

Health, Social Care and Sport Committee

29th Meeting, 2023 (Session 6), Tuesday, 3 October

Pre-Budget Scrutiny 2024-25 - Note by the clerk

Introduction

1. At its meeting today, the Health, Social Care and Sport Committee will take further evidence as part of its pre-budget scrutiny for 2024-25.
2. The Committee will take evidence from the following Scottish Government officials:
 - Richard McCallum - Director of Health and Social Care Finance and Governance
 - Stephen Lea-Ross – Deputy Director of Health Workforce, Planning and Development
 - Niamh O'Connor - Deputy Director of the Directorate of Population Health

Background

3. All Scottish Parliament committees now undertake pre-budget scrutiny in advance of the publication of the Scottish Government's budget, in line with the recommendations of the [Budget Process Review Group \(BPRG\) report](#).
4. The intention is that committees will use pre-budget reports to influence the formulation of spending proposals while they are still in development. In order to facilitate this, committees are required to publish pre-budget reports (or letters) at least six weeks prior to publication of the Scottish budget.
5. The date of the Scottish budget has not yet been confirmed, as it will depend on the timing of the UK budget (which has not yet been announced). The Scottish budget is normally in December, following an Autumn UK budget, although timings have been different in recent years due to the timing of UK elections and the pandemic. For now, the working assumption is that pre-budget reports/letters will be required to be published by the end of October.

Previous evidence

6. As part of its pre-budget scrutiny for 2024-25, the Committee previously took evidence from representatives of the Institute for Public Policy Research Scotland, the Scottish Fiscal Commission and the Scottish Women's Budget Group [at its meeting on 19 September 2023](#).

Call for views

7. To inform the Committee's consideration, it issued a [call for views](#) from 30 June to 25 August. Published responses are available on the [Citizen Space platform](#).
8. A summary of the call for views is available at **Annexe A**.

Clerks to the Committee
28 September 2023

The logo for SPICe, featuring the text 'SPICe' in white on a purple-to-blue gradient background.

The Information Centre
An t-Ionad Fiosrachaidh

Annexe A:

Health, Social Care and Sport Committee

2024-25 Pre-Budget scrutiny: Summary of Call for Views

Background

In order to inform its 2024-25 pre-budget scrutiny, the Health, Social Care and Sport Committee issued a [call for views](#). The questions included in the call for views are included in this paper at Annex A.

The call for views was issued on 30 June and closed on 25 August. In total, 28 responses were received and are published on the [Parliament website](#). The respondents included:

- 6 Health Boards or Health and Social Care Partnerships
- 12 third sector organisations
- 5 bodies representing employers or staff in health and social care
- COSLA and one local authority
- Audit Scotland
- One other public body (Equality and Human Rights Commission)
- One private company (Novartis Pharmaceuticals UK)
- One private individual (also a councillor and member of Integration Joint Board)

The call for views asked for views on a range of themes:

- Budget context
- Longer-term financial outlook
- Health and social care financial sustainability
- Health and social care outcomes

This paper summarises the responses received under each of these headings, as well as covering some additional themes that emerged from the submissions received. Accordingly, the analysis also includes comments on:

- workforce issues
- multi-year budgeting
- adopting a “whole system” approach
- preventative spend
- public engagement

As respondents sometimes gave information on similar themes, but in response to different questions, the analysis is not presented under the questions, but according to themes.

Budget context

The call for views noted that the Scottish Government’s [Medium-Term Financial Strategy](#) identifies planned increases of 4% per year in real terms for health and social care over the next four years. Respondents were asked how they would see these planned budget increases meeting the various challenges facing health and social care over that period, including specifically:

- addressing the treatment backlog
- the planned creation of a National Care Service
- cost and demand pressures in areas such as NHS pay, drug costs and demographic pressures?

A total of 24 responses were received in relation to this question. Specific comments in relation to the particular challenges identified are summarised below.

Treatment backlog: many respondents commented that the treatment backlog could not be fixed in the short-term, due to more fundamental issues around workforce capacity and physical infrastructure. In that context, a short-term increase in funding would not be sufficient. Specific comments on the treatment backlog included:

- The cost of addressing the backlog has not been fully assessed however it will be significant and can only be achievable over a number of years and with additional investment. Investment alone will not resolve this however, since workforce and infrastructure requirements will be significant. (**NHS Borders**)
- The treatment backlog cannot be tackled effectively without serious action to tackle staff shortages and unfilled vacancies. (**UNISON**)
- Allowing those who have retired to be directed into education will further assist in reducing treatment backlogs, as resources can be shifted appropriately based on clinical need. (**Royal College of Physicians and Surgeons of Glasgow**)

The **Asthma and Allergy Foundation** gave a more positive view:

- The increased funding can play a crucial role in reducing the treatment backlog that has accumulated due to the disruptions caused by the pandemic.

This could involve expanding healthcare facilities, recruiting additional medical staff, and investing in advanced medical technologies.

Creation of a National Care Service: The call for views was launched prior to the [12 July 2023 letter from the Minister for Social Care, Mental Wellbeing and Sport](#) which outlined the terms of an agreement reached between the Scottish Government and COSLA for delivery of the National Care Service (NCS). This sets out quite different arrangements from those originally proposed, with Scottish Ministers, local authorities and NHS boards sharing accountability for the care system and local authorities retaining functions, staff and assets. Some responses may not reflect these revised proposals. A number of respondents also commented on the impact of the delay to taking forward NCS plans. Specific comments are set out below:

- While there has been a substantial re-setting of the debate on planned creation of a National Care Service, the costs thereof have yet to be quantified, and detailed discussions still to take place with the Local Government community and within NHS on the financial implications, positive and negative, from the creation of a NCS. (**Comhairle nan Eilean Siar**)
- Older and disabled people cannot wait for a National Care Service – they need the care services which are their right now. The National Care Service has been paused but already the consultancy and staffing cost of setting it up is mounting and there is yet to be clarity provided through the revised Financial Memorandum on what the service will cost when it is operational. While we welcome the Scottish Government’s commitment to listen to people with lived experience and stakeholders throughout public meetings this summer, change cannot come soon enough for service users. (**Age Scotland**)

The delayed implementation of the NCS proposals led some respondents to urge the Scottish Government to take action sooner, rather than wait for the NCS. The **ALLIANCE** asked that the Scottish Government proceeded with its pledge to end non-residential care charging, while **Inclusion Scotland** urged the Scottish Government to consider reopening the Scottish Independent Living Fund (the ILFS) with additional investment of £32 million.

Cost pressures: A significant number of respondents expressed concerns around the adequacy of proposed funding for health and social care, with several respondents explicitly stating that they did not consider the planned 4% real terms increase to be sufficient in the face of the pressures on health and social care. Those expressing doubts over the adequacy of funding included **Age Scotland, Royal College of Nursing (RCN) Scotland, Royal College of Physicians of Edinburgh (RCPE)**, **NHS Fife, Comhairle nan Eilean Siar, UNISON** and **one individual** (who is a councillor and member of the local IJB). Only one respondent (**Asthma and Allergy Foundation**) considered that the pressures could be managed within this financial settlement.

COSLA noted the imbalance between financial settlements for health and for social care and that much of the increased social care budget was absorbed by pay increases:

“...in the 2023/24 budget, the Scottish Government stated that funding for health and social care increased by around £1.1bn. However, only £0.1bn of this was for social care, and the entirety of that additional funding was directed to uplifting pay for adult social care staff providing direct care in commissioned services to align with the Real Living Wage of £10.90. In contrast to the health service, therefore, there was no additional funding for social care that could be used to respond to pressures.”

Longer-term financial outlook

The Call for Views asked two questions related to the longer-term financial outlook:

- Given the short-term and immediate pressures on the health and social care system, how can the Scottish Government take the more radical decisions required around service redesign, or reducing/stopping existing services? (20 responses)
- Is there any evidence of longer-term thinking in budgeting for health and social care, either in Scotland or elsewhere in the UK or abroad? (12 answers)

A number of respondents combined their answers to these two questions, so they are considered together below. In considering how the Scottish Government can take more radical decisions required around service redesign, or reducing/stopping existing services, the following views were expressed:

- **Audit Scotland** emphasised the need for “greater clarity on what success in service redesign and reform will look like and how progress towards Scottish Government public service reform ambitions are measured and reported”, also highlighting the need for reliable modelling and data. The **Scottish Association for Mental Health (SAMH)** also highlighted data limitations and gaps, specifically in the context of mental health spending, making it difficult to assess progress. SAMH said “It is essential that spending can be better tracked to evaluate its effectiveness.” The **Scottish Partnership for Palliative Care** also highlighted a lack of data on palliative care.
- **Community Pharmacy Scotland** also highlighted some positive examples of bold public health decisions taken by the Scottish Government (minimum unit pricing, actions on smoking and proposals on vaping). They stressed a need to shift the balance of care, saying: “The key point for consideration in the long term must be where the money is spent. The long-term aim must be for a reduction in spending in hospitals, which are designed to treat people after they become sick. A long term policy for large hospital spending, as opposed to investment in primary care, is like investing in fire extinguishers while dismantling smoke alarms. Long term, there needs to be an increase in spending in primary care, of which community pharmacy is a significant part in its role as the front door to the NHS, where citizens can be supported to remain well, and where long-term conditions such as diabetes and hypertension can be managed with support from community pharmacy, by patients in their own homes.”

- The importance of the evolving Realistic Medicine strategy was highlighted by several respondents (**Royal College of Physicians of Edinburgh, Asthma and Allergy Foundation** and **Community Pharmacy Scotland**).
- **South Lanarkshire Integration Joint Board** noted that the Scottish Government's Medium Term Financial Strategy acknowledged that there could be a need for greater targeting rather than universal provision. South Lanarkshire IJB suggested that "a fundamental review of all spend commitments could allow for improved targeting of scarce resources and a focus on spend related to core priorities".
- **Hospice UK** highlighted the greater scope for partnership working with the third sector. "There is scope for greater partnership working with third sector providers, including hospices, and opportunities to pool resources together more effectively. Everyone is facing the same challenges and the same issues and working in partnership gives much more opportunity for wider impact. For example, hospices might be able to offer available staff to the NHS to respond to winter pressures, or social work and allied health professional resource within hospices could be used more creatively and effectively across the system if there was a partnership approach. There could be better use, resourcing and partnership working with hospice at home and other hospice community services locally to help ease pressures on other parts of the system."
- Some respondents, including **NHS Borders, COSLA** and the **Asthma and Allergy Foundation** highlighted the scope for greater use of digital solutions. However, **Age Scotland** countered that this was not always a viable alternative for older patients without access to the right technology, or lacking the confidence and skills to use technology effectively.
- **NHS Borders** highlighted the need for a rationalisation of the public sector estate, adding that "the existing models of financing for health & local authorities, both revenue and capital, do not promote cross sector collaboration. In order to create a more effective public sector estate over the medium term there needs to be new models of financing for capital projects."
- The **ALLIANCE** stressed the need for a human rights approach to budgeting, stating that the "human rights based approach must inform any decisions relating to service redesign, reduction or removal" adding "the Scottish Government must ensure that any changes in spending do not result in people's existing human rights, such as the rights to independent living and equal participation in society for disabled people, being eroded". **Alcohol Focus Scotland** also advocated a human rights approach to budget scrutiny.
- **UNISON** proposed that the Scottish Government should make greater use of revenue raising powers in order to fund health and social care services. The **ALLIANCE** also raised a similar point later in their response: "the ALLIANCE believe that the Scottish Government should carefully consider how best to use the tax powers they have at their disposal in order to raise the revenues necessary for essential public services. The ALLIANCE do not have a position on specific rates or forms of taxation that should apply but would nonetheless highlight the need for reform of Council Tax and local taxation in particular." The **Scottish Partnership for Palliative Care** also said "As a nation we need to consider realistically the levels and modes of taxation necessary to fund first class modern healthcare and social care."

- **Public Health Scotland** also said that the Scottish Government should “Use fiscal and legislative levers to reduce unfair exposure to unhealthy commodities, such as alcohol, tobacco, and unhealthy foods, e.g., reduce exposure to smoking; restricting the advertising and promotion of these products; using tax or other levers to increase the price of these products; use licensing legislation to control and reduce the availability. **Alcohol Focus Scotland** suggested the introduction of an alcohol harm prevention levy, along the lines of the Public Health Levy that existed between 2012 and 2015.

When asked about evidence of longer-term thinking in budgeting for health and social care, either in Scotland or elsewhere in the UK or abroad, views were mixed. Some felt there was a limited evidence base (**individual respondent, Inclusion Scotland** and **Glasgow City Health and Social Care Partnership**).

By contrast, the **Asthma and Allergy Foundation** considered that the “realistic medicine” strategy and the integration of health and social care in Scotland were examples of longer-term thinking in budgeting for health and social care in Scotland. They also highlighted a range of UK and international examples, including Singapore, Australia, the Netherlands and Japan.

In their answers to this question, some respondents gave more specific comments in respect of workforce issues, multi-year budgeting, adopting a “whole system” approach, preventative spend and the need for a national conversation. These issues are presented below as there were numerous comments in these areas.

Workforce issues

Although workforce issues were not specifically mentioned in the Call for Views, many respondents raised concerns in this area when commenting on the budgetary context. Comments reflected a range of different perspectives on workforce challenges and included:

- **Audit Scotland** stated that workforce capacity remains the biggest risk to the recovery of NHS services, a point that was re-iterated by the **Royal College of Nursing Scotland**.
- **NHS Borders** noted that “Given the expectation of public sector workforce towards pay restoration it is hard to envisage that the totality of the budget increase would not be fully consumed by pay policy and price inflation alone, leaving no additionality to address system pressures.”
- **UNISON** and the **Royal College of Physicians and Surgeons of Glasgow** both stressed the need for an updated NHS workforce plan from the Scottish Government. UNISON said “Current plans were drawn up pre-pandemic, the need for them to reflect what has been changed by COVID in the NHS and the society it supports is urgent. This means more and better trained staff.”
- **Age Scotland:** highlighted that the ageing population would not only have implications for demand for health and social care, but would also have an impact on the health and social care workforce, stating: “It is important that older workers are supported in the workplace and feel valued by colleagues and managers. When these skilled and experienced workers leave (for

instance, when retiring), there may be a gap in the workforce unless sufficient legacy planning and workforce capacity building efforts are put in place.”

- **Children's Hospices Across Scotland (CHAS)** said “Hospices are in the invidious position whereby they must remain competitive with NHS pay awards, but do not receive additional statutory funding when NHS awards are made. This is unsustainable. A clearer and more comprehensive statutory funding arrangement is needed going forward, which brings hospices under the umbrella of NHS pay.”
- **Hospice UK** raised similar issues, saying: “To match the NHS pay offer, hospices’ wage bill has increased by £15.5m over two years, 2022-23 and 2023-24 but their statutory funding was not uplifted to cover this. This presents a significant and growing challenge for hospices... The Scottish Government must ensure that staffing costs and pay awards across all sectors of the health and care workforce, including hospices, are fully factored into their financial planning.”
- **Community Pharmacy Scotland:** “Members of the committee may be aware of recent workforce, workload and financial challenges facing the community pharmacy network... There is undoubtedly so much more that our network is capable of doing to relieve pressure on the rest of the health and social care system, but only with the right long-term investment and support to manage the ongoing workforce and workload pressures our members face.”

Multi-year budgeting

Many respondents highlighted how single year budgeting hampered delivery of the transformation required.

South Lanarkshire IJB highlighted the challenges resulting from short-term budgeting and a failure to recognise the interdependencies between budgets:

“Work undertaken by the Finance and Public Administration Committee of the Scottish Parliament has highlighted the need to support longer-term financial planning and decision-making in the public sector, which is limited by year-on-year settlements; and also, to move away from ring-fenced allocations which constrain innovation and flexibility to respond to local conditions and priorities. In relation to the longer-term attainment of outcomes, a longer-term focus is needed to support the long-term, systemic changes required to address early intervention, prevention and inequalities. Given this, it is important to acknowledge that current funding arrangements limit the ability of IJBs to plan and work with partners to in deal with long-term systemic challenges such as inequalities. Single-year budgets restrict longer-term planning and inhibits effective service redesign; makes it more difficult for health and social care partners to recruit and retain people with the necessary skills; and hinders procurement activity which leads to stop-start service delivery. However, it must be understood that even multi-year settlements will not prevent the significant impact on services that lies ahead; rather they would allow IJBs and local health and social care partners to better plan and prepare for the reduction in services – and the consequences of this on our communities and residents – over a longer period.”

COSLA also advocated multi-year financial planning:

“Local Government would welcome the introduction of multi-year settlements. This would provide greater certainty for local authority budgets, allow for more effective service design, and provide Best Value in public spending – as well as allowing Local Government to prepare for future challenges such as an ageing population and demographic changes in local communities across Scotland.”

COSLA also noted that councils undertake multi-year financial planning but that the accuracy and effectiveness of this planning is inhibited by single year settlements from the Scottish Government. In turn, **COSLA** highlighted that this means councils are also unable to provide longer term funding certainty to third and independent sector services that deliver services on behalf of councils. **COSLA** welcomed the 2022 Resource Spending Review and the high-level spending plans that this set out through to 2026-27, but noted that “it was not sufficiently detailed to fully support long-term planning purposes”.

On the same theme, **Audit Scotland** commented:

“Multi-year budgeting was identified by the Budget Process Review Group as a means to help devolved public services to adopt medium term priorities and develop multi-year plans to address future challenges. We welcome the Scottish Government’s commitment in the recent MTFs to publishing multi-year spending envelopes alongside the 2024/25 budget. These will need to provide sufficient financial detail to enable public bodies to plan their finances effectively over the medium term.”

The **ALLIANCE** noted that “Although the Scottish Government has repeatedly stated it remains committed to carrying forward proposals on multi-year funding, there has been little to no visible progress on this for several years.”

Community Pharmacy Scotland noted: “Whilst the NHS in Scotland is well-versed in making budget-driven efficiency and time savings, it does not necessarily have a strong track record of strategic “spending to save”, particularly on measures that could span several budgets or take many years to bear fruit. We would suggest that a conscious and committed choice across the short-, medium- and long-term to shift funding towards prevention and primary care within a fixed financial envelope would be extremely challenging, but ultimately the only sustainable way forward.”

An **individual respondent** who is a councillor and member of the local IJB noted the challenges presented by short-term budgetary planning: “I would say that financially the biggest barrier to us is the inability to create multi-year budgets in order to carry out transformational change projects. We require seed funding and governance frameworks which will enable payback periods over medium to long term timelines. Greater financial flexibility is urgently required”.

Glasgow City Health and Social Care Partnership stated: “Scottish Government also need recognise that the delivery of alternative service delivery models take time and single year funding offers restrict our ability to deliver longer term transformation.

We need to move to multi year funding letters as the norm if we are ever truly going to deliver on a transformation agenda and enable staff to be recruited for the lifetime of that transformation to support delivery.”

Adopting a “whole system” approach

Many respondents stressed that the health and social care budget should not be seen in isolation and that spending in other areas would have a bearing on health outcomes, so needed to be taking into account when setting budgets.

UNISON noted that: “Cuts to other public services will in the longer term rebound on health and social care”.

Audit Scotland commented:

“Improving public health is not the sole responsibility of the health and social care sector. In November 2022, the Fraser of Allander Institute published a report entitled Health Inequalities in Scotland. It highlighted that socioeconomic factors, such as income, housing and education, are significant drivers of health inequalities.

In our NHS in Scotland 2021 report we recommended that the Scottish Government take a cohesive approach to tackling health inequalities by working collaboratively with partners across the public sector and third sector. It is vital that the Scottish Government facilitates cross-sector working, across its own directorates and with other partners and stakeholders, to tackle the numerous factors contributing to poor public health. There is a need for long-term policy and investment to improve public health and reduce health inequalities.

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COSLA also stressed the need for a “whole system approach, focusing on longer term outcomes through increased spending on preventative ‘upstream’ services”:

“Simply putting more resource into health is not the answer – analysis of the National Performance Framework (NPF) outcomes shows that key indicators like healthy life expectancy, drug and alcohol use and premature mortality are not improving, and many official measures of health inequality are worsening.”

Public Health Scotland also highlighted the interlinkages between climate change and health:

“Work to combat climate change is linked to the reduction of health inequalities. Climate change leads to death and illness from increasingly

frequent extreme weather events, such as heatwaves, storms, and floods, and causing increases in vector-borne diseases. It is also undermining many of the social and economic determinants for good health, including affecting housing and jobs. These climate-sensitive health risks are disproportionately felt by the most vulnerable and disadvantaged communities (women and children, migrants or displaced persons, older populations, etc).”

Preventative spend

Although not specifically mentioned in the questions in the call for views, many respondents highlighted the need for greater emphasis on preventative care (**Hospice UK, Royal College of Physicians of Edinburgh, Volunteer Scotland, Glasgow City Health and Social Care Partnership, South Lanarkshire Integration Joint Board, Obesity Action Scotland, Public Health Scotland, COSLA** and the **ALLIANCE**). Comments included:

- There is a strong consensus for the need for preventative action across health and the wider system but a lack of clarity about what that means in practice for different stakeholders. This is causing continued low investment in primary prevention, which would address the upstream drivers of poor health, social and economic outcomes, and support delivery of the National Performance Framework. (**Public Health Scotland**)
- Prioritising prevention would help ease some of the significant and growing pressures facing the health service. Refocusing on prevention is the first step in helping to improve the overall health of the population as a whole and address deeply entrenched inequalities in our society. (**Obesity Scotland**)
- ...we are unconvinced that sufficient resource has been committed to preventative spend in health and social care, and would urge the Scottish Government to make clearer commitments in this area. The only reference to prevention in the Scottish Government’s Medium-Term Financial Strategy is limited to a £500 million investment in whole family wellbeing. (**ALLIANCE**)
- The **ALLIANCE** added: “One key area of preventative spend in recent years has been the highly successful Community Links Workers programme” but went on to note that: “In spite of the recognition of the importance of this model, at the time of writing around a third of the contracted hours for Community Links Workers in Glasgow is at risk of being cut.”
- **COSLA** advocated whole-system thinking and a focus on prevention and early intervention, but also noted the challenges in moving towards such a model in a short-term funding cycle: “Since the publication of the Christie Report over a decade ago, there has been a will within Local Government to move towards preventative practice, but this has not been easy to do within cycles of short-term funding where agreement of repeat funding is based on evidence of short-term results.” **COSLA** also highlighted the challenges in measuring the impact of preventative spend: “...it may take a number of years to demonstrate the effectiveness of preventative work and it can also be difficult to evidence, as one example, it is hard to prove that a budget for a carer to take a break had the impact of supporting a carer to continue their

caring role. These factors need to be understood within planning, budgeting and reporting if progress is to be made.”

- **Audit Scotland** said: “We recommended in our NHS in Scotland 2021 report that the Scottish Government and NHS boards prioritise the prevention and early intervention agenda as part of the recovery and redesign of NHS services, to enable the NHS to be sustainable into the future. There are signs of early progress with this through the Scottish Government’s Care and Wellbeing Portfolio, which aims to coordinate work on improving public health outcomes and reducing health inequalities..... But it remains to be seen whether reform can happen at the scale and pace needed.” Later in their response, Audit Scotland added: “Our January 2022, Social care briefing identified important ongoing barriers that are inhibiting the desired shift towards increasing preventative spending. In particular, the extent to which resources are currently tied up in dealing with short-term problems. The briefing warned that without a shift to preventative action, increasing demand would swamp public services’ capacity to achieve high quality outcomes. Making a shift towards preventative spend is even more difficult when there is significant pressure on existing resources and there are new, emerging and competing demands.”
- The **Royal College of Physicians of Edinburgh** said: “The Scottish Government should aim, working across governmental portfolios, to embed evidence-based preventative health policies across all relevant performance frameworks and targets. These are integral to improving future population health and therefore important for the entire Scottish public sector. Budgets should be prioritised for proven long-term preventative strategies and incentives that self-empower individual improvement in health.”

Public Health Scotland also pointed towards a [report](#) that they had published highlighting prevention case studies.

Public engagement

Several respondents stressed the need for a ‘national conversation’ and public involvement in the discussions around the future of health and social care (**NHS Fife, Community Pharmacy Scotland, Royal College of Physicians of Edinburgh, Audit Scotland, NHS Borders, Inclusion Scotland and Comhairle nan Eilean Siar**). Comments included:

- The key for government will be having an open and transparent conversation with the public on what the NHS will need to look like in the future, including changing models of care, increasing focus on population health and wellbeing, and supporting people to manage their own health conditions where that is possible. (**NHS Fife**)
- Difficult choices will need to be made about what level and types of services can be provided in future, including how and where they will be provided. It is likely that some fundamental changes may need to be made to the overall shape and focus of health and care services. These changes will directly affect us all. As such, it is important that citizens and communities are involved in the decisions that need to be made about how services might change in the future. (**Audit Scotland**)

- The long term impact of demography and changing care needs, together with changes to working age population at a regional and national level, means that we cannot continue to deliver the existing models of health & care without an increasing likelihood that there will be a growing level of unmet need and a corresponding requirement for prioritisation of care for those who have the greatest needs. We need honest engagement with the public about how this can be addressed. Even assuming a willingness to pay a higher level of taxation, the reality of workforce availability will mean these constraints cannot be fully addressed. **(NHS Borders)**
- ... the Scottish Government should initiate a broad and comprehensive debate about the current and future demands on our health service, the anticipated costs of these and what priorities should be. This debate should also set out the evidence base for preventative health policies and the Scottish Government should continue to highlight the important Realistic Medicine agenda. **(The Royal College of Physicians of Edinburgh)**
- It is also suggested that a national conversation is required on the range and level of services which are currently provided through Health and Social Care, and how these can be funded. Numerous commentators take the view that the continuation of current expenditure and practice can only lead to Health (less so Social Care) services consuming an ever-greater proportion of the national budget with other services, particularly Local Government and other Scottish Government-supported services, losing out. At a time of ongoing cost of living pressures, societal recovery from the COVID pandemic, and increasing needs across many sectors, a comprehensive conversation at both national and local levels seems a sensible approach. **(Comhairle nan Eilean Siar)**
- Engage with healthcare professionals, patients, caregivers, and relevant stakeholders to understand their perspectives. This collaborative approach ensures that decisions are informed by the insights of those directly affected by service changes. **(Novartis Pharmaceuticals UK)**
- Transparently communicate the reasons behind decisions and the potential impact on patients and the community. Engage in open dialogue with the public to build understanding and trust. **(Asthma and Allergy Foundation)**

Priorities

Several organisations set out what they considered to be the key priorities for health and social care investment. Where provided, these are summarised below.

Public Health Scotland priorities:

- **“Prioritise investment in primary prevention:** To strengthen the focus on action to tackle Scotland’s health inequalities, the budget should take a long-term view. Targeted and long-term investment in the building blocks of a healthy society will help to drive progress to deliver Scotland’s shared priorities.
- **Invest in Public Service Reform to drive true culture change:** We can protect health by working together and enabling greater flexibility in cross-

organisational budgets. Introducing greater accountability across our public services for making progress on the long-term challenges and cross-sector delivery that will deliver improved outcomes.

- **Prioritise delivery of co-benefits:** We need to get the most out of every pound. Putting health and wellbeing at the core of our national and local response to complex issues, such as climate change and addressing poverty, will help reduce health inequalities.”

Community Pharmacy Scotland priorities:

- “Automating the parts of tasks and processes that can safely be automated (for community pharmacy, this would include parts of the dispensing process)
- Using data and technology to support clinicians to make the best possible informed decisions with patients (AI-supported decision support tools)
- Sharing clinical information where necessary to support decisions (for community pharmacy, this would include read-write access to records with patient consent)
- Closer working and pooling of resources between Health Boards to eliminate duplication of effort
- Investment at transitions of care where patients are most vulnerable and harm is most likely to occur”

NHS Borders priorities:

- “Local services to be focussed on those elements which must be delivered locally, and specialist services rebalanced on a hub & spoke model that maximises economies of scale
- Increased drive towards eliminating unwarranted variation and over-treatment/prescribing where there is limited evidence of effectiveness
- Rationalisation of support services and infrastructure, maximising digital solutions and driving collaboration across public sector and on a regional and national basis
- Public engagement in a conversation which resets expectations and shapes a future service model which is aligned to the principles of realistic medicine, the best value use of resources, and the reality of workforce availability within specialist and geographic segmentation”

Health and social care financial sustainability

The call for views highlighted that the Scottish Government expects NHS Boards to reach a break-even position within three years, although noted that a number of boards are still requiring additional support in order to achieve this. Two questions were posed in relation to this:

- Is the achievement of financial sustainability a realistic prospect in the face of continuing pressures around pay costs, treatment costs and rising demand? (14 responses)
- How can or should any additional health and social care funding be directed to support alternative models of service delivery? (17 responses)

In response to the first question, no respondents clearly stated that achieving financial sustainability was a realistic prospect. Some comments included:

- The Scottish Government has brought back financial support, known as brokerage, for boards predicting a financial deficit. Five boards sought brokerage in 2022/23. The Scottish Government will discuss repayment options with individual NHS boards following the development of a credible financial plan....Boards are struggling financially to recover services and tackle the backlog of care. There is a tension between the service delivery targets of the NHS Recovery Plan and the finances available to boards to meet them. Boards continue to enter the financial year with large deficits. They are struggling to align service delivery targets with the costs of tackling the backlog of care, of dealing with increased numbers of unscheduled and urgent care patients, and of hiring agency staff to cover for vacant posts. **(Audit Scotland)**
- Financial sustainability needs to be considered as part of the overall strategy to create a sustainable NHS offer for the future and this will have to reflect factors such as clinical workforce supply and public engagement on key priorities. **(NHS Fife)**
- Fellows are in doubt as to whether all NHS Boards will be able to reach a break-even position within three years, given the well-known challenges facing health and social care. **(Royal College of Physicians of Edinburgh)**
- The **ALLIANCE** set out a different perspective: “The ALLIANCE do not consider that there is a conflict between financial sustainability, the costs of pay and treatment, and rising demand. Although we recognise the current pressures are severe and may be difficult to address in the short term, we are concerned at a narrative emerging which suggests that providing fair pay and delivering health and social care services are economic burdens, when they are in fact economic and social assets.”
- It is hard to see how the existing challenges to financial sustainability will be addressed through ‘more of the same’. The level of investment outlined in proposed budget commitments is significant but is still only likely to be sufficient to meet pay policy and price inflation without consideration of wider investment required to meet demographic challenges, introduction of new health technologies, addressing backlog in existing treatment pathways, supporting the National Care Service, etc. Progress towards financial sustainability will require a strategic approach that recognises the health & care system requires transformational change immediately and on an enduring basis. **(NHS Borders)**

Health and social care outcomes

The call for views noted that a range of different performance frameworks and targets exist in relation to health and social care, including the National Performance Framework, Local Delivery Plan (LDP) standards, the ‘National health and wellbeing outcomes’ and the Wellbeing Economy Monitor. The call for views then asked:

- How should health and social care budgets be prioritised in this landscape of multiple frameworks and targets and which targets or outcomes should take precedence? (17 responses)

Linking budgets to outcomes

An **individual respondent** who is a councillor and member of the local IJB said: “We require a way to link the budget/spend each year to these long term objectives so that gradual but essential change is achieved. At the moment it is very difficult to make a case to spend on these essential areas even though we know costs will be reduced in the long term if we do.”

Audit Scotland commented: “Given that outcomes are long-term in nature, milestones are helpful in judging progress. The current lack of milestones for National Outcomes will make monitoring how changes to budgets and public sector reform impact on people and longer-term goals much more difficult. It also makes it harder for parliament and other bodies to scrutinise the work of public bodies and have assurance that spending and reform is delivering improved outcomes and providing maximum value for money.”

Impact on decision-making

The **Royal College of Nursing Scotland** said: “The current approach to setting and reporting on national targets and measures, while having initially delivered some real improvements, is now often skewing clinical priorities, with a confusing myriad of often competing measures the NHS has to achieve.”

Community Pharmacy Scotland said: “it can be easy for a health service to end up in a position where the barometers that we put in place to gauge how a service is performing can end up actually driving the short-term decisions we make to satisfy expectations instead of measuring the longer-term impact of our policies, as they are intended to do.”

COSLA commented: “Overall, there remains a continued focus on input and output measures rather than outcomes when it comes to public spending. This drives behaviour and spending in ways that are not necessarily best value.”

Multiple frameworks

Public Health Scotland said that they considered the National Outcomes and associated National Performance Framework to be the right ones to drive policy decisions, but that implementation across the whole system needed to be strengthened.

Community Pharmacy Scotland said: “All of these frameworks and targets are carefully designed, but their sheer number and complexity can make it difficult for senior decision-makers to see the wood for the trees or to translate all these requirements into meaningful, effective and efficient service offerings. Just as we are partway through a journey of cultural shift towards the principles put forward in Realistic Medicine, we perhaps need a strategic “reset” to provide clarity and focus right through health and social care. If “what matters to Scotland” is a healthier nation and a sustainable NHS for when we do fall ill, then we need to follow the global evidence base in making our biggest decisions such as where to invest and disinvest. In terms of how health and care services are delivered, the common theme

across frameworks such as the national health and wellbeing outcomes is that we need to listen to patients and their families when designing interventions (which unsurprisingly chimes with the message of Realistic Medicine), so that becomes a core principle for service providers rather than an unwieldy set of national measures. Each service needs to know how it is performing against a given standard day-to-day (e.g. waiting times, A&E capacity) so that it can react to poor performance effectively, and there is no escaping that fact. However, we should also establish and pay more attention to broad national indicators which actually tell us about our progress towards a healthier nation and more sustainable NHS. Any change programmes towards these end need to have evaluation built in from the start, so that we are able to measure and identify the impact of our actions and make better future decisions.”

Nicola Hudson, Senior Analyst, Financial Scrutiny Unit, SPICe Research

September 2023

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The Scottish Parliament, Edinburgh, EH99 1SP www.parliament.scot

Questions for call for views

The following narrative and questions were included in the [Committee's call for views](#) which took place between 30 June 2023 and 25 August 2023.

Budget context

The Scottish Government's [Medium-Term Financial Strategy](#) identifies planned increases of 4% per year in real terms for health and social care over the next four years:

How would you see these planned budget increases meeting the various challenges facing health and social care over the next four years, including:

- Addressing the treatment backlog
- The planned creation of a National Care Service
- Cost and demand pressures in areas such as NHS pay, drug costs and demographic pressures?

Longer-term outlook

Challenging decisions lie ahead in relation to health and social care spending. Pressures result from demographics, pay, technology and drugs, but opportunities also exist through use of artificial intelligence and service re-design.

- Given the short-term and immediate pressures on the health and social care system, how can the Scottish Government take the more radical decisions required around service redesign, or reducing/stopping existing services?
- Is there any evidence of longer-term thinking in budgeting for health and social care, either in Scotland or elsewhere in the UK or abroad?

Financial Sustainability

The Scottish Government expects NHS Boards to reach a break-even position within three years, although a number of boards are still requiring additional support in order to achieve this. Despite increasing budgets, there is general agreement that service redesign will be required in order to deliver services effectively.

- Is the achievement of financial sustainability a realistic prospect in the face of continuing pressures around pay costs, treatment costs and rising demand?
- How can or should any additional health and social care funding be directed to support alternative models of service delivery?

Health and social care outcomes

In relation to health and social care, a range of different performance frameworks and targets exist, including the National Performance Framework, Local Delivery Plan (LDP) standards, the 'National health and wellbeing outcomes' and the Wellbeing Economy Monitor.

How should health and social care budgets be prioritised in this landscape of multiple frameworks and targets and which targets or outcomes should take precedence?