

Address:
110 George Street
Edinburgh
EH2 4LH

Telephone:
0845 146 1010
Fax:
0845 146 1009

Website:
www.audit-scotland.gov.uk



Press release

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NHS financial and performance management is getting better with improvements against many key targets

The performance of the NHS is improving against key targets and boards are managing their finances better. However, the service needs to improve performance reporting so the impact of public spending is clear.

An Audit Scotland report published today, *Overview of Scotland's health and NHS performance in 2006/07*, finds that the NHS is making good progress against many of its key targets, including waiting times, and that the financial performance of the NHS has improved.

Performance against key targets is improving but there are some exceptions, with further work needed for delayed discharges and reducing older people's readmissions to hospital. The NHS showed an overall underspend of £98 million and only one health board, NHS Western Isles, failed to stay within its revenue budget.

Spending on the NHS in Scotland has increased to £9.4 billion, but the service faces continuing cost pressures in the future, such as service redesign, pay modernisation and rising drug costs. This reinforces the need for strong financial management.

The Auditor General for Scotland, Robert Black, said: "Financial management has shown clear improvements over previous years, with all boards but one managing to stay within their budget. We would like to see this continue so that boards can adequately deal with the cost pressures they face in the future."

The report says that the Scottish Government needs to improve its public performance reporting and build on its current performance management system to allow information on costs, productivity and quality to be reported together. This should fit with other work on developing measures of the health service's outcomes.

Scotland's health is improving with longer life expectancy and lower mortality rates for key diseases, including coronary heart disease, stroke and cancer. However, public health issues such as drug and alcohol-related problems and obesity are getting worse, and health inequalities are widening.

Mr Black said: "I am pleased to report signs of progress both in performance and financial management, but there is a need for more evidence that the money is making a difference to the people of Scotland. The NHS in Scotland needs better information about its quality and productivity."

For further information please contact Simon Ebbett on 0131 625 1652 or Anne McCubbin on 0131 625 1653

Notes to editors

1. All Audit Scotland reports published since 2000 can be found on Audit Scotland's website www.audit-scotland.gov.uk
2. 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.
3. 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.