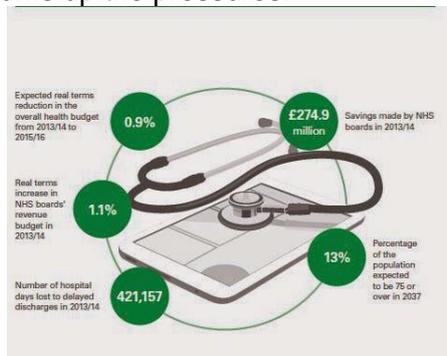


NHS Scotland Finances

Introduction

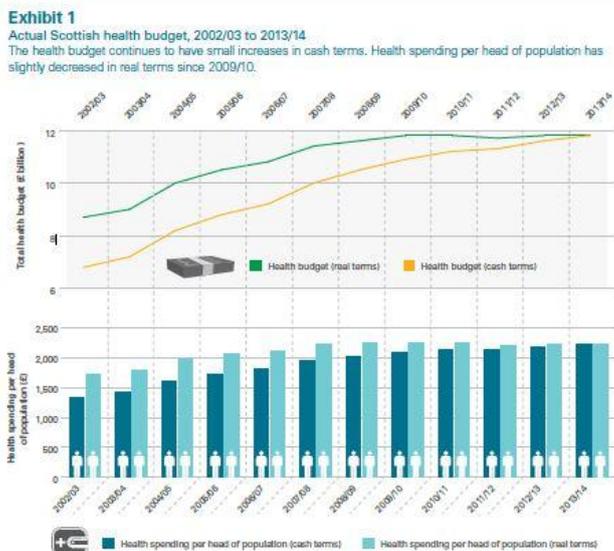
Audit Scotland's latest report on NHS Scotland finances says the service is facing significant pressures at the same time as having to make major changes to services to meet future needs. This briefing sets out the key issues in the report for UNISON members.

This infographic sums up the pressures.



Health Boards

Audit Scotland found evidence that NHS boards are finding it increasingly difficult to cope with these pressures. NHS boards' revenue budgets increased by just over one per cent in real terms in 2013/14, and smaller real terms increases are planned from 2014/15 onwards. Cost pressures, such as the growing costs of drugs and other health technologies exacerbate this tight financial situation. This table shows that while spending overall has increased in cash terms, spending per head of population has decreased since 2009/10.



KEY POINTS:

- **Audit Scotland highlight significant financial pressures on health boards**
- **Spending per head decreased since 2009/10**
- **Capital funding cut by 21%. £409m PPP programme.**
- **While resources fall, demand is increasing. Long term conditions and demographic change.**
- **Waiting time and bed blocking targets not met. Should be reviewed.**
- **Increase in bank and agency staff.**



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While all NHS boards met their financial targets, several required additional funding from the Scottish Government or relied on non-recurring savings to break even. NHS Highland, NHS Orkney and NHS 24 had particular difficulties. Five boards are relying on non-recurring savings to meet efficiency targets. A classic indication of NHS cost pressures is the backlog of maintenance required to ensure that hospitals and other buildings are fit for purpose. In 2012, the Scottish Government forecast that the cost of this backlog would decrease by £174 million by 2013, from £948 million to £774 million. The actual reduction was £90 million, to £858 million.

The NHS capital budget available to boards fell by 21% between 2012/13 and 2013/14, from £605.5 million to £481.3 million. In a separate announcement the Scottish Government has announced a £409m health PPP/PFI programme. This expensive form of finance is funded from revenue.

Pressures

While resources are falling in real terms, the demands on the NHS are increasing. This is as a result of demographic change, particularly the growing population of elderly and very elderly people; the number of people with long-term health conditions; and people's rising expectations of healthcare. Audit Scotland conclude that it will be challenging for the NHS to make the scale of changes required over the next few years to meet the 2020 Vision strategy. In particular, progress has been slow in moving more care into the community - a process not helped by council budget cuts. They point to pinch points in the complex health and care system with only three boards meeting the delayed discharge targets. It remains to be seen if health and care integration will tackle these.

In addition, despite significant efforts, the NHS did not meet some key waiting time targets in 2013/14. The report highlights a range of pressures including a significant increase in outpatient appointments. Audit Scotland argue that the current level of focus on meeting waiting time targets may not be sustainable when combined with additional pressures of increasing demand and tightening budgets.

There has been a reduction in the number of hospital beds across Scotland. Between 2008/09 and 2012/13, the average number of available staffed beds in acute specialties reduced by 7% (1,144 beds); the number of acute surgical beds fell by 11% (596 beds); and the number of acute medical beds fell by 5% (313 beds). The main reason given for this reduction is the growth in day surgery.

The report highlights a range of staffing pressures, particularly amongst medical staff. NHS Scotland spent £128 million on bank and agency nursing and midwifery staff in 2013/14, an increase of 15% since 2012/13. Spending on agency staff increased by 46%, to £9.3 million. This follows a rise of 62% the previous year, reversing the trend of falls in spending on agency nurses since 2008/09. Agency staff are likely to be more expensive than bank nurses, and also pose a greater potential risk to patient safety and the quality of care.

Conclusion

Overall, this report gives a good overview of the financial state of NHS Scotland and its constituent boards. In short, it's tough now, but it's going to get a lot worse.

Further information

Audit Scotland report

<http://www.audit-scotland.gov.uk/media/article.php?id=282>



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