

Health and community care bulletin



 AUDIT SCOTLAND

June 2010

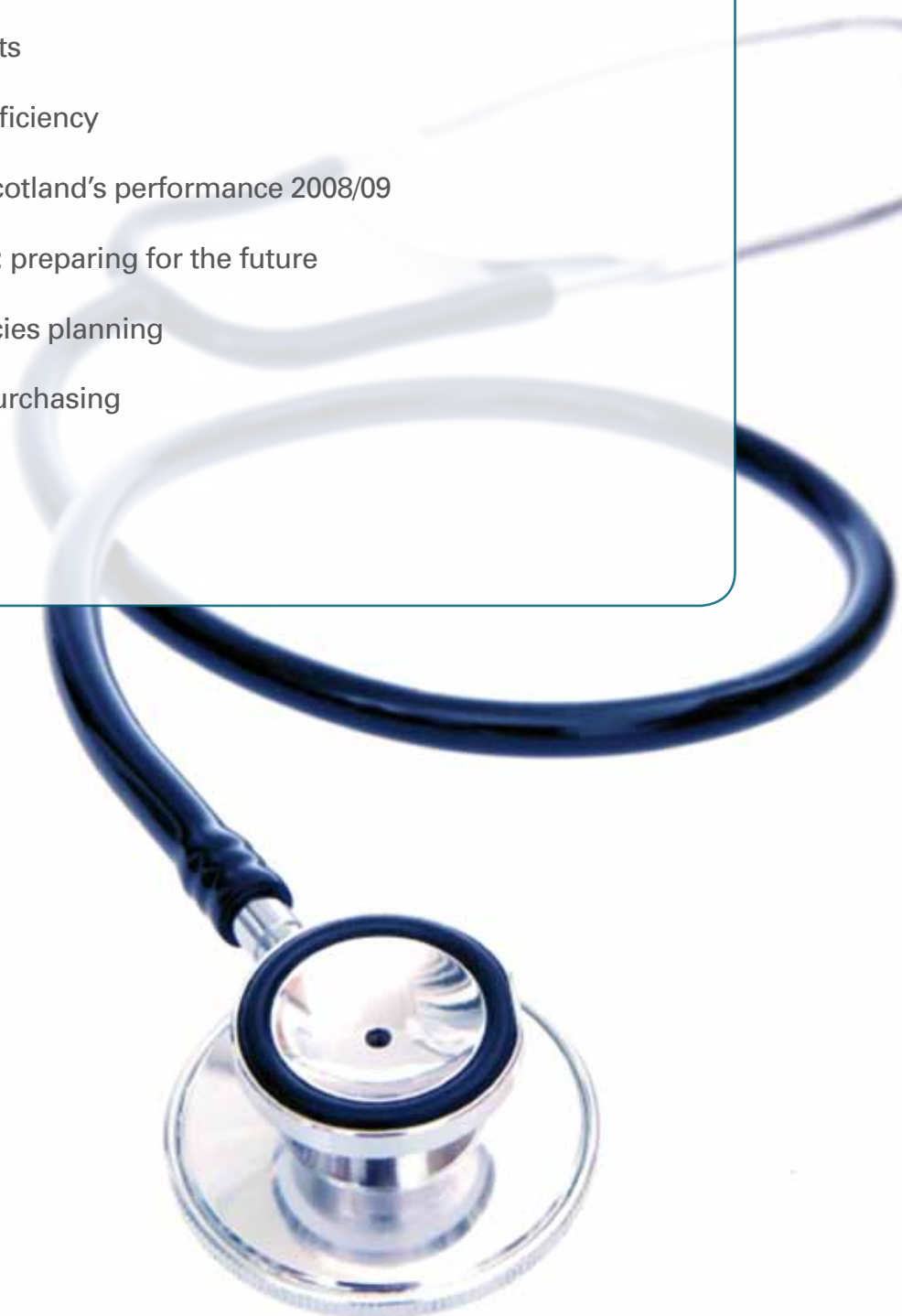


Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

Contents

Page

- 2 Foreword
- 3 Recent publications
- 4 Using locum doctors in hospitals
- 5 Review of orthopaedic services
- 6 Managing NHS waiting lists
- 7 Improving public sector efficiency
- 8 Overview of the NHS in Scotland's performance 2008/09
- 9 Scotland's public finances: preparing for the future
- 10 Improving civil contingencies planning
- 11 Improving public sector purchasing
- 12 Forthcoming reports
- 15 Other information



Foreword

Welcome to the latest issue of Audit Scotland's health and community care bulletin.

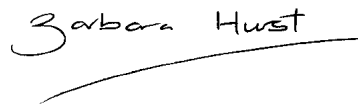
This bulletin summarises our national performance audits that are most relevant to health boards and councils, and highlights the issues that health boards and councils may wish to consider locally. We hope this is a useful summary for you.

We are currently consulting on our new national performance audit programme and we would welcome your input. There are more details about this on page 15 and on our website. As you will see, we have identified five themes for our work to reflect the key issues affecting public bodies at this time: managing reductions in public sector budgets; investment; partnership working; user focus and personalisation; and environmental auditing. From this year we are moving to a rolling programme, allowing us to be more responsive to significant issues as they arise, particularly in the current economic climate.

Since our last bulletin in June 2009, we have published four health reports on behalf of the Auditor General for Scotland (AGS) and four reports that are relevant to all public bodies. We aim to produce reports that help health boards and councils improve locally, as well as holding

them to account for the use of public money. Most of our reports include a self-assessment checklist or a good practice checklist. A number of them also have a separate list of issues for non-executives and elected members to consider. Each NHS body and council receives an annual report from auditors appointed by the AGS or the Accounts Commission. These are all available on our website.

If you would like any further information about any of our work, please get in touch. We also welcome feedback on this bulletin, our proposed performance audit programme and our reports more generally.



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Recent publications



Using locum doctors in hospitals

Published June 2010

http://www.audit-scotland.gov.uk/docs/health/2010/nr_100617_medical_locums.pdf

Key findings

- NHS boards spent approximately £47 million on locum doctors in 2008/09, 4.3 per cent of overall medical staffing expenditure. This is approximately double the amount spent in 1996/97 in real terms. The NHS could save around £6 million a year by some boards reducing their expenditure on locum doctors to the national average. Local circumstances may make this challenging to achieve but all NHS boards should be capable of making savings by improving procurement procedures, and more generally, managing workforce planning better.
- Demand for agency locum doctors has increased since 2006/07 but the ability of agencies to meet requests has fallen. Demand for locum doctors is mainly driven by wider workforce planning issues, such as increasing numbers of hard-to-fill vacancies and the full implementation of the 48-hour week European Working Time Directive for medical staff. Most requests for agency locum doctors are to cover vacancies and planned absence, such as annual leave and study leave. There is no information available for internal locum doctors.
- The employment of locum doctors presents potential risks to patient safety and it is the ultimate responsibility of NHS boards to ensure these risks are minimised. NHS boards need to manage these risks better. Arrangements for pre-employment checks are not always formalised and there is a risk that checks may not be completed at all times. Induction arrangements for locum doctors are variable. In

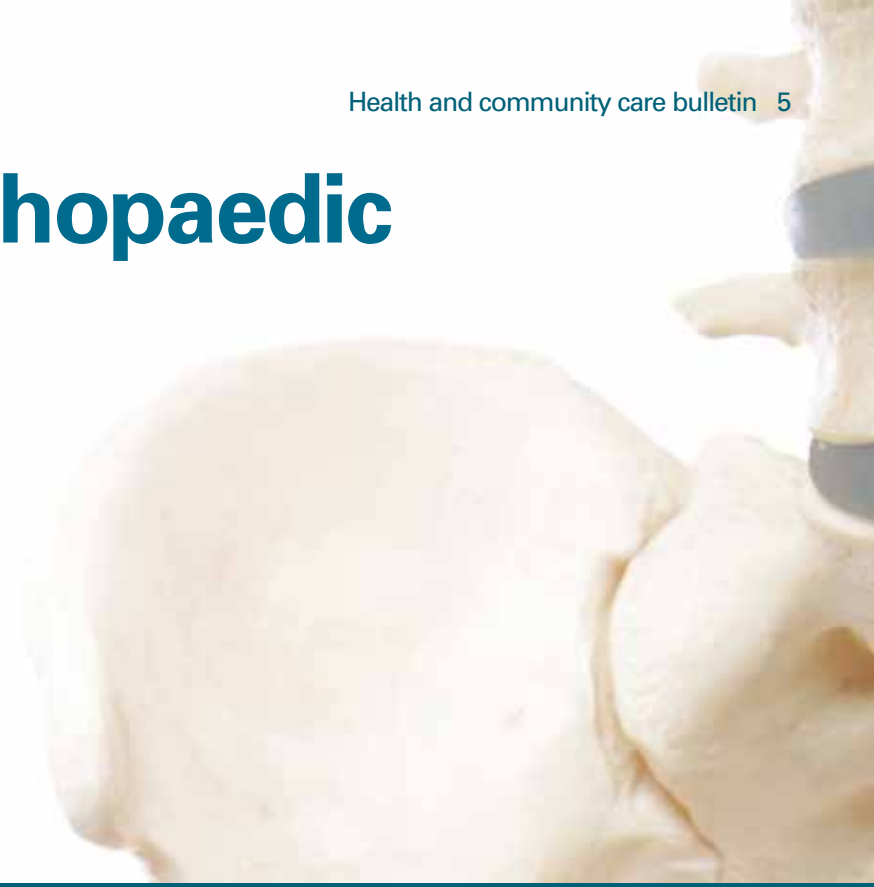
addition, feedback on performance is mainly verbal with written assessments undertaken infrequently. There are no formal mechanisms in place for sharing information about individual locums between NHS boards and agencies.

Non-executive members of NHS boards need to be assured that the board:

- has developed a strategy to reduce expenditure on, and minimise demand for, locum doctors
- is collecting information on expenditure, demand for, and use of locum doctors to understand why, and in which areas, locum doctors are being used
- has a corporate policy setting out when locum doctors can be used and the procedures for procuring locum doctors
- has corporate policies relating to pre-employment checks, induction, supervision and performance management of locum doctors.

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Review of orthopaedic services



Published March 2010 http://www.audit-scotland.gov.uk/docs/health/2010/nr_100325_orthopaedic_services.pdf

Key findings

- Waiting times for orthopaedic services have reduced considerably in recent years. This has been achieved by the NHS changing the way it delivers services, and through additional activity funded by waiting times money from the Scottish Government Health Directorates. NHS boards are meeting national waiting times targets, but making further sustainable improvements to achieve the planned 18-week referral to treatment target will be challenging.
- There is variation across Scotland in the efficiency of orthopaedic services which is not fully explained by the resources available or by the types of procedures carried out. There is scope to use existing resources more efficiently and improve how these services are managed. Efficiency savings can be made by moving more inpatient care to day surgery or outpatients, and by reducing length of stay in hospital.
- In 2008/09, £373 million was spent on orthopaedics, a 68 per cent increase in real terms over ten years. The average amount spent on inpatient and day cases and the amount spent per orthopaedic procedure vary significantly across Scotland. Savings can be made by more efficient purchasing of surgical implants.
- It is not possible to draw clear conclusions about productivity in orthopaedic services due to limitations in the data. Productivity indicators suggest that NHS boards which manage their planned and emergency activity separately have higher consultant activity and a lower cost per case.

Non-executive members of NHS boards need to be assured that the board is:

- continuing to find efficient ways to reduce waiting times, including:
 - reducing Did Not Attend rates and making better use of community-based services
 - better managing referrals to the Golden Jubilee National Hospital and managing patients appropriately, in line with new waiting lists guidance
 - collecting accurate information on private sector treatment
- providing value for money by:
 - analysing activity, cost and quality indicators to develop a better understanding of productivity and improving the accuracy of national and benchmarking information
 - standardising surgical implant purchasing
 - monitoring activity levels for the whole orthopaedic team and levels of same-day surgery activity to deliver care in the most efficient and effective setting
 - reviewing performance against quality indicators to ensure patient care is not adversely affected by service changes
 - identifying and addressing gaps in access to rehabilitation.

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Managing NHS waiting lists

Published March 2010

http://www.audit-scotland.gov.uk/docs/health/2010/nr_100304_nhs_waiting%20lists.pdf

Key findings

- New Ways, the revised arrangements for managing NHS waiting lists in Scotland which were applied from January 2009, has stopped people remaining on waiting lists indefinitely. It introduced significant changes to the way patient waits are managed, and the NHS has done well to implement the new arrangements.
- New Ways is intended to ensure that all patients are managed consistently and fairly. NHS boards are able to apply elements of the guidance differently to reflect the clinical needs of patients, and this has led to some differences in how patients are managed. NHS boards are recording most information required under the new guidance, but there are some gaps in recording data about reviews of patients who are unavailable, and about transfers which make it difficult to demonstrate that they are managing these patients in the right way.
- Information for patients, and about patients, needs to improve to ensure that the new system operates effectively. Shorter waiting times mean that patients get less notice of appointments, and the NHS needs to communicate well to avoid any confusion or delays that may affect patients being able to attend.

Non-executive members of NHS boards need to be assured that the board:

- is managing patients in line with the guidance and is able to demonstrate that it is doing so
- is monitoring and acting to reduce hospital-cancelled appointments where possible
- ensures that patients being removed from the list because treatment is no longer required are being removed for the right reasons and coded appropriately
- regularly reviews, maintains and improves the quality of New Ways data
- has effective arrangements to let patients know about their responsibilities under New Ways
- provides information in a variety of different and appropriate formats to suit different patients' needs
- provides additional, effective support for all who need it to help them both understand information from the hospital and attend for appointments
- has a comprehensive system to record patients' additional needs and is working with primary care to improve the way they collect and share information about patients' additional needs for support.

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Improving public sector efficiency

Published February 2010

http://www.audit-scotland.gov.uk/docs/central/2010/nr_100225_improving_efficiency.pdf

Key findings

- The public sector has reported £839 million of efficiency savings in the first year of the Efficient Government Programme. This is 57 per cent higher than the £534 million target. Of the reported savings, £254 million (30 per cent) have been delivered through better purchasing, better asset management and shared services, but there is still scope to increase savings from these areas.
- Improving the efficiency and productivity of existing services is always important and the public sector should continue to do this. However, planning for two per cent efficiency savings each year will not be sufficient to bridge the gap between projected future spending and future funding.
- The scale of the financial challenges facing the Scottish public sector means that a new approach is needed that fundamentally reviews priorities and the delivery of services.
- Although public bodies have overall cost information, they still do not have sufficient information on unit costs and costs related to activity and quality of services. This information is needed to demonstrate improvements in efficiency and productivity and to provide assurance that the savings reported through the programme are being delivered. The public sector needs to understand better the relationship between

the costs, volume and quality of services to get improvements in productivity and reductions in cost.

- In seeking efficiencies, some public bodies – around a fifth of councils and a third of NHS bodies – have relied on non-recurring savings such as asset sales. It is reasonable to take advantage of opportunities like this as part of longer-term service planning and restructuring, but relying on one-off savings in the short term is not a sustainable option for the future.
- While there is a significant amount of joint working, for example between health and social care, there is a continuing need for more and better coordination between public sector organisations to improve productivity and safeguard the quality of service delivery. Better coordination could provide more consistency in reporting efficiency savings and allow better sharing of good practice.

The report highlights some examples of developing good practice to help the public sector become more efficient through improving productivity and making savings. We have also produced a good practice checklist to help leaders in public bodies check and challenge their approach, and ultimately support better productivity and efficiency. The checklist is available at: http://www.audit-scotland.gov.uk/docs/central/2010/nr_100225_improving_efficiency_ch.pdf

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Overview of the NHS in Scotland's performance 2008/09

Published December 2009

http://www.audit-scotland.gov.uk/docs/health/2009/nr_091210_nhs_overview.pdf

Key findings

- The NHS faces a challenging period ahead. It received above inflation increases in funding for the last eight years, but 2009/10 will be the peak year for public spending. Thereafter, there is likely to be a decrease in funding in real terms across the Scottish public sector. The tighter financial outlook means that the NHS needs to do more to identify efficiencies, understand and improve levels of productivity, review how services are delivered, and work more effectively with its partners and patients.
- To continue to meet financial targets and maintain the level and quality of services they provide, NHS bodies need to examine how they deliver services and ensure they make best use of resources. This should be underpinned by accurate and up-to-date information about activity, costs and quality.
- The financial performance of the NHS was good in 2008/09, and all NHS bodies stayed within their budgets. Most NHS bodies relied mainly on recurring income, with only the island boards placing a higher level of reliance on non-recurring income. NHS bodies met their two per cent efficiency savings targets, but some may need to exceed this level to achieve financial balance in the future.
- Some of the key indicators of health are showing improvement. However, some indicators continue to remain static or show negative trends, such as those for problems caused by drugs and alcohol misuse and the rate of teenage pregnancies. The NHS as a whole met ten out of 13 national performance targets that were due for delivery in 2008/09.

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Scotland's public finances: preparing for the future



Published November 2009

http://www.audit-scotland.gov.uk/docs/central/2009/nr_091105_scottish_public_finances.pdf

Key findings

- Scotland's economy is in recession. The public sector is under the greatest financial pressure since devolution. It will be challenging to maintain current levels of public services and meet new demands when resources are tight.
- The Scottish Government has strengthened its financial management. But more could be done to evaluate how well money is being spent in delivering against government priorities and improving public services.
- The Scottish Government's annual budget is largely developed on an incremental basis, which involves making adjustments at the margin to existing budgets. This is not suitable for budgeting in a financial downturn because it does not easily allow informed choices to be made about priorities.
- The Scottish Government and the wider public sector need to work together to develop better activity, cost and performance information. This is needed to enable informed choices to be made between competing priorities, and to encourage greater efficiency and productivity.
- The Scottish Parliament has an important role in scrutinising the government's spending plans. Better information linking spending to costs, activities and service performance, and a rolling programme of performance reviews would support it in fulfilling this role.

Key questions for the public sector

There are some key questions that the public sector needs to address in planning for the financial challenges that lie ahead (set out on page 5 of the report).

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Improving civil contingencies planning

Published August 2009

http://www.audit-scotland.gov.uk/docs/central/2009/nr_090806_civil_contingencies.pdf

Key findings

- Overall, key organisations work well together, particularly through the eight Strategic Coordinating Groups (SCGs), the focal point for local multi-agency civil contingencies planning, but there are still barriers to joint working.
- The Scottish Government has taken an active role in implementing the Civil Contingencies Act 2004 but this increased priority has placed greater demands on local responders.
- Governance and accountability arrangements for multi-agency working in civil contingencies planning are unclear.
- All SCGs have produced and published a Community Risk Register but these have had limited impact on local and national planning arrangements.
- Most Category 1 responders (the main responding agencies to emergencies in Scotland, for example, the police, fire and rescue services, local authorities and the NHS) have a generic emergency plan in place and have been involved in developing multi-agency arrangements for their SCG area. However, planning for business continuity management and recovery are not yet well developed.
- Complex training and exercising requirements place significant demands on local responders, making participation and effective coordination difficult.
- Lessons from incidents and exercises are not shared widely or systematically put into practice.

- There is no clear information on how much is spent overall on civil contingencies planning across Scotland.
- There is potential for more collaboration between organisations to increase capacity and make more effective use of resources.

Main recommendations

Key organisations should:

- develop business continuity and recovery arrangements by ensuring formal plans are in place and tested, and that staff are aware of their roles and responsibilities
- have a more standardised approach to information sharing across Scotland
- share good practice information and lessons learned from incidents and exercises more widely, and ensure lessons are implemented systematically
- explore ways of making better use of resources and develop more efficient ways of working within SCG areas and across boundaries.

The report includes a self-assessment checklist for Category 1 responders, to support improvement and help local responders implement our recommendations.

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Improving public sector purchasing

Published July 2009

http://www.audit-scotland.gov.uk/docs/central/2009/nr_090723_improving_purchasing.pdf

Key findings

- The report provides a high-level assessment of the Public Procurement Reform Programme (the Programme) over the three years 2006/07 to 2008/09.
- The Programme has made significant progress putting in place the processes, guidance and structures needed to improve public sector purchasing. However, some parts have been delivered later than planned, and it is not clear that it has yet achieved the level of improvement and benefit sought at the outset.
- Around £327 million efficiency savings may be attributed to the Programme for the two years to 2007/08. This is broadly in line with the original Programme target for this period (£340 million). Some savings have been delayed and, because of changes and delays in collecting and reporting savings data, it is unclear how progress towards the third-year target of £400 million will be monitored.
- Savings from new collaborative contracts, a key feature of the Programme, are being achieved more slowly than expected. The health sector, which has the longest standing procurement centre of expertise, has been most successful, introducing 150 new contracts over the two years to 2007/08, with savings of £54 million.
- Overall, the wider effect of the Programme appears positive. It has improved cross-sector working and has helped purchasing activity on several levels – from promoting and developing purchasing skills and awareness to increasing the use of electronic purchasing. The scale of improvement is difficult to

quantify and there are wide variations across public bodies in the quality of purchasing data, practice and skill levels. Best Practice Indicators (BPIs) to help improve purchasing have been agreed but many public bodies are still in the process of completing and using them.

Non-executive members of NHS boards and elected members of councils need to be assured that they:

- have high-quality purchasing strategies and plans in place, including a plan to meet future workforce needs
- have up-to-date information on their purchasing activities such as supplier details, volume of transactions, value and type of spend
- ensure all purchasing practices, including control of spending, comply with good practice as set out in national and centre of expertise guidance
- work with the Scottish Government and centres of expertise to identify and develop opportunities for collaboration and for improved purchasing practice
- use procurement BPIs to assess their performance and to continually improve how they buy goods and services
- report savings and other benefits on a regular and consistent basis.

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Forthcoming reports



Our work programme includes the following performance audits scheduled for publication in 2010/11 which cover health and community care.

Emergency departments

Publication planned for August 2010

The efficient and effective delivery of emergency healthcare is crucial to ensure that patients receive the right treatment, in the most appropriate setting, as quickly as possible. This audit will centre on emergency departments, but will have a strong focus on how these services work with the ambulance service and NHS 24 to deliver coordinated care to patients. It will also look at how well the NHS is addressing increasing demand and meeting relevant HEAT targets, and it will report on the patient's experience of these services.

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The role of boards

Publication planned for August 2010

The boards of public bodies and colleges oversee their operations and are central to ensuring the delivery of public services. It is vital they operate effectively. We will assess the role and operation of boards in different types of public bodies across the health and central government sectors and in colleges. We will examine how board members are selected and the procedures for training, developing and assessing them.

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Management of the Scottish Government's capital investment programme

Publication planned for autumn 2010

In 2010/11, public bodies in Scotland plan to spend around £3.2 billion on capital projects, around ten per cent of the total Scottish budget. Beyond 2010/11, the amount of funding available to spend on capital projects is uncertain but likely to decrease. Good management of the investment programme is particularly important given the anticipated period of austerity. This audit aims to provide independent assurance about how well the Scottish Government is managing its capital investment programme and associated risks. It will also assess and report on the outlook for investment spending and what improvements have been made in major project

management since our previous report *Review of major capital projects in Scotland* (June 2008).

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The cost of public sector pension schemes in Scotland

Publication planned for November 2010

This audit is following up the 2006 report, *Public sector pension schemes in Scotland*, and will provide an update on the six main public sector pension schemes. The audit will look at the costs of the schemes and the implications for Scottish Government spending in the future.

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Improving energy efficiency: a follow-up report

Publication planned for December 2010

This audit will re-evaluate the performance of the public sector in improving its energy efficiency. It will assess progress made against the recommendations in the 2008 *Improving energy efficiency* report, and look at changes in public bodies' energy consumption and spending on energy since 2004/05. It will also look at how prepared participating public bodies are for the Carbon Reduction Commitment Energy Efficiency Scheme.

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Overview of the NHS in Scotland 2009/10

Publication planned for December 2010

Our annual overview of the NHS in Scotland will focus on financial issues arising during the 2009/10 financial year. We will report the financial position of the NHS in Scotland and NHS bodies, and examine the main cost and budgetary pressures affecting the NHS.

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Community Health Partnerships

Publication planned for February 2011

The NHS Reform (Scotland) Act 2004 required NHS boards to set up one or more Community Health Partnerships (CHPs) to help join up acute, primary and community health and social care services, such as all older people's services, children's services, mental health and addiction services. Our audit will include an assessment of whether CHPs' governance and accountability arrangements are appropriate and enable them to effectively influence how health and social care services are delivered. We will also examine whether CHPs are managing resources efficiently and review the effectiveness of CHPs in improving the health and quality of life of local people.

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Other information

Forward work programme consultation

We are developing a more flexible approach to our national performance audit programme. We are interested to hear your views on the issues you think we should look at over the next few years.

Many of our recent reports, including *Scotland's Public Finances*, highlight the scale of the financial challenge for the public sector. In future, our performance audits will have an even greater focus on the challenge of delivering public services with less money, where hard choices will need to be made.

Our focus continues to be on value for money – economy, efficiency, effectiveness – and on governance and accountability. We have identified a number of potential national performance audit topics and are keen to hear your thoughts on these and whether there are any other areas you think we should examine. Further details on these topics and details of how to respond are available on our website http://www.audit-scotland.gov.uk/work/forwardwork_consult.php

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If you require this publication in an alternative format and/or language, please contact us to discuss your needs.

You can also download this document at:
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