

# Audit Scotland: NHS Scotland Performance 2010/11

## Introduction

Audit Scotland has published its latest report on the performance of NHS Scotland. The report confirms UNISON Scotland's prediction that the budget of NHS Scotland has been cut in real terms due to inflation being higher than the notional allowance. The NHS is also facing increasing demand, cost pressures and staff reductions of more than 4000 (2,800 whole time equivalent (wte)) posts.

Some highlights from this report are summarised as follows:

### Finance

- In total the NHS spent £12 billion in 2010/11 and employed over 157,000 staff.
- The NHS budget increased in real terms by ten per cent over the five years to 2010/11. Although cash funding for the NHS continues to increase, higher inflation means that funding is decreasing in real terms. There has been a 1.4 per cent real-terms decrease in funding between 2010/11 and 2011/12. The Scottish Government's 2011 spending review outlined a 4.2 per cent real-terms decrease in NHS funding in the five years to 2014/15. Capital funding is decreasing and the NHS plans to use more partnerships with the private sector (PPP/PFI) to build new facilities.
- Special boards have received an average real-terms reduction of three per cent in their 2011/12 revenue budgets. Territorial NHS boards have received an average increase of 1.3 per cent in real terms. All NHS bodies met their financial targets, although ten of the 14 territorial boards reported an underlying recurring deficit. The NHS met three-quarters of the 28 performance targets due for delivery in 2010/11, but performance against these targets varied among individual NHS boards.

### Staff

- The NHS is facing increasing pressures and demands, including changing population, the effects of the recession, and the backlog in maintaining the public sector estate. Pay restraint and reducing workforce numbers is the main coping strategy using recruitment freezes and voluntary severance schemes.
- There have been staff reductions of more than 4000 (2,800wte) posts in the past year. NHS bodies are forecasting a further reduction of 2,388 wte (1.8%) during 2011/12. Mostly in administrative services (4.3 % or 1,101 wte) and a 1.7 % reduction (988 wte) in nursing staff.

## KEY POINTS:

- **NHS Scotland funding is decreasing in real terms by 1.4% pa.**
- **Capital funding is decreasing faster with PPP/PFI schemes being used.**
- **Staff cuts of 2800 wte and the pay freeze are the main method of making savings.**
- **Life expectancy is improving but still one of the worst in Europe and huge variations within Scotland.**



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- The number of staff leaving the NHS under voluntary severance schemes more than doubled from 157 in 2009/10 to 341 in 2010/11. The total cost of payments in 2010/11 was £15.4 million. NHS bodies are forecasting a further reduction of 2,388 wte (1.8 per cent) during 2011/12. Sickness absence rates have fallen from 5.25 per cent of working days in 2006 to 4.74 per cent in 2011

### Efficiency

- The costs of medicines prescribed by GPs are expected to increase by up to 8% in 2011/12. Boards estimate medicines used in hospitals increasing by 0-13%. NHS National Services Scotland national contracts generated £8 million savings in 2010/11 and £5.6 million in the first seven months of 2011/12.
- Clinical and medical negligence liabilities increased from £279 million at 31 March 2010 to £297 million at 31 March 2011. As a result, payments by boards into the fund to cover these liabilities have increased from £31.3 million in 2009/10 to £61.1 million in 2010/11.
- NHS bodies estimated that they needed to make £309 million efficiency savings in 2010/11 to meet their financial targets. Actual reported efficiency savings were £292 million in 2010/11, representing 3% of revenue funding. This was an increase from £202 million in 2009/10. Savings from workforce changes and increased clinical productivity were the two largest areas and account for 60% of categorised planned savings in 2010/11.

### Scotland's Health

- The Scottish Patient Safety Programme has led to improvements, including continued reductions in healthcare-associated infections. The NHS is also making good progress towards meeting its target to treat all patients within 18 weeks of being referred to hospital. Over 80 per cent of patients who responded to recent surveys were satisfied with the treatment they received from the NHS in Scotland.
- Rates of deaths from coronary heart disease, stroke and cancer have continued to decrease over the past decade. However, there remain significant health inequalities across Scotland; for example, there are challenges in tackling levels of obesity, smoking, and alcohol and drug misuse. The NHS cannot tackle these challenges alone and needs to work more effectively with other public bodies.
- Healthy life expectancy in Scotland is increasing although still lower than most European countries. Healthy life expectancy among males in Scotland was around three years lower than the UK average, and for females in Scotland it was around 1.5 years lower. There is large variation in healthy life expectancy within Scotland. A man living in the most deprived 15 per cent of areas in Scotland could expect to live in good health for 10.5 years less than the national average. The corresponding gap for women was 8.6 years.

### Conclusion

This is a useful report giving a range of statistical data on NHS Scotland. Of course statistics only tell part of the story. It paints a picture of an NHS Scotland that is facing huge financial challenges, due to real-term budget cuts, at a time of increasing pressure on services. Health Boards are responding to these pressures primarily through staff cuts and the pay freeze.

#### Further info

##### Audit Scotland report

<http://www.audit-scotland.gov.uk/media/article.php?id=186>

##### Spending Review UNISON briefing

[http://www.unison-scotland.org.uk/briefings/b013\\_PolicyBrief\\_ScottishSpendingReview\\_September2011.pdf](http://www.unison-scotland.org.uk/briefings/b013_PolicyBrief_ScottishSpendingReview_September2011.pdf)

##### PPP/PFI briefing

[http://www.unison-scotland.org.uk/briefings/b016\\_PolicyBrief\\_PPPFinScotland\\_December11.pdf](http://www.unison-scotland.org.uk/briefings/b016_PolicyBrief_PPPFinScotland_December11.pdf)

##### NHS Scotland Annual Report

<http://www.scotland.gov.uk/Publications/2011/11/10140644/0>



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