scotland 2016

Recommendation To	Recommendation	Glasgow City Integration Joint Board Actions	Owner/s (for Integration Joint Board)	Completion Date
<b>Scottish Government</b>	<p>Provide a clear written plan for implementing the 2020 Vision and National Clinical Strategy, including:</p> <ul style="list-style-type: none"> <li>- immediate and longer-term priorities, including a public health strategy to help NHS boards focus on preventing ill health and tackle health inequalities</li> <li>- support for new ways of working and learning at a national level</li> <li>- long-term funding plans for implementing the policies</li> <li>- a workforce plan outlining the workforce required, and how it will be developed</li> <li>- ongoing discussion with the public about the way services will be provided in the future to manage expectations</li> </ul>	Engage with Scottish Government as required, e.g. via responding to information requests or consultations.	Chief Officer	TBC by Scottish Government
	Set measures of success by which progress in delivering its national strategies can be monitored, including its overall aim to shift from hospital to more community-based care. These	Engage with Scottish Government as required, e.g. via responding to information requests or consultations.	Chief Officer	TBC by Scottish Government

## Audit Scotland Report: NHS in Scotland 2016

Recommendation To	Recommendation	Glasgow City Integration Joint Board Actions	Owner/s (for Integration Joint Board)	Completion Date
	should link with the review of national targets and align with the outcomes and indicators for health and social care integration			
	Consider providing NHS boards with more financial flexibility, such as three-year rolling budgets rather than annual financial targets, to allow better longer-term planning	Engage with Scottish Government as required, e.g. via responding to information requests or consultations.	Chief Officer: Finance and Resources	TBC by Scottish Government
<b>Scottish Government, in partnership with NHS Boards and integration authorities</b>				
<b>Scottish Government, in partnership with NHS Boards and integration authorities</b>	Model the cost of implementing its National Clinical Strategy and how this will be funded, including the capital investment required	Engage with Scottish Government and Health Board as required, e.g. via responding to information requests or consultations.	Chief Officer: Finance and Resources	TBC by Scottish Government
	Share good practice about health and social care integration, including effective governance arrangements, budget-setting, and strategic and workforce planning	Engage with Scottish Government as required, e.g. via responding to information requests	Chief Officer	TBC by Scottish Government
	In line with the national policy on realistic medicine:  - work to reduce over-investigation and variation in treatment  - ensure patients are involved in making decisions and receive better information about potential treatments	Engage with Scottish Government as required, e.g. via responding to information requests or consultations.	Chief Officer: Strategy, Planning and Commissioning / Chief Social Work Officer GP Director Lead Associate Medical Director Nurse Director	TBC by Scottish Government

## Audit Scotland Report: NHS in Scotland 2016

Recommendation To	Recommendation	Glasgow City Integration Joint Board Actions	Owner/s (for Integration Joint Board)	Completion Date
<b>NHS boards, in partnership with integration authorities</b>	Take ownership of changing and improving services in their local area, working with all relevant partner organisations	Engage with Health Board as required, e.g. as a partner in service planning and service development activity	Chief Officer: Strategy, Planning and Commissioning / Chief Social Work Officer	TBC with Health Board
	Develop long-term workforce plans (more than five years) to address problems with recruitment, retention and succession planning and to ensure high quality of care	Engage with Health Board as required, e.g. in development of aligned workforce plans Integration Joint Board workplan being drafted	Chief Officer: Finance and Resources	TBC with Health Board  Spring 2017
	Work with the public about the need for change in how they access, use and receive services and to take more responsibility for looking after their own health and managing their long-term conditions	Support Health Board as required, e.g. in development of communication strategies and engagement approaches	Chief Officer: Finance and Resources Chief Officer: Strategy, Planning & Commissioning / Chief Social Work Officer Chief Officer: Operations	TBC with Health Board