The Committee reports to the Finance Committee as follows—

CONTEXT

1. This paper analyses the evidence collected by the Health and Sport Committee during its scrutiny of the relevant sections of Chapter 3 (Health and Wellbeing) of the Draft Budget for 2014-15.

2. The Committee asked for evidence in writing and invited oral evidence from a roundtable of interested parties; these are listed in an Appendix.

3. The Cabinet Secretary for Health and Wellbeing (the Cabinet Secretary) described the relevant section of the budget as follows—

   “Resource funding will increase by £285 million in 2014-15 and NHS territorial boards will receive allocation increases of 3.1% in 2014-15 and 2.7% in 2015-16 – those increases are above forecast inflation in both years, which reflects the importance that we attach to protecting front-line, point-of-care services.”

4. He set out the Scottish Government's key priorities under health as including—

   “…increasing the role of primary care through a focus on keeping people healthy in the community for as long as possible; integrating health and social care as part of the Scottish Government's commitment to public sector reform; accelerating safety improvement programmes in all healthcare environments by extending the patient safety programme to maternity services, paediatrics and mental health; driving forward the early years collaborative; reducing health inequalities, particularly in the context of benefit cuts, which will have the greatest impact on those at risk of ill health; preventative health measures on alcohol, tobacco, dental health, physical activity and early detection of cancer; and establishing a vision for

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the health and social care workforce for 2020 and setting out a clear plan of action."\(^2\)

5. Furthermore, he stated—

“The Scottish Government is working with key partners to ensure that the 2014 Commonwealth Games are an outstanding success. That success will include ensuring that the games have an impact beyond the 11 days of sporting competition. For example, in the east end of Glasgow, housing development for the athletes’ village and supporting infrastructure will support sustainable growth.”\(^3\)

6. The Committee notes that in real terms the NHS boards have been protected from cuts, which have affected to different extents other portfolios. This is a clear acknowledgement of the importance placed on health and its implications for other portfolios.

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<td>96.4</td>
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7. As shown by the data in the tables above (from the SPICe Briefing – Draft Budget 2014-15: health and Sport), in cash terms most budget lines remain unchanged compared with the previous year or increase in value in 2014-15 and 2015-16. The “other health” line (some of which is ultimately allocated to boards), however, experiences a decline of almost 4.8% in the available financial resources in 2014-15 and a similar trend will be experienced in 2015-16. The resource increase by the “NHS and Special Health Boards” represents 2.9% which includes the “Territorial NHS” increase mentioned by the Cabinet Secretary of 3.1% and NHS Special Boards increase by 0.2%, as well as an increase in “other income” by 3.2% and the full reduction of the “recurrent allocations adjustments” (see Level 4 of the Draft Budget). The NHS boards budget in 2015-16 includes £100 million to be invested into the integration project (via the Public Bodies (Joint Working) (Scotland) Bill). This figure (announced in September by the Cabinet Secretary for Finance, Employment and Sustainable Growth in his budget statement) was referred to by the Cabinet Secretary in his evidence to the Committee.5

8. In clarification of the status of that £100 million, the Scottish Government stated—

“In 2014-15 within the NHS Boards baselines there is £70 million included to fund the final year of the Adult Social Care Change Fund. In 2015-16 we are providing NHS Boards as part of their uplift with an additional £30 million adding to the £70 million they already have to create the £100 million Integration Fund from 2015-16. In addition we are holding £20 million centrally to support national Integration initiatives which can be seen at the top of page 26 of the 2014-15 Draft Budget document. This represents the £120 million total Integration Fund from 2015-16.”6

9. Sport sees its resources significantly increase in the coming budget year with a drop off in 2015-16, as the Commonwealth Games (“Glasgow 2014”) and related investments will have been completed.

10. The reduction in funding is related to the DEL Capital.

11. In real terms, however, there is a decline in resources available for all budget lines, with the exception of NHS boards, special health boards and sport. The latter, as mentioned, is affected by the increase in resources to support Glasgow 2014 and a subsequent decrease in 2015-16.

12. This financial pressure that the NHS is experiencing engenders the need to reconsider the way in which the service is provided. Further resource increases are unlikely in the current economic times and the Scottish Government must be well aware of the on-going restrictions its budget faces in coming years.

13. Efforts to modernise care provision, particularly at the community level, through the integration agenda (as will be considered later in this document) are recognised. The Committee is of course currently considering the Public Bodies (Joint Working) (Scotland) Bill. Stakeholders also recognise the need of this

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6 Scottish Government response provided to the Financial Scrutiny Unit (SPICe).
change although it may be that they perceive the direction and timing of the change as rather unclear.

ANALYSIS

14. The Draft Budget dedicates 17 pages to Health and Wellbeing. The first part introduces information on the principles and priorities to which the budget relates. There is alignment with the Christie Commission recommendations on prevention, integration of services at local level, a sustainable workforce, and reducing inequality. There is emphasis on partnership toward the achievement of Single Outcome Agreement (SOAs). However, given limited information on the influence that these factors have on the budget allocation and the variation in the related resource allocation throughout the years and which could be further explained in the document, weak links emerge between the aim of the policy and the quantitative data.

15. This lack of connectivity between the information does not encourage the reader to understand how key principles such as quality of service and health inequalities have been considered and targeted in the allocation of the budget. It is difficult to find these relationships in the document. The Committee would expect more insights into how principles and the allocation of the resources relate.

16. Some of the linkages can be extrapolated from the document, although in doing so there is the risk of different meanings and interpretations being attributed by the reader than those that have informed the data.

17. There is a need for examples of actions that are taking place or have taken or will take place, as per the financial attribution of the current year and past/future years. The expectation is that budgeted resources have been identified in light of past performances and it would therefore be helpful for the Committee to have the benefit of insights into the rationale of decisions taken.

18. During the evidence session with the Cabinet Secretary on 29 October, various interesting examples of current projects being implemented locally were provided. The Committee would find it useful if such information could be provided along with the Draft Budget.

19. Following the Committee’s report last year for the Draft Budget 2013-14, the Scottish Government has provided feedback to some of the requests via its response. These have been provided through additional documentation, which was very welcome. However, this information would be more effective if provided with the Draft Budget, perhaps via a dedicated appendix or supplementary document detailing additional information related to the health data.

20. For a correct assessment of the Draft Budget, there is clearly a need for further information, as was highlighted in the Committee’s earlier report. The Scottish Government should be encouraged to work towards the provision of a comprehensive publication that will allow the lay reader to gain a better understanding of the data itself.
21. More insight into the way health inequality is being tackled would also be of benefit, as this is missing in the current Draft Budget document.

22. The draft budget provides three levels of details i.e. Level 1, 2 and 3. While this information is relevant, it does not provide adequate insights into the expected use of the resources, as the budget line represents indications rather than comprehensive actions while the fourth level of the budget that provides more detail is provided very late on in the process and separate from the official Draft Budget document. It might be worthwhile exploring the practicalities of including this level of detail within the main document itself, for the health portfolio at least, though the Committee appreciates doing so across all portfolios could render the Draft Budget document unwieldy.

23. A recurring challenge for the Committee in its scrutiny of NHS spending is that the majority of spend is directed to the NHS Boards but the time-lines for these allocations do not neatly match up with the autumn budget process. The two-pronged approach, with this part of the process along with consideration of the budgets of the boards in the spring of the following year, is set to continue, the Committee sensing a degree of incremental progress has been made.

24. The Committee is aware of the considerable discretion given to boards with regard to the allocation of the budget. However, detail of the earmarked funds could at least be provided.

25. Similarly, while a high degree of autonomy is given to the boards in using their resources, there is an expectation that a minimum level of service needs to be guaranteed throughout the boards in order to guarantee consistent healthcare provision across Scotland. It would be of use to the Committee, and indeed the lay reader of the Draft Budget, to be better able to discern what levels of services are expected to be guaranteed by all boards and ultimately to understand and, if necessary, highlight the reasons for boards not providing such a service or level of service.

26. A Local Delivery Plan (“LDP”) is agreed between boards and the Scottish Government and from this plan it should be possible to extrapolate such information, in theory at least. The Committee will doubtless return to this theme and seek to gauge theory against practice through its scrutiny of the boards budgets next year.

Indicators

27. A considerable number of performance indicators seem to be attributed to health and wellbeing and there was a general concern that this information might be overwhelming.

28. As Annie Gunner Logan of the Coalition of Care and Support Providers in Scotland (CCPS) told the Committee—
“It is becoming increasingly difficult for people who make budget allocation decisions to match up budgets with indicators and targets, because there is a plethora of them.”

29. The Cabinet Secretary himself indicated in his evidence to the Committee that more indicators were not always providing a better use of resources—

“…there is scope to streamline the number of targets further. It is ironic that, the more targets we have, the less management control we often have over the budget and the wider operation.”

30. **The Committee is concerned about the apparent lack of clear links made between the information in the Draft Budget and the indicators.** A large and varied number of performances that services are expected to target risks engendering an attitude of short-sighted decision making that aims to achieve the targets while compromising over the whole and/or long-term performance of the organisation.

31. The Committee recognises that the Scottish Government has provided more information as requested in the previous budget review, i.e. information regarding—

- retrospective and anticipated cost pressures such as pay, prescribing, equal pay claims etc.;
- performance against existing efficiency savings and planned future efficiency savings;
- anticipated high, medium and low financial risks identified by the Scottish Government and how they are provided for in the budget document;
- trends in available outcome focused and quality-related data;
- compiled information on actions agreed following NHS boards annual review meetings;
- information on how policy priorities, including preventative spend initiatives (e.g. through the change fund) and HEAT targets have been and will be supported within the budget;
- an assessment of the change in the suite of 12 quality measures proposed in the Quality Strategy over the coming 12 months.

32. Additionally, by way of follow-up information to the Cabinet Secretary’s appearance before the Committee on 29 October 2013, the Scottish Government wrote to the Committee on 13 November with more detail on the following—

- indication of the European Funding for e-Health Projects;

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• a detailed breakdown of the Nursing Budget;

• a briefing on the Integrated Resource Framework;

• preliminary evaluation of Change Fund Projects.\(^9\)

33. **It would be helpful if the information listed in paragraph 31 could be provided to the Committee on a regular basis and form part of the Draft Budget exercise.**

34. **Furthermore, the Committee would be appreciative if more insights were provided into the links between the performance measures and the overall aims of the healthcare system.** Such information has also been requested in previous years. The Committee has received data regarding some performance measurements but, again, it would be beneficial if this could be issued at the time of the Draft Budget.

35. **It would also be useful to receive more specific indication of the performance that the Scottish Government plans to achieve and that can be linked with outcomes or output indicators.** For the performance indicators it would be useful to be informed of the actions expected to be taken in order to achieve the result. This information might also be provided for past results and how these are influencing decisions over new targets and, for indicators that have impact on more than one budget line, this could be placed against those different budget lines. See for example the Welsh table on Alignment between Programme for Government and Budget.\(^10\)

36. **There is considered a need, as emerged in the roundtable evidence with stakeholders on 8 October, to provide a clear sense of prioritisation of the many different targets, to better direct the actions of relevant services.** UNISON’s Matt McLauglin told the Committee—

“**We can always do with having fewer targets, better delivered.**”\(^11\)

37. **For some changes in budget lines at Level 4, the information has been explained as “efficiency savings” that were achieved “without impact on effective programme delivery”.** Information is not provided to substantiate the statement. While this information could be provided in the Draft Budget document, a supplementary document might usefully expand and provide the level of detail needed to enable an assessment of the level of efficiency and quality impact the organisation has achieved.

38. **There was concern that “efficiency” achievements might have an impact on productivity or quality.**\(^12\) This was a view provided by stakeholders to the Committee. One stakeholder expressed a fear that some of these savings were

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\(^12\) Scottish Parliament Health and Sport Committee. Official Report, 8 October 2013, Col 4437.
being pushed into the third sector.\(^{13}\) Thereby the organisation was required to provide a similar level of services at a reduced cost; consequently the way to make this viable was for the organisation to cut fixed costs such as support staff.\(^{14}\) This would be seen as affecting the quality of the overall service. **The Committee would be better able to assess efficiency in such circumstances if an impact assessment were provided.**

39. Indeed, there appears to be a perception in the third sector that while considerable importance is placed upon engagement and collaboration with this sector the resources are not necessarily forthcoming to inform this collaboration.\(^{15}\)

40. The emphasis of the indicators is very much on the healthcare sector and, while there are indicators relating to sport, it is interesting to highlight that there is no relation provided on the influence that the different performance indicators and activities have on different areas of the budget i.e. it lacks evidence of interrelation and the impacts of one area on other spheres.

41. There is an opportunity here to develop a more interrelated budget. While some services seems to overlap with, or influence or be influenced by, the activities of other budgets – for example long-term care related services have implication on the local authority activities and healthcare ones, the Draft Budget seems to miss the opportunity to evidence the interrelated influence that different budgets area inevitably must have.

42. The Cabinet Secretary emphasised the considerable interaction taking that is taking place between different directorates and Ministerial portfolios, and consequently budgets. This is particularly evident given the shift that the integration agenda is seeking to instigate.\(^{16}\)

43. Integration could be made visible through the connection between the activities and performance indicators of other sectors. This would be information relevant to identifying the extended impact that resources can have, and should be discussed in the Draft budget.

44. The Quality Strategy mentioned in the Draft Budget as the driver for the Scottish Government seems to be relinquished in those sections relating to the budget lines. As UNISON told the Committee—

“…next to no one is talking about quality outcomes.”\(^{17}\)

**Staff**

45. In the Draft Budget there is a reduction in the bursary for nursing and midwifery with a decrease of £3 million from 2013-14 to 2014-15. The Scottish Government highlighted that—


“The bursary is a demand led budget and the criteria for receiving a bursary has not changed.”\textsuperscript{18}

46. However, this would suggest an expectation of lower demand for the bursary at a time when the health system still appears to be experiencing pressure with regard to demand for further nursing staff. \textbf{The Committee would welcome elaboration on the rationale at work here and asks for more information on how projected demand has been assessed.}

47. This information has created concerns regarding a shortage of qualified staff, specifically nurses, as the recruitment via bank and agency nurses would seem to highlight. As RCN told the Committee—

“…we know that there are parallels between the number of nurses available to care for people and the quality of outcomes.”\textsuperscript{19}

48. The Cabinet Secretary highlighted in his view, aligned with the rationale of the reduction provided in the budget Level 4 document, that there was not a reduction in the training of staff, as this responsibility has been transferred to the responsibility of NHS boards.\textsuperscript{20} The Committee has now received that information which shows a decrease in the training budget. While a large part of this is due to the removal of the one year job guarantee the overall budget has fallen. Follow up information from the Scottish Government set out that the “pre-reg. Nursing & Midwifery Training” was unchanged at £62 million in 2013-14, 2014-15 and 2015-16. The One Year Guarantee job experienced a reduction (£9.4 million in 2013-14, £2 million in 2014-15 and £0 million in 2015-16).\textsuperscript{21} It is not clear, though, whether both the responsibility and the resources have been transferred. The Committee asks the Cabinet Secretary to provide information on what resources have been transferred to boards to support the One Year Job Guarantee.

49. The Cabinet Secretary also highlighted the collaboration with Sir David Carter in a UK context in planning the NHS workforce—

“Where we see that [future shortages], we can take appropriate action. If the shortage is a long-term one, we can work with Sir David Carter and his team to increase the number of trainees, for example. For more short-term situations, we can increase the spend on advertising to fill the vacancies concerned.”\textsuperscript{22}

50. However, the Committee would welcome more information regarding workforce planning as this delegated responsibility opens up the question of whether NHS boards might be faced with challenging decisions over resource allocation, particularly given the reduction in the One Year Job


\textsuperscript{22} Scottish Parliament Health and Sport Committee. Official Report, 29 October 2013, Col 4497.
Guarantee, when they are expected to make savings within their budget. The Committee would seek information on how the workforce planning tool can assist with planning for staffing to allow an appropriate allocation of resources by the Scottish Government and health boards.

51. It is important to understand how the need of qualified staff working in the NHS is assessed – the staff mix and future need – and the strategy in place to make it possible to have the corresponding number of staff available at the point of need. This is also in line with the evidence documented by Audit Scotland in its report on NHS Financial Performance 2012/13, indicating trends in the workforce suggesting signs of pressure on NHS boards – for example, while there has been an increase in the NHS boards workforce, vacancy rates have increased for consultants and also nurses and midwives; nurses and midwives experiencing a higher incidence.\(^\text{23}\)

52. The Cabinet Secretary highlighted some past examples of pressures on staffing levels following forecasting by NHS Lothian that had underestimated the capital’s population growth by 20%\(^\text{24}\) and “overoptimistic” assumptions about nursing staff numbers required by NHS Lanarkshire.\(^\text{25}\)

53. Such examples reinforce the importance of sound forecasting. The Committee would welcome a clearer indication of the interaction that the Scottish Government has, and will have, with NHS boards over staff planning. The Committee considers it important that training funds should be protected and that the budgets of NHS boards have a dedicated budget line to training. The Committee asks that this level of information be made available in future Draft Budget documents.

54. RCN highlighted a trend of a lower number of nurses going into pre-registration education – albeit pointing to and welcoming an increase for last year – and expressed concern for the future—

“...The risk is that we keep going back to boom and bust on numbers...”\(^\text{26}\)

55. RCN also highlighted that some data sourced from the NHS can be inconsistent due to different systems being used, so not allowing for comparing like with like.\(^\text{27}\) This is of concern as reliable data is of key importance in making assessments and forecasting. It is important to ensure that information systems at different levels provide reliable and comparable data.

56. In relation to the change toward integration of health and care services and more care being provided outside of acute setting, RCN highlighted the need for a greater focus on developing community practitioners in nursing and in ensuring

\(^\text{23}\) http://www.audit-scotland.gov.uk/docs/health/2013/nr_131010_nhs_finances.pdf
sufficient numbers to provide in- and out-of hours care. Rachel Cackett told the Committee—

“We have to think creatively about how we train our workforce to do that. It is therefore a shame to see £11 million lost from the budget rather than being redirected.”28

57. The Committee would welcome more information on the impact that the £11 million reduction from 2013-14 to 2014-15 in the Nursing, Midwifery and Allied Health Professionals budget line will have in qualitative terms on current but also future care provision.

58. Witnesses from the roundtable evidence session highlighted a strong concern with the pressure currently on the workforce. There seems to be signs of dissatisfaction that the representatives have highlighted, with perception of distress that might induce some professional to leave the profession, look into early retirement, or migrating to a country with a more favourable work-life balance. The highlighted risk seems to be rather palpable among some professional groups as mentioned by the stakeholders. The examples of GPs considering early retirement, provided by BMA29, and health visitors “ageing faster than any other nursing population”30 could put considerable pressure on the health care system at a time when community care level is starting to undertake significant reform.

59. Given the Scottish Government has highlighted its aim to seek a new GP contract, one perhaps with more of a Scottish bent, the Committee will await developments with interest.

60. The new GP contract is occurring at a suitable time of radical reform in the provision of healthcare service and collaboration at the secondary care level.

61. While the emphasis on integration appears to be at community and primary care level, rather less focus seems to be placed on the secondary care level.

62. Consultants are expected to be able to provide more of their work at a distance, via telecare for example. However, this might be the time to push for consultants to be more present in the local community and to provide further services directly in what might be an integrated care centre. This would allow easier access to patients, as some people might be reluctant to travel to the hospital. At the same time, if a more near-to-the-patient meeting location can be identified this would perhaps provide more sustainable care provision as the patient will have less travel time, with less time required by accompanying family members or friends, against the travel of the consultant. Of course, a more physical presence in the community might be more suitable in densely populated areas, rather than in geographically dispersed areas.

A&E

63. It would appear that a considerable number of admissions to A&E are due to what is termed “inappropriate self-referral”. The Cabinet Secretary indicated that the problem has been addressed by recruiting more consultants to work in A&E. The Committee would be interested to know whether other solutions have been considered, as the one adopted could be viewed as rather conservative. It is evident that increasing the number of staff should help to achieve the waiting time target, but the underlying issue is whether inappropriate self-referral could have been handled at a different care level, for example by the GP. When people wrongly self-refer to A&E, there is a communication problem with the service user. Experience in other countries could suggest different solutions.

64. There needs to be a way to identify how to remove such patients from the advanced and expensive care stream. Alternative experiences elsewhere include the Helsinki structure or the experience in a Munich hospital where they have introduced a GP clinic alongside A&E in the evenings. It is important to understand the strategy that the Scottish Government has identified to address this problem.

65. From additional information provided by the Scottish Government, it is evident that the older population make greater use of A&E, as 68% (£960,494,664) of the hospital-based expenditure for over-75s was absorbed by A&E in 2011-12. This figure includes acute, non-elective hospital stays. In the A&E area the health condition of the older people can be exacerbated due to the waiting time, as often these patients might not be the most urgent case, and the patient might end up admitted to hospital while a more integrated service (of primary/secondary care) could have favoured a return of the individual to the community. The Committee would welcome information from the Scottish Government as to the reasons for over-75s accessing the A&E and action taken to reduce the incidence.

Change funds

66. The Cabinet Secretary highlighted that the changes to be brought about by integration will be visible only in three years’ time, i.e. once the data for the whole Scotland is comparable. It would, however, be helpful to receive information on the policy as it is developed and implemented, with examples of leading experiences as well as of areas lagging behind. To understand the change process that is occurring would enable the Committee to better assess the impact of dedicated resources.

32 http://www.hel.fi/hki/Terke/en/Accident+and+Emergency+Services
33 http://www.emeraldinsight.com/journals.htm?articleid=1745153
67. The Change Fund has been a forerunner of the Public Bodies (Joint Working) (Scotland) Bill. There has been no information available for the Committee to judge the usefulness of the implementation. While it is understandable that results might just be starting to become available, more information would have been germane to understanding the range of projects that have stemmed from this investment.

68. During the evidence session with stakeholders, it was highlighted that some small grants have helped to implement considerable changes in certain contexts. The Committee would welcome any further updates and information on this type of impact with regard to the Change Fund such as that provided and referred to in the follow-up information accompanying the Cabinet Secretary’s letter of 11 November 2013.35

69. However, CCPS highlighted in their evidence to the committee that—

“There is also concern that some of the Change Fund has been used to fund short-term preventative interventions, so once the Change Fund stops, so will they. The Change Fund was supposed to be a kind of lever to shift the bulk of spending that was behind it; it, in fact, been used in creative ways, but almost as an isolated project fund.”36

70. This is evidence from the field, so to speak, yet the Committee has received few other insights from the Scottish Government or other agencies.

71. It is interesting to note that all the witnesses the Committee heard from, although with varying degrees of commitment, felt the need for a radical change of the healthcare system; otherwise, in light of the current organisation, it can be argued that the decline in the quality of care will be unavoidable. Some of the stakeholders voiced the need for new members to be involved in the planning for that change, for a “rogue element” to be introduced, people who were perhaps not jaded from past involvement.37 There was a sense that it wasn’t merely the money that needed to lose its identity but some of the individuals too.38 There was also the observation, during the roundtable evidence session, that a smaller number of groups working on reforming the system were needed.39

72. This is a clear signal that the system recognises the need for a significant change in order to make the healthcare system sustainable in the long term, accounting for current and future pressures and changing health and care needs reflecting demographic trends.40 41 42

73. The Committee welcomes measures taken by the Scottish Government to help make the health care system sustainable in the longer term, including change fund monies and NHS care integration. The Committee intends to scrutinise how monies spent on such initiatives mitigate said provisions going forward.

74. While the establishment of partnership is a key driver for the Scottish Government’s integration plans, in the Draft Budget it is not possible for the reader to identify the resources allocated to these activities.

Capital and maintenance

75. The BMA noted the trend of the capital budget in the last six years.\(^\text{43}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>DEL Capital £ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>577.7</td>
</tr>
<tr>
<td>2011-12</td>
<td>488.2</td>
</tr>
<tr>
<td>2012-13</td>
<td>459.5</td>
</tr>
<tr>
<td>2013-14</td>
<td>418.5</td>
</tr>
<tr>
<td>2014-15</td>
<td>254</td>
</tr>
<tr>
<td>2015-16</td>
<td>187.1</td>
</tr>
</tbody>
</table>

76. It is interesting to observe that the investment in DEL Capital has decreased by circa 77% in cash terms from 2010-11. While the Scottish Government indicated its commitment to investment in infrastructure, it is evident that the flow of resources is not in the DEL Capital budget line. However, it should be noted that the health budget includes plans to transfer £120 million from health resource to health capital in 2014-15, primarily to address the maintenance backlog. If this transfer takes place, there will be a smaller reduction in the health capital budget, but there will also be an equivalent reduction in the resource budget. Capital investment will also be supplemented by NPD-financed projects (see below).

77. The 2013-14 figures seem to include £230.7 million invested in the New South Glasgow Hospital and some of the reduction in the capital budget in subsequent years is attributed to reduced spending on this project as it moves towards completion in 2015-16.

78. It should also be noted that health capital investment will be supplemented by investment through NPD-financed projects and the value of such investment is not reflected in the capital budget line. It is difficult to understand which projects are financed through NPD and ‘traditional’ capital routes, as the qualitative information in the draft budget indicates that “procurement for a further four NPD Projects commenced in 2013, having combined estimated capital value of £440 million”. It is not clear the financial implication that the NPD projects will have on the relevant organisation, as there will be the revenue consequences of the scheme. The new projects seem to have been already approved and a value for money assessment is expected to have taken place in deciding the preferred financial model. However, no information on these assessments is provided in the budget. It would be helpful if the budget document provided a clear statement of capital investment plans, including the financing method and the capital/revenue implications of major projects. Information on the revenue impact for the coming years would have been expected.

\(^{43}\) BMA. Written evidence to the Health and Sport Committee.
79. It has emerged that the Scottish Government has managed to reduce the backlog maintenance in 2013-14 by 15% compared with the year 2011 when it was identified in the value of £1.01 billion.

80. The Cabinet Secretary told the Committee—

“We believe that, by 2017, we will have completely wiped the slate clean on the high risk and significant risk backlog.”

81. In light of the need to further target the backlog maintenance it may be of concern, however, that the capital investment is incurring a 33% reduction in 2014-15 compared with 2013-14. The Committee is aware and indeed pleased to see a considerable decrease in the backlog maintenance has taken place in recent years and notes that the Scottish Government intends to transfer £120 million from health resource to health capital in 2014-15, primarily to address the maintenance backlog. However, the Committee would welcome further information on how the strategy for handling the remaining backlog maintenance can be achieved, as referred to by the Cabinet Secretary.

Other insights

82. Similar to the need for more detail in other aspects of the Draft Budget, the General Medical Services receiving resources for £709.6 million could usefully be further detailed in its elements.

83. Some budget lines refer to “other below £1 million” programmes: it would be useful to understand which activities are included in that bracket and the resources attributed.

84. While there is a strong emphasis on prevention, some budget lines that can be directly related to prevention have been reduced, for example a number of lines in the draft budget concerning public health measures would see reductions in funding between 2013-14 and 2014-15. These include Health Screening, Tobacco Control and Alcohol Misuse. The Scottish Government has advised that these have been achieved through efficiency savings that will not impact on the delivery of services or have an effect on outputs and outcomes.

85. However, no evidence was provided to accompany this statement. It would be helpful to receive further information from the Scottish Government on the impact in the reduced resources and the efficiency that has allowed the savings.

86. Research has seen also been affected by a decrease, from £16.4 million to £15.9 million. The Cabinet Secretary indicated that these resources were compensated for by EU research funds that the Scottish Government had been able to access. However, the programme might prove highly important for the development of independent research in Scotland and smaller projects might not

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have the chance to meet the requirements of EU competition. This might then harm possible investment in starting up ideas that could be key to the development of innovative work and research findings.

87. The “clean hospitals/MRSA screening programme” has also seen a considerable decline in the dedicated resources, from £28.4 million to £18.5 million. The reduction has been justified as the process has been improved and the level of infection has decreased indicating that the programme has been successfully delivered. The Committee believes it would have been useful also to have the information on the level of decline experienced throughout the years. The Committee expects to be kept fully informed of information related to hospital infection levels.

88. The Level 3 figures indicate that immunization will be funded in 2013-14 by £8.8 million, in 2014/15 by £16.3 million, and in 2015/16 by £20.9 million. The SPICE briefing on the Draft Budget notes that this is primarily due to the roll-out of the Childhood Flu Vaccination Programme, though also due to expenditure required for the rotavirus and shingles vaccination programme. It would be useful to learn what cost-benefit assessments have and are being undertaken to investigate introducing and extending such immunisation programmes.

Sport

89. The Committee published its Support for Community Sport report in January 2013 and intends to carry out some follow up work in early in 2014. It is anticipated that sport-related finances will feature as part of these considerations.

90. In the meantime, the Committee received a written submission from sportscotland and was provided with a copy of the Scottish Sport Association’s (SSA) evidence to the Finance Committee.

91. Sportscotland reported itself to be “satisfied” with the level of funding it had received from the Scottish Government and identified two current developments—

“We see lots of commitment and ambition, which is slightly tempered by the pressures around budgets but we are working very carefully and clearly with our partners to try to maximise the total resources we have for sport. Good investment decisions to fund the right things in the right place are vital and there is no "right" to investment in Scotland but it is also important to acknowledge that it can take a long time for results to be achieved on the back of sustainable investment and the Active Schools Programme is a particular case in point.”

92. It stated that school pupils had made 5.1 million visits or “participant sessions” in 2012-13, an increase of 13% on the figure for the preceding year.

47 Sportscotland. Written submission to the Health and Sport Committee.
48 Sportscotland. Written submission to the Health and Sport Committee.
49 Sportscotland. Written submission to the Health and Sport Committee.
93. On the matter of the preventative health agenda and the role that sport can play in addressing physical activity, sportscotland said—

“...it is important to acknowledge the difference between the development of a world class system for sport and encouraging people to take exercise purely for health and fitness reasons. Sport does, of course, play a role in the delivery of physical activity, exercise, active living, play and dance, but it is not the responsibility of sport to deliver all of the solutions for inactivity.”

94. The agency also underlined the role of local authority investment in sport, in particular for such initiatives as the Active Schools Network, the Institute of Sport, and facility and club development.

95. The SSA took a different tack. In its submission to the Finance Committee, the SSA highlighted the “significant contribution” that sport can make to Scotland’s health challenges. It suggested the negative impact of physical inactivity and the benefits of being more active were “poorly recognised”.

96. Increasing physical activity levels by 1% annually over five years would not only save 157 lives each year, reported the Association, but make a positive impact on the economy in the region of £85 million.

97. Like sportscotland, the SSA emphasised the importance of local authorities in the provision of sport and sporting facilities—

“Given that 90% of investment in sport is via local authorities, it is vital that they remain key partners in delivering sport and are recognised as such. The contribution of sport to our nation also needs to remain foremost in the minds of our local authority partners in relation to their planning and budgetary decisions.”

98. The Committee notes the comments of the Cabinet Secretary about the work towards and legacy of Glasgow 2014. It heard also the views of sportscotland and the Scottish Sports Association about the extent of the role that sport can play as part of the preventative spend agenda, and the vital role of local authorities in the provision of sporting opportunities. The Committee will return to sport in more detail in its follow-up work to the Support for Community Sport inquiry early next year.

Equalities and Climate Change

99. In its budget approach paper, the Committee agreed to include consideration of the impact of budget decisions on equality groups (at the request of the Equal Opportunities Committee) and to adopt a similar mainstreaming approach with climate change (as requested by the Rural Affairs, Climate Change and Environment Committee).

50 Sportscotland. Written submission to the Health and Sport Committee.
51 Sportscotland. Written submission to the Health and Sport Committee.
52 Scottish Sports Association. Written submission to the Finance Committee.
53 Scottish Sports Association. Written submission to the Finance Committee.
54 Scottish Sports Association. Written submission to the Finance Committee.
100. An **Equality Statement** was published by the Scottish Government alongside its Draft Budget 2014-15.

101. In written evidence to the Committee, the Alliance (Scotland and Voluntary Action Scotland) welcomed the emphasis placed on equalities but stated—

“…there is increasing recognition that equalities and human rights should be considered together (as tends to be the case in other countries) and we would welcome such a shift, particularly in the context of Scotland’s first National Action Plan for Human Rights. Human Rights need to be a far more explicit framework for Scottish health and social care policy and practice. As the Scottish Human Rights Commission have recognised…”

102. The Alliance cited also the merits of free prescriptions in supporting disabled people and those with long term conditions in living more independent lives—

“It is common for people who have long term conditions to be prescribed multiple medications to be taken several times a day. Medication is critical to managing long term conditions and a lack of appropriate access to medication could cause further complications. As a result of the abolition of prescription charges, people no longer have to decide on what medicines are the most necessary from a cost perspective, no longer need to decide between medication and other essential items and supports self-management.”

103. The Allied Health Professions Federation Scotland (AHPFS) also drew attention to the wellbeing of people with long term conditions—

“The budget has a significant impact on the lived experience of people with long term conditions and other “hard to reach” or excluded groups who are the target beneficiaries of prevention and health inequality initiatives.”

104. UNISON stated in its written submission—

“As resources become tighter it is usually the case that the first to suffer are those who are already marginalised. If this is not to be the case then particular efforts will need to be made to address this.”

105. On the matter of climate change, UNISON suggested the impact of centralising services—

“This puts people on the road, both staff and patients. For this not to have climate change implications there is a need for greater effort being put into having a joined up transport network.”

106. Furthermore, in oral evidence to the Committee, UNISON said—

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55 The Alliance. Written submission to the Health and Sport Committee.
56 The Alliance. Written submission to the Health and Sport Committee.
57 Allied Health Professions Federation Scotland. Written submission to the Health and Sport Committee.
58 UNISON. Written submission to the Health and Sport Committee.
59 UNISON. Written submission to the Health and Sport Committee.
“A number of years ago, local authorities got some ring-fenced, spend-to-save money. That might be a way of tackling the energy efficiency agenda and might be worth investigating.”\textsuperscript{60}

107. The Equality Statement that accompanied the Scottish Government’s Draft Budget 2014-15 set out in chapter 2 that—

“Equality is one of the core values of the Commonwealth Games movement, and is therefore central to the Glasgow 2014 Commonwealth Games. Games Partners will use the power of the Games to inspire individuals and communities and send a message that sport is for everyone, regardless of age, gender (including gender reassignment), sexuality, race or ethnicity, religion or belief, marital status, disability, or socioeconomic background.”\textsuperscript{61}

108. The document outlined a number of initiatives considered germane to the Scottish Government’s emphasis on equalities under the health and sport budgets, notably—

- Physical Education Disability Inclusion Training Programme
- Street Soccer Scotland
- National Active Girls Programme (bringing together Ydance, Girls on the Move and Fit for Girls)
- Scottish Immunisation Programme
- Family Nurse Partnerships
- Pre-registration Nursery and Midwifery Education
- Integrated Adult Health and Social Care
- See Hear: a strategic framework for meeting the needs of people with a sensory impairment in Scotland
- The keys to life: learning disability policy
- Equally Well (the Ministerial Task Force on Health Inequalities)
- The Scottish Strategy for Autism

109. The Statement also reiterated the five specific commitments made in the equivalent document for 2013-14 and set out progress made against each.\textsuperscript{62}

110. The Committee welcomes the views of the Alliance, the Allied Health Professions Federation Scotland and UNISON on equalities.

\textsuperscript{60} Scottish Parliament Health and Sport Committee. Official Report, 8 October 2013, Col 4452.
\textsuperscript{61} http://www.scotland.gov.uk/Publications/2013/09/8093/3
\textsuperscript{62} http://www.scotland.gov.uk/Publications/2013/09/8093/3
111. The central importance of human rights in health and care practice, highlighted by the Alliance, is something the Committee endorsed in its first report of the Parliamentary session, the Inquiry into the Regulation of Care of Older People, in which it encouraged a review of the National Care Standards to embed equality and human rights for service users.

112. The Committee welcomes also the publication alongside the draft budget, of an Equality Budget Statement, which it is hoped will go some way to ensure that equality issues are considered as an integral aspect of the annual budgetary process.

113. The Committee did not feel it received enough information on climate change aspects of this year’s health budget to draw much of a conclusion save for reiterating its view from last year’s report that: “Comparing the response on climate change to that on equalities, the Committee concludes that mainstreaming of the former appears to be at a much earlier stage of its development than the latter. While the publication of the sustainable development strategy for NHS Scotland is to be welcomed, the Committee considers that more could be done within the budgetary process to demonstrate how measures in future draft budgets can contribute to what are widely acknowledged as ambitious climate change targets.”

Sustainability

114. It might also be useful (as has been suggested by the Budget Adviser to the Finance Committee) to reflect on the Draft Budget in terms of the following four dimensions:

- Affordability
- Prioritisation
- Value for money
- Budget process

Affordability

115. Based on the assessed information available in the draft budget and in discussion with witnesses, it is well understood that health care could be absorbing considerable resources, due to the increasing cost of new technologies and drugs. Unfortunately, due to the current economic climate, the healthcare budget cannot increase to cover the total cost and/or demand, and there are limits to be imposed in the provision of the service.

116. However, the Scottish Government has reaffirmed its commitment to free healthcare at point of delivery for all citizens. With regard to the affordability, however, there is no information on the level of demand and typology of care needed in the Scottish context, not allowing an assessment of whether all needs are met and which will not be addressed or under serviced. Indeed, it would be

63 http://www.scottish.parliament.uk/S4_HealthandSportCommittee/Reports/heR11-03.pdf
useful to have more information on the distribution of need and inequalities in the Scottish regions, with an indication of resources dedicated to tackle the emerging problems.

Prioritisation
117. As with any situation where there are scarce resources, there is the need for prioritisation in order to decide which needs have more urgency or relevance to be addressed. Based on the information available, it is not easy to assess the level of prioritisation that the Scottish Government has undertaken. There are no insights into the decisions that have had to be taken in the resource allocation, and also missing is any further description of the way resources will be used. The Scottish Government outlines the priority actions and principles it follows, but the draft budget lacks much in the way of an indication of the relationships between these statements and the budget lines.

118. The NHS boards appear to have a certain degree of freedom in use of their resources, but again clear insights into the agreements between the Scottish Government and the different boards tend to be limited.

119. The healthcare system has a considerable number of performance measures that help in targeting the services, and consequently to priorities the actions. However, there is a considerable number of targets that could direct organisations to taking differing strategies, and the need to priorities these targets has been suggested in evidence to the Committee, to provide better guidance to the service managers/providers.

Value for money
120. With regard to value for money (“VfM”) some of the information that would be needed to ascertain whether VfM has been attempted is not available, so it is not possible to arrive at such a judgment. It can be argued that health services provided are all essential, with regard to the care needed, and that under the current pressure the services can be expected to be provided at the best value in relation to the resources available. However, there is also the consideration that some services might benefit from identifying alternative ways of being provided, as for example could be with regard to addressing the increasing demand on A&E as discussed earlier. The Public Bodies (Joint Working) (Scotland) Bill is clearly part of the policy drive to develop a service that is more VfM than the current organisational set up.

Budget process
121. The budget process provides the opportunity for the Health and Sport Committee to view and comment on the Draft Budget. The Committee has the opportunity to get views from stakeholders as well as to receive feedback form the Cabinet Secretary. However, the timeline for the process is rather constrained, allowing the Committee only two months to assess the documentation, arrange the meetings and submit its final report. One reason for this difficulty is that not all relevant information is given to the Committee at the time the Draft Budget is published. For example, the Level four detail of the Draft Budget is provided with considerable delay in respect to the publication day. It is expected that if all information needed by the Committee to carry out its assessment was provided at the time the Draft Budget was published, the budget process at
the Committee level would be improved. However, in the current circumstances there is a need for more time for the assessment at the Committee level to take place with due deliberation.

OVERALL CONCLUSIONS

122. The Committee endorses the concepts of prevention and integration. However, these raise a number of issues in the context of the scrutiny of the Draft Budget document, as the Committee highlighted in its report to the Finance Committee two years ago.

123. The Committee will revisit the progress on preventative spending – including its impact on quality of care and value of money, including the success or otherwise of the Change Fund and its still-to-come evaluation – through its scrutiny of allocations and spending by NHS boards next spring and during the next Draft Budget.

124. The Committee very much welcomes the on-going co-operation of the Cabinet Secretary for Health and Wellbeing in seeking, as did his predecessor, to provide the Committee with the information required to perform its role of scrutiny of NHS spending.

125. The settlement for Health and Sport has been relatively generous compared with other portfolios. The NHS boards have been protected from cuts in real terms and the sport budget has been boosted in the run up to Glasgow 2014. As the Committee stated two years ago, at the start of this Parliamentary session, it is beholden on all involved in these two sectors to demonstrate they place quality and efficiency at the heart of their ethos and decision making.

126. The Scottish Government is to be commended for providing a good deal more data since the last Draft Budget. However, the key recommendation in order to assist the Committee's budgetary scrutiny – and as has been highlighted to various degrees in earlier years – is the provision of clearer information, preferably data provided as a supplement to the Draft Budget document. Such a document would collate all the information that has been provided this year but in a structured way that better ties priorities to figures, as well as being integrated with further information, for example relating to project implementation and development, impact assessment and other relevant details so as to better enable a full assessment of the Draft Budget for health spending, which, let it be emphasised, amounts to one third of the total Scottish budget.
ANNEXE A: EXTRACT FROM MINUTES OF THE HEALTH AND SPORT COMMITTEE

24th Meeting, 2013 (Session 4)

Tuesday 3 September 2013

1. **Decision on taking business in private:** The Committee agreed to take item 3 in private and to consider the Committee's approach to scrutiny of the Scottish Government's draft budget 2014-15 and its report to the Finance Committee in private at future meetings.

3. **Draft Budget Scrutiny 2014-15:** The Committee agreed a ranked list of candidates for appointment as adviser in connection with its forthcoming budget scrutiny.

26th Meeting, 2013 (Session 4)

Tuesday 17 September 2013


29th Meeting, 2013 (Session 4)

Tuesday 8 October 2013


   Donald Harley, Deputy Secretary, British Medical Association (Scotland);

   Annie Gunner Logan, Director, Coalition of Care and Support Providers in Scotland;

   Rachel Cackett, Policy Advisor, Royal College of Nursing Scotland;

   Kim Hartley, Representative, Allied Health Professions Federation Scotland;

   Matt McLaughlin, Regional Organiser, UNISON Scotland.

30th Meeting, 2013 (Session 4)

Tuesday 29 October 2013

Alex Neil, Cabinet Secretary for Health and Well-being, and John Matheson, Director of Health Finance, eHealth and Pharmaceuticals, Scottish Government.

32nd Meeting, 2013 (Session 4)

Tuesday 12 November 2013

4. **Draft Budget Scrutiny 2014-15 (in private):** The Committee considered a draft report to the Finance Committee on the Scottish Government's Budget 2014-15. Various changes were agreed to, and the Committee agreed to consider a revised draft, in private, at its meeting on 19 November.

33rd Meeting, 2013 (Session 4)

Tuesday 19 November 2013

ANNEXE B: ORAL EVIDENCE AND ASSOCIATED WRITTEN EVIDENCE

11th Meeting, 2013 (Session 4) Tuesday 16 April 2013

Written Evidence

Oral Evidence

18th Meeting, 2013 (Session 4) Tuesday 4 June 2013

Written Evidence

Oral Evidence

20th Meeting, 2013 (Session 4) Tuesday 18 June 2013

Written Evidence

NHS Dumfries and Galloway
NHS Greater Glasgow and Clyde
NHS Forth Valley
NHS Orkney
NHS 24
NHS Education for Scotland

Oral Evidence

NHS Dumfries and Galloway;
NHS Greater Glasgow and Clyde;
NHS Forth Valley;
NHS Orkney;
NHS 24;
NHS Education for Scotland;
National Waiting Times Centre.

22nd Meeting, 2013 (Session 4) Tuesday 25 June 2013

Written Evidence

Oral Evidence

Scottish Government
ANNEXE C: LIST OF OTHER WRITTEN EVIDENCE

ALLIANCE Scotland and Voluntary Action Scotland
Sportscotland