

## **REPORT TO ABERDEENSHIRE INTEGRATION JOINT BOARD AUDIT COMMITTEE – 3 MAY 2024**

### **UPDATES FROM AUDIT SCOTLAND PUBLICATIONS**

#### **1 Recommendation**

- 1.1 The Committee is recommended to discuss and note the details of the publications contained within the report with reference to those matters of relevance to Aberdeenshire IJB.**

#### **2 Background / Discussion**

- 2.1 This report provides an update on recent publications from Audit Scotland.

#### **3 Audit Scotland Reports**

##### **3.1 NHS in Scotland 2023**

- 3.1.1 The annual report on NHS Scotland was prepared by Audit Scotland in February 2024.

##### **3.1.2 Introduction**

- An annual report on the NHS in Scotland is published to provide assurance over NHS Scotland's performance and finances and to assess the progress of ongoing reforms.

- The NHS in Scotland 2022 report focused on progress against the NHS Recovery Plan 2021–2026 (published in August 2021), as the health system emerged from the Covid-19 pandemic. It highlighted that progress against recovery ambitions had been slow, and that the financial, workforce and demand pressures faced by the NHS presented an ongoing risk to recovery from the pandemic.

- The 2023 report reflects the need for short-, medium- and long-term investment and reform to ensure the future sustainability of the NHS in Scotland. It provides an update on the implementation of longer-term reforms, such as the Sustainability and Value Programme and the Care and Wellbeing Portfolio approach, alongside reporting on how recovery has progressed.

- This includes an increased focus on funding and financial performance, position and sustainability compared to our recent reports; analysis of service performance and patient safety; and progress on wider reforms aimed to ensure services are sustainable into the future.

### 3.1.3 Key Messages

1 Significant service transformation is required to ensure the financial sustainability of Scotland's health service. Rising demand, operational challenges and increasing costs have added to the financial pressures on the NHS and, without reform, its longer-term affordability.

2 The NHS, and its workforce, is unable to meet the growing demand for health services. Activity in secondary care has increased in the last year but it remains below pre-pandemic levels and is outpaced by growing demand. This pressure is creating operational challenges throughout the whole system and is having a direct impact on patient safety and experience.

3 There are a range of strategies, plans and policies in place for the future delivery of healthcare, but no overall vision. To shift from recovery to reform, the Scottish Government needs to lead on the development of a clear national strategy for health and social care. It should include investment in preventative measures and put patients at the centre of future services. The current absence of an overall vision makes longer-term planning more difficult for NHS boards.

### 3.1.4 Recommendations

#### **The Scottish Government should:**

- develop and publish a national NHS capital investment strategy in 2024, stating how spending is being prioritised and the overall estate is being managed
- ensure that the relationship between new financial engagement arrangements and the NHS Scotland Support and Intervention Framework is widely understood by stakeholders ahead of NHS boards preparing and submitting their 2024/25-26/27 financial plans
- publish a revised Medium-Term Financial Framework (MTFF) for health and social care, following publication of its wider Medium-Term Financial Strategy (MTFS) in 2024
- confirm which indicator(s) will be used to measure year-on-year reductions in waiting times
- publish a National Workforce Strategy update for health and social care that includes guidance on improving staff wellbeing and culture and indicative workforce growth projections in 2024
- revisit its NHS Recovery Plan commitments and use its annual progress updates to report clearly and transparently on what progress has been made and whether those commitments, or the targets and delivery timeframes related to them, need to change and why
- publish clear and transparent annual progress reports on: – the work being undertaken on the reform of services showing the effectiveness and value for money of new innovations and ways of delivering NHS services – the Care and Wellbeing Portfolio to better show how it is making a difference

- work with NHS boards, their staff, partners, and the public to develop a new long term vision for the wider health system by 2025 that sets out national priorities and recognises the interdependencies in the healthcare system, to enable the necessary reforms that will ensure the future sustainability of health services

**The Scottish Government and NHS boards should:**

- work together to progress the Value Based Health and Care Action Plan, empowering staff to take advantage of innovative opportunities for service reform and transformation and measuring the difference Realistic Medicine is making to outcomes and service sustainability
- ensure that the new approach to self-assessment within the revised Blueprint for Good Governance in NHS Scotland is rolled out across all NHS boards in 2024 and that any areas for improvement identified are addressed

### 3.2 **Best Value Moray Council**

3.2.1 A Best Value review of Moray Council was published by the Accounts Commission Controller of Audit in March 2024.

#### 3.2.2 **Commission Findings**

A number of key findings were detailed by the Commission –

- We note that the council has received six Best Value reports since 2006. These reports have consistently highlighted that while the council has made improvements, the pace of progress has not been fast enough. Despite this extended series of reports, the council still needs to accelerate the pace of change to deliver the significant progress needed to demonstrate Best Value for its citizens. Our specific findings that follow are therefore focused on supporting the council to make the necessary improvements.
- The Commission is extremely concerned by the council's reliance on unidentified savings to deal with its significant forecasted budget gap, and agrees with the Controller that the continued use of useable reserves is not sustainable.
- To bridge its budget gap and ensure its financial sustainability, the council must accelerate the pace and ambition of its transformation plans, and most importantly it must show clear, sustained evidence of this transformation. We therefore expect the council's Improvement Modernisation Programme to set out clear deliverables, deadlines and lines of accountability. In doing so the council must ensure strong financial management and put in place arrangements to ensure the accuracy of its forecasting and its in-year budget monitoring.
- The council has an ambitious capital plan, much of which is planned to be financed through loans. We are surprised that capital and revenue plans are not more clearly integrated, especially given the revenue implications of the high level of borrowing planned, and this should be done as a matter of urgency. The council should also demonstrate how it intends to prioritise its capital investment in line with the council plan.

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- 2024, the council still had not published its annual performance report for 2022/23, and is therefore not meeting its statutory requirement to publish this information in a timely manner. While the council has an effective approach to reporting service performance, Commission findings it must make improvements in the timeliness of overall performance reporting and urgently finalise its approach

to self-evaluation. We expect the council to set out a timeline to deliver these improvements. This will enable the council to promptly address areas of poor performance relative to other councils.

- We acknowledge long-standing issues with recruiting senior staff, particularly in finance as well as in the leadership of its transformation programme. As a result of these issues, the Commission has real concerns about the capacity of the council to make the step change that is needed to deliver its transformation plans at the scale and pace required whilst also maintaining and improving everyday service delivery. The council therefore needs to demonstrate how it will close this capacity gap.
- Linked to this, the council has long-standing issues related to a lack of effective cross-party working, highlighted in previous Best Value reports, and this continues to be a strong concern expressed in the Annual Audit Report (particularly regarding the Audit, Risk and Scrutiny Committee) and the Controller's report. We are therefore pleased to see that the council has sought external support and strongly encourage the continued use of this support, particularly in light of the forthcoming retirement of the Chief Executive. Further, we are pleased to note that the council's recent Budget for 2024/25 was agreed on a cross-party basis, and hope that these encouraging signs continue.
- The way in which public audit operates means that, inevitably, there can be time lags between audit work being completed and reports coming to the Commission. In Moray's case, it appears to the Commission that, since the Annual Audit Report was completed, some positive steps have been taken, though these steps have not yet been subject to audit. We note that the council intends to bring its improvement actions together in a Best Value action plan, by April 2024. It will be important for this plan to consider the issues highlighted in this and previous reports to demonstrate sustained pace and momentum.
- The actions identified from the audit will be followed up in future annual audit reports to the council, and the Commission asks the Controller of Audit to monitor the council's progress and report back to the Commission with any concerns if she deems it necessary.
- We also look forward to our forthcoming meeting with the council, which we undertake following all reports on Best Value, where we will be looking to discuss all of the Commission's findings, in particular around effective political leadership and the council's Best Value action plan.

## **4 Equalities, Staffing and Financial Implications**

- 4.1 An equality impact assessment is not required because the reason for this report is for the Committee to agree its own business planner.
- 4.2 There are no staffing and financial implications arising as a direct result of this report.

**Chris Smith**  
**Chief Finance and Business Officer**  
23 April 2024