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Press release

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A new contract for NHS consultants has cost an extra £235m but evidence is lacking on the benefits for patients

A new contract for consultants has cost the NHS in Scotland an extra £235m in its first three years but clear evidence of its benefits has yet to emerge.

An Audit Scotland report published today, *Implementing the NHS consultant contract in Scotland*, says the new contract offers an opportunity to improve patient care by planning consultants' work better, but it is not yet being used to its full potential.

The Scottish Executive, health boards and consultants need to work together so that the contract achieves benefits for patients. The Executive can also learn lessons from the implementation of this contract for the management of other large scale projects.

The contract was implemented across the UK in April 2004, and pay was backdated to April 2003. It allows health boards to plan consultants' work around the needs of patients and the health service. It is also intended to limit consultants' working hours, improve recruitment and retention and increase pay for most consultants.

Robert Black, the Auditor General for Scotland, said: "The contract is an opportunity to improve patient care by better planning the work of consultants. There is not yet clear evidence to show if this has happened, despite the additional money that has been spent on the new contract over the last three years."

He added: "It is essential that everywhere in Scotland health boards and consultants work together to deliver benefits for patients. Also health boards and the Scottish Executive need to improve the monitoring of the impact of the contract."

The Scottish Executive significantly underestimated the cost of the contract, making it difficult for boards to plan for it properly. This uncertainty has added to the cost pressures NHS boards face.

The new contract has increased the overall consultant pay bill for the NHS in Scotland by 38 per cent over the first three years. Audit Scotland concludes that it is difficult to identify whether this extra spending has so far improved patient care. This is partly because much of the first two years has been taken up with implementing the contract. Boards have focused more on transferring consultants to the new contract than on using it to improve services. There is little evidence so far of boards planning how to use the new contract to improve patient care.

The report says the Scottish Executive could have done more to set clear targets for boards, laying out what it wanted from the contract. The Executive is still in the process of creating a system to monitor whether boards are achieving the contract's expected benefits.

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Notes to editors

1. The new contract was implemented in April 2004 for the 3,513 consultants employed in Scotland at that time. The contract was part of a UK-wide move to reform pay across the NHS, with separate contracts for GPs and for nurses and other health professionals. Some 98.5 per cent of Scotland's consultants have signed up to the new contract.

2. This is the first new contract negotiated for NHS consultants since 1948, when the health service was established. The contract has increased the salary scale for consultants from a range of £57,370 - £74,658 under the old pay scale to a range of £69,298 - £93,768
3. In September 2005 Audit Scotland surveyed all permanent consultants in Scotland on issues such as why they chose to transfer to the new contract, their views on the contract, and what changes it has made to their work. Just over half, 52 per cent, responded. Findings were used in the report, and an analysis of the full results is produced as a separate document.
4. All Audit Scotland reports published since 2000 can be found on Audit Scotland's website. www.audit-scotland.gov.uk
5. 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 spending 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.
6. 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.