

EAST RENFREWSHIRE COUNCILAUDIT AND SCRUTINY COMMITTEE25 June 2020Report by ClerkNATIONAL EXTERNAL AUDIT REPORT – NHS IN SCOTLAND**PURPOSE OF REPORT**

1. To provide information on the Audit Scotland report *NHS in Scotland*.

RECOMMENDATION

2. It is recommended that the Committee considers the report.

BACKGROUND

3. A copy of the Audit Scotland report [NHS in Scotland](#), published in October 2019, has already been circulated to all Audit and Scrutiny Committee Members. Under the Committee's specialisation arrangements, the Members leading the review of this particular report were Provost Fletcher and Councillor Gilbert. Provost Fletcher has since resigned from the Committee. As the resulting vacancy on the committee remains to be filled, Councillor Gilbert is leading on this issue at present.

4. The Chief Officer, Health and Social Care Partnership, was asked to provide comments on the report and a copy of those comments is attached (see Appendix A). These are contained in a report that was prepared and published for a meeting of the Performance and Audit Committee of the Integration Joint Board which was scheduled to have taken place on 18 March 2020, but which was cancelled due to the current circumstances relating to COVID-19.

5. The feedback provided comments on both the *NHS in Scotland* report and a further one published by Audit Scotland on the *Local Government in Scotland Financial Overview 2018/19*. The later has already been the subject of a report by the Chief Financial Officer to the Audit and Scrutiny Committee on 12 March 2020.

RECOMMENDATION

6. It is recommended that the Committee considers the report.

Local Government Access to Information Act 1985

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Background Papers:-

1. Audit Scotland Report – *NHS in Scotland*

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Meeting of East Renfrewshire Health and Social Care Partnership	Performance and Audit Committee
Held on	18 March 2020
Agenda Item	8
Title	Audit Scotland Reports: NHS in Scotland 2019 and Local Government in Scotland Financial Overview 2018/19
<p>Summary</p> <p>This report provides the Performance and Audit Committee with an overview of the Audit Scotland Reports: <i>NHS in Scotland 2019</i> and <i>Local Government in Scotland Financial Overview 2018/19</i> and the implications for East Renfrewshire's Integration Joint Board.</p> <p>In their report <i>NHS in Scotland 2019</i> Audit Scotland point out that the current system faces increasing pressure from rising demand and costs and that so far, the pace of change to address this, particularly through the integration of health and social care, has been too slow. In order to support IJBs to make the required changes, the Scottish Government has published the <i>Health and Social Care: Medium-Term Financial Framework</i>, the <i>Waiting Times Improvement Plan</i> and has introduced a national leadership development project. Audit Scotland also note that The Scottish Government should work with NHS staff, partners and the public to develop its new strategy for health and social care as their ambitions within the 2020 Vision will not be achieved by 2020.</p> <p>In December 2019 Audit Scotland prepared their report <i>Local Government in Scotland Financial Overview 2018-19</i>; an independent, public assessment of how effectively Scottish local government is managing public money and responding to the financial challenges it faces. Again, they point out that the pace of progress with integration has been too slow and note that Integration Joint Boards continue to face very significant challenges and they need to do much more to address their financial sustainability.</p>	
Presented by	Julie Murray, Chief Officer
<p>Action Required</p> <p>Members of the Performance and Audit Committee are asked to note the report, the recommendations that relate to Integration Authorities and our local response.</p>	

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EAST RENFREWSHIRE HEALTH AND SOCIAL CARE PARTNERSHIP

PERFORMANCE AND AUDIT COMMITTEE

18 March 2020

Report by Chief Officer

**AUDIT SCOTLAND REPORTS – NHS IN SCOTLAND 2019 AND
LOCAL GOVERNMENT IN SCOTLAND FINANCIAL OVERVIEW 2018/19**

PURPOSE OF REPORT

1. This report provides the Performance and Audit Committee with an overview of the Audit Scotland Reports: *NHS in Scotland 2019* and *Local Government in Scotland Financial Overview 2018-19* and the implications for East Renfrewshire Integration Joint Board.

RECOMMENDATION

2. Members of the Performance and Audit Committee are asked to note the report, the recommendations that relate to Integration Authorities and our local response.

BACKGROUND

3. In October 2019 Audit Scotland published its report: *NHS in Scotland 2019*. This is the most recent of a series of annual audits of the NHS in Scotland. The report is brought to the attention of the Performance and Audit Committee because it contains a number of recommendations for Integration Joint Boards.
4. Their report *Local Government in Scotland Financial Overview 2018-19* was published in December 2019.

REPORT

NHS in Scotland 2019

5. Over the years Audit Scotland has highlighted the growing pressures facing the NHS. These include a tight financial environment, continuing growth in demand for services, difficulties in recruiting staff, and rising public and political expectations. It points out that the demands of a growing and ageing population on top of these pressures mean the current healthcare delivery model is not sustainable.
6. The report illustrates that the NHS in Scotland is not currently in a financially sustainable position. There has been an increase in predicted deficits among NHS boards and an increasing reliance on additional financial support from the Scottish Government loans and one-off (non-recurring) savings. Whilst it welcomes the Scottish Government's recent health and social care medium-term financial framework and other measures, including the Waiting Times Improvement Plan, the report states that the ambitions set out in the Scottish Government's 2020 Vision will not be achieved by 2020.

7. The report finds that the pace of change, particularly through the integration of health and social care, has been too slow and calls for a new national health and social care strategy, stronger workforce planning, better information and data for performance reporting and planning, and better community involvement and engagement.
8. The key elements identified as critical to success are set out in its key messages below.
 - Health remains the single biggest area of government spending, at £13.4 billion in 2018/19. This was 42 per cent of the 2018/19 Scottish Government budget and is growing. The healthcare system faces increasing pressure from rising demand and costs, and it has difficulty meeting key waiting times standards. Without reform, the Scottish Government predicts that there could be a £1.8 billion shortfall in the projected funding for health and social care of £18.8 billion by 2023/24. So far, the pace of change to address this, particularly through the integration of health and social care, has been too slow.
 - The Scottish Government has started to put in place foundations to support boards make the changes required. These include the publication of the *Health and Social Care: Medium-Term Financial Framework*, the *Waiting Times Improvement Plan* and the introduction of a national leadership development project. The new requirement for NHS boards to develop three-year financial and performance plans enables them to more effectively plan how services will be delivered in the longer term. It is, however, too soon to assess the impact of these initiatives.
 - Despite the existing pressures, patient safety and experience of hospital care continue to improve. Drugs costs have stabilised, and we have seen examples of new and innovative ways of delivering healthcare that involve a range of partners. These aim to increase the care provided in the community and expand multidisciplinary working, to improve access to care and treatment.
 - Achieving financial sustainability remains a major challenge for NHS boards. There have been increases in predicted deficits and additional financial support provided by the Scottish Government, and a continued reliance on one-off savings. Capital funding from the Scottish Government has decreased by 63 per cent over the last decade and the level of backlog maintenance remains high, at £914 million. High-profile, newly-built hospitals have come under significant scrutiny because of health and safety concerns.
 - The ambitions within the Scottish Government's 2020 Vision will not be achieved by 2020. The Scottish Government should work with NHS staff, partners and the public to develop its new strategy for health and social care. It should set out priorities that support large-scale, system-wide reform to increase the pace of change. Collaborative leadership is needed to focus on better partnership working, staff engagement and promoting positive workplace behaviours. Staff are at the heart of the NHS and it is vital that more is done to support them so that they can care for people in a safe, fulfilling and respectful environment.
9. A number of the recommendations in the report are for Scottish Government in terms of financial management, governance and reporting. There are also recommendations for the Scottish Government in partnership with NHS Boards in relation to financial planning, leadership and workplace culture.
10. The four recommendations for Scottish Government, in partnership with NHS boards and integration authorities, are set out below.
 - develop a new national health and social care strategy to run from 2020 that supports large-scale, system-wide reform, with clear priorities that identify the improvement activities most likely to achieve the reform needed.

- develop and publish the national, integrated health and social care workforce plan and guidance, to inform future workforce planning (*published December 2019*).
- improve the quality and availability of data and information, particularly in primary and community care. This will allow better performance monitoring, inform service redesign and improve care coordination by enhancing how patient information is shared across health and social care services.
- incorporate the principles of the Community Empowerment Act within communication and engagement strategies.

11. Local actions taken in response to the recommendations are detailed in the appendix that accompanies the report.

Local Government in Scotland Financial Overview 2018-19

12. Audit Scotland published this report in December 2019 and whilst this report focussed on local government, it also included a section on Integration Joint Boards. The report noted that IJBs continue to face very significant challenges and they need to do much more to address their financial sustainability. The pace of progress with integration has been too slow and we have yet to see evidence of a significant shift in spending and services from hospitals to community and social care. I continue to be concerned about the significant turnover in senior staff in IJBs. This instability inevitably impacts on leadership capacity and the pace of progress. The Commission has a strong interest in the performance and development of IJBs and we are planning arrangements to review their progress in delivering Best Value for their communities.
13. East Renfrewshire Council took a report to its Audit and Scrutiny Committee on 12 March 2020 noting that overall East Renfrewshire is well placed in terms of addressing the issues facing Scottish Councils but will continue to face substantial financial challenges in future. The Chief Financial Officer for the IJB provided the following overview for East Renfrewshire Integration Joint Board, for inclusion in the Council report.
14. Part 4 of the report provides an overview of Integration Joint Boards for 2018/19 and the key messages along with East Renfrewshire's Health and Social Care Integration Joint Board (IJB) position are set out below:
15. Overall IJB budgets increased by 3%. East Renfrewshire IJB budget for 2018/19 (excluding grant funded and set aside) was £114.2m compared to the 2017/18 budget of £111.3m, so increased by 2.6%.
16. Nationally the budget gap reduced from 2.9% to 2.5%. For East Renfrewshire IJB the savings challenge in 2018/19 was £1m compared to £4.4m in 2017/18.
17. A majority of IJBs struggled to achieve break even and 19 would have been in deficit without additional funding from partners at year end. East Renfrewshire IJB ended the financial year with a modest underspend of £0.3m.
18. Around a third of the IJBs failed to agree a budget with their partners for the start of 2019/20; East Renfrewshire IJB agreed its budget on 20 March 2019 with budget contributions from both partners identified.
19. A focus on long term financial planning is required by IJBs to assist effective decision making; East Renfrewshire IJB agreed its Medium Term Financial Plan covering the period 2019/20 to 2023/24 at its meeting of 20 March 2019.

20. The projected funding gap in 2019/20 is estimated nationally at 2.5%; East Renfrewshire IJB savings target is 3.2% of the total partner contributions excluding set aside and grant funding.
21. Over a third of IJB senior staff have changed in 2018/19; East Renfrewshire IJB revised its structure from the top down, in order to achieve part of the 2017/18 savings. It was recently agreed that a senior post be added back to the structure in order to meet the capacity constraints and challenges faced by the HSCP.

CONCLUSIONS

22. The most recent Audit Scotland Report on the NHS in Scotland continues to point out that the current system is not sustainable. The report finds that the pace of change, particularly through the integration of health and social care, has been too slow and calls for a new national health and social care strategy from 2020. The report makes a number of recommendations some of which apply to Integration Authorities.

RECOMMENDATIONS

23. Members of the Performance and Audit Committee are asked to note the report, the recommendations that relate to Integration Authorities and our local response.

REPORT AUTHOR AND PERSON TO CONTACT

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February 2020

Chief Officer, IJB: Julie Murray

BACKGROUND PAPERS

Audit Scotland Report: NHS in Scotland 2019
https://www.audit-scotland.gov.uk/uploads/docs/report/2019/nr_191024_nhs_overview.pdf

PAC Paper – Nov 2018: Audit Scotland Report: NHS in Scotland 2018
<https://www.eastrenfrewshire.gov.uk/CHttpHandler.ashx?id=23478&p=0>

Audit Scotland Report: Local government in Scotland Financial Overview 2018/19
https://www.audit-scotland.gov.uk/uploads/docs/report/2019/nr_191217_local_government_finance.pdf

Audit & Scrutiny Committee Paper – March 2020: National External Audit Report – Local Government in Scotland Financial Overview 2018-19
<https://www.eastrenfrewshire.gov.uk/CHttpHandler.ashx?id=26100&p=0>

Appendix 1

Recommendation	Owner	Response
<ul style="list-style-type: none"> develop a new national health and social care strategy to run from 2020 that supports large-scale, system-wide reform, with clear priorities that identify the improvement activities most likely to achieve the reform needed 	Scottish Government, in partnership with NHS boards and IJBs	IJB has input into SG and NHSGGC planning activity through HSCP Chief Officer. HSCP staff will support national strategic planning activity as required and provide updates on progress.
<ul style="list-style-type: none"> develop and publish the national, integrated health and social care workforce plan and guidance, to inform future workforce planning 	Scottish Government, in partnership with NHS boards and IJBs	National Integrated Health and Social Care Workforce Plan and workforce planning guidance published 16 December 2019. Local working group established for development of a revised workforce plan that will fit with HSCP Strategic Plan, Fit for the Future and link to Council and NHSGGC workforce planning activity.
<ul style="list-style-type: none"> improve the quality and availability of data and information, particularly in primary and community care. This will allow better performance monitoring, inform service redesign and improve care coordination by enhancing how patient information is shared across health and social care services 	Scottish Government, in partnership with NHS boards and IJBs	HSCP working to improve local data and information through service and locality planning process. Developing our performance monitoring and planning capacity with appointment of with new service-dedicated planning leads and business analysts. IJB will continue to collaborate with NHSGGC wide and national initiatives to improve data and information sharing.
<ul style="list-style-type: none"> incorporate the principles of the Community Empowerment Act within communication and engagement strategies. 	Scottish Government, in partnership with NHS boards and IJBs	HSCP developing a more systematic approach to gathering service user and carer feedback and updating our participation and engagement plan in partnership with 'Your Voice'. The HSCP is working to establish locality forums to delegate decision making on priorities to locality level.

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