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Press release

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The NHS in Scotland is making progress on health targets but needs to improve its financial and workforce management

Scotland's health service is achieving better clinical outcomes and cutting most waiting times says an Audit Scotland report published today.

The report, *An overview of the performance of the NHS in Scotland 2004/05*, says that the service has improved the availability of treatment and is successfully tackling prioritised conditions such as cancer, stroke and heart disease. It finds that in other areas performance was mixed and says the NHS needs to improve its financial and workforce management to face future challenges.

The service is on track to meet targets for cutting inpatient, day case and outpatient waiting times for people with guarantees. Access to heart disease care has improved. However, the NHS in Scotland will probably miss the cancer treatment waiting time target.

Life expectancy in Scotland is rising but Scottish people are not necessarily spending the extra years they are living in good health. This may be because of circumstances such as poverty and exclusion and some lifestyle choices.

The report also says the NHS faces significant cost pressures and financial challenges as it deals with structural reforms and three new pay agreements for health professionals. Scotland is spending more each year on the health service, with the total NHS bill at £8bn in 2004/05 and set to rise to about £10.3bn by 2007/08. Scotland's spending on healthcare is relatively high compared with the rest of the UK and a sample of other European countries.

The report highlights some weaknesses in financial management. The Scottish Executive Health Department (SEHD) and four NHS boards failed to stay within their budgets in the past year. A month before the end of 2004/05 the SEHD was forecasting that the NHS would finish the year with surplus money. But the department overspent by £32m on its £8bn budget, as a result of failing to properly budget for single system working.

The combined overspend at four boards - Argyll & Clyde, Grampian, Lanarkshire and Western Isles - was £91.1m, a rise of almost 50 per cent from last year's total of £61.7m for the same boards. The remaining 11 boards and all other special health boards met their financial targets in 2004/05, finishing the year in surplus. Health boards are predicting funding gaps of about £183m in the 2005/06 year, with several expecting to overspend on their budgets.

The report also raises issues in workforce management. In some areas of the NHS, basic workforce information such as sickness absence is not available.

Auditor General Robert Black says: "Evidence is coming through that improvements in health services are resulting in better clinical outcomes and increased life expectancy. But the NHS in Scotland continues to face significant cost pressures, even with the extra funding that is going into the service. Further improvements are needed in financial management, workforce planning and performance management."

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Notes to editors

1. *An overview of the performance of the NHS in Scotland 2004/05* covers both the health service's performance in providing services and achieving targets, and financial performance. Last year Audit Scotland provided this information in separate reports.
2. A breakdown of the financial performance of each NHS board and special health board is in Appendix Two of the report.
3. The Auditor General is responsible for securing the audit of the Scottish Executive and most other public bodies in Scotland, except local authorities. He investigates whether bodies achieve the best possible value for money and adhere to the highest standards of financial management. The Auditor General is independent and is not subject to the control of the Scottish Executive or the Scottish Parliament.
4. Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act, 2000. It provides services to the Accounts Commission and the Auditor General for Scotland.
5. All Audit Scotland reports published since 2000 can be found at: www.audit-scotland.gov.uk