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News release

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NHS is working hard to deal with unprecedented financial pressures

The NHS in Scotland's financial performance is good but it now faces fiscal pressures unprecedented since devolution.

An Audit Scotland report published today, *Financial overview of the NHS in Scotland*, says the health service is working hard to address existing and future financial pressures. In 2009/10 all NHS bodies met their financial targets and the service underspent by £43 million in 2009/10, or about 0.4 per cent of its £10.9 billion budget.

NHS bodies forecast that they will deliver services within budget in 2010/11. But patients' demands on services are increasing and cost pressures such as pay, fuel and drug prescribing are expected to rise. At the same time, the year-on-year increase in funding for the health service is slowing down. This means that all NHS bodies will have to find significantly more financial savings to deliver the same level of quality provided in previous years.

Auditor General for Scotland Robert Black said: "In 2009/10 NHS bodies continued their good financial performance of recent years, with all boards ending the year within budget. However, they have had to find significant savings to balance their budgets and will need to find even more to continue to do so.

"While the NHS budget will rise in 2011/12, this will be a far smaller increase than in previous years and is likely to be outstripped by rises in demand and cost pressures. The health service is taking action to meet the longer term financial challenges. But for these to be successful, it needs good workforce planning, better information on costs, quality and activity, close partnership working and sound leadership."

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Notes to editors

1. Funding increases for the NHS in Scotland are slowing compared with recent years. Between 2001/02 and 2009/10, NHS spending rose by 38 per cent in real terms. The increase between 2009/10 and 2010/11 was 2.6 per cent and the proposed 2011/12 NHS budget of £11.4 billion will be a 1.7 per cent rise on 2010/11. Full details of the [Scottish Budget for 2011/12](#) can be found at the Scottish Government's website.
2. All Audit Scotland reports published since 2000 can be found on Audit Scotland's website www.audit-scotland.gov.uk
3. Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act, 2000. Audit Scotland has prepared this report for the Auditor General for Scotland.
4. The Auditor General is responsible for securing the audit of the Scottish Government 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 Government or the Scottish Parliament.