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News release

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NHS in Scotland managed finances well in 2012/13 but there are growing signs of pressure

The NHS in Scotland managed its finances well in 2012/13 but needs to focus more on long-term financial planning and sustainability to make the changes needed to meet increasing demands. In 2012/13, pressures on the NHS' capacity became more apparent and the health service spent more on short-term measures to deal with them.

An Audit Scotland report published today, *NHS financial performance 2012/13*, comments on the health service's management of the £10.9 billion it spent in 2012/13, and on its future plans.

The report says:

- All NHS boards met their annual financial targets in 2012/13, for the fifth consecutive year, and the service had a small overall surplus of £16.9 million.
- Demands on healthcare are rising and signs of pressure on the NHS were apparent. Some boards missed waiting times targets; vacancies for hospital doctors, nurses and midwives increased; and spending on bank and agency staff and private health care rose.
- Because boards have to meet annual financial targets, their focus can be on breaking even each year. They need to focus more on long-term financial planning to change the way they deliver services to meet the challenges of population changes, technology advances and decreasing budgets.

Boards are finding it harder to identify where they can save money. While the NHS boards as a whole met the Scottish Government's three per cent efficiency savings target, boards had to rely more on one-off savings than they had planned. This means they will need to find at least the same savings again this financial year (2013/14), and this will become increasingly difficult.

Auditor General for Scotland, Caroline Gardner, said:

"The NHS in Scotland's financial performance was good in 2012/13, with all boards meeting their targets to break even and the service finishing the year with a small surplus. However, the health service needs to increase its focus on longer-term financial planning so that it is prepared for the challenges it faces.

"The NHS has made good progress in improving health outcomes, with fewer people dying from heart disease, cancer and stroke, and a co-ordinated approach to improving patient safety. But the health service will need to change how it delivers services if it is to meet the substantial and growing demands it faces, particularly from the ageing population. The move to integrated health and social care services from 2015 will also be a significant change for the NHS and its partners. Strong longer-term financial planning and analysis are central to meeting these challenges."

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Notes to editors

1. Audit Scotland has prepared this report for the Auditor General for Scotland. All Audit Scotland reports published since 2000 are available at www.audit-scotland.gov.uk

- The Auditor General appoints auditors to Scotland's central government and NHS bodies; examines how public bodies spend public money; helps them to manage their finances to the highest standards; and checks whether they achieve value for money. The Auditor General is independent and is not subject to the control of the Scottish Government or the Scottish Parliament
 - 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 Auditor General for Scotland and the Accounts Commission for Scotland.
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