

A **meeting** of the **Integration Joint Board Audit & Risk Committee** will be held on 04 December 2024 at 2 pm in the Boardroom, Carseview House, Stirling, and hybrid via MS Teams

Please notify apologies for absence to:  
[fv.clackmannanshirestirling.hscp@nhs.scot](mailto:fv.clackmannanshirestirling.hscp@nhs.scot)

## AGENDA

1. **Apologies for Absence**
2. **Declarations of Interest**
3. **Draft Minute of previous meeting held on 18 September 2024** **For Approval**
4. **Action Log** **For Approval**
5. **Matters arising/urgent business brought forward by Chair**
6. **Internal Audit Update – Progress Update** **For Noting**  
 Verbal Update by Isabel Wright
7. **Progress updated on Annual Audit Report Recommendations** **For Approval**  
 Paper presented by Ewan Murray, Chief Finance Officer
8. **Strategic Risk Register** **For Approval**  
 Paper presented by Ewan Murray, Chief Finance Officer
9. **Relevant National Reports** **For Noting**  
 Paper presented by Ewan C Murray, Chief Finance Officer  
  
 Audit Scotland - Alcohol and Drug Services  
 Auditor General – Fiscal Sustainability and Reform in Scotland  
 Audit Scotland and Royal Society of Edinburgh – Public Service Reform in Scotland: How do we turn Rhetoric into Reality?
10. **Any Other Competent Business**
11. **Date of Next Meeting**  
  
 N/a  
 First Meeting of Combined Finance, Audit and Performance Committee scheduled for – 19 February 2025

**Draft Minute of the Clackmannanshire & Stirling IJB  
Audit and Risk Committee**

held on **Wednesday 18 September 2024 2 pm – 4 pm** in the Boardroom, Carseview House, Stirling, and hybrid via Microsoft Teams

**Present:**

**Voting Members**

Councillor Martin Earl, Stirling Council (Chair)  
Martin Fairbairn, Non-Executive Board Member (V Chair)  
Janine Rennie, Clackmannanshire Council  
Robert Clark, Employee Director, NHS Forth Valley

**In Attendance:**

David Williams, Interim Chief Officer  
Ewan Murray, Chief Finance Officer  
Irfan Shahid, Audit Manager, Deloitte LLP  
Satinder Singh, Director, Deloitte LLP  
Lesley Fulford, IJB Standards Officer  
Sandra Comrie, PA (Minutes)

**1. WELCOME AND APOLOGIES**

The Chair welcomed everyone to the meeting and confirmed the meeting was quorate.

No apologies were received.

**2. DECLARATION(S) OF INTEREST**

No declarations of interest were noted.

**3. DRAFT MINUTE OF PREVIOUS MEETING HELD ON 26 June 2024**

The draft minute of the previous meeting held on 26 June 2024 was approved, subject to the following amendments:

Item 5 Matters Arising, was updated with the following text:

**Internal Audit Report Sharing**

Isabel Wright advised that Internal Auditors across Forth Valley were reviewing the effectiveness of the Internal Audit Sharing Protocol and the protocol would be updated in due course.

#### **4. ACTION LOG**

The Action Log was discussed and updated accordingly.

#### **5. MATTERS ARISING/URGENT BUSINESS BROUGHT FORWARD BY CHAIR**

None

#### **6. DEEP DIVE: IJB RESERVES**

Mr Ewan Murray, Chief Finance Officer presented a paper on IJB Reserves to the Committee.

Following on from previous discussions regarding the IJB reserves policy and strategy, Mr Murray explained that the paper, along with the current reserves policy and CIPFA guidance, set out the legislative framework and relevant guidance on the reasons IJBs hold reserves and how they should be used.

Councillor Rennie asked whether there was a plan in place to recover reserves from each of the local authorities with the possibility of having joint reserves. Mr Murray explained that whilst the Integration scheme allowed the constituent authorities to discuss reserves, legislation didn't allow IJBs to use them jointly. The Committee agreed that the money in the reserves should be flexible, Mr Murray confirmed earmarked reserves are reviewed against existing expenditure plans regularly.

The Committee discussed the reserves policy and CIPFA guidance. Mr Fairbairn suggested that additional wording is included in paragraph 17 of the reserves policy under "Level of Balances Held" to address unexpected expenditure. Mr Murray agreed and confirmed that the reserves policy is reviewed annually, and an updated version will go to the IJB on 26 March 2025 for approval.

#### **The Audit and Risk Committee:**

##### **1) Discussed and debated the content of the report.**

#### **7. 2023/24 PROPOSED ANNUAL AUDIT REPORT (AAR)**

Mr Satinder Singh, Director, Deloitte LLP presented the 2023/24 Proposed Annual Audit Report (AAR) to the Committee.

Mr Singh provided a high-level overview of the Annual Audit Report, discussing the key messages. He confirmed the audit was now complete, and no material errors had been identified, providing a high-quality set of accounts. All

outstanding matters had been cleared and a signed copy of the accounts would be provided via the docu-sign process.

One significant risk had been identified, Management Override of Control. Mr Singh did not go through this in detail as his focus was on the wider scope work and financial sustainability. He was confident that management were aware of the concerns with the reserves and confirmed the control findings were included in the report for noting purposes. A summary of the key estimates and judgements considered were also included in the report.

Mr Murray discussed the points around deliverables and access to the finance team and other key personnel, he agreed there was scope for improvements to be made around this and Deloitte's overall audit process and this would be further discussed prior to the development of the 2024/25 Annual Audit Plan.

Mr Murray confirmed he had shared a copy of the Annual Audit Report, and the proposed management responses, with the Chief Finance Officers from both Clackmannanshire and Stirling Council who were comfortable with these.

The Committee were satisfied with the management responses and agreed that meeting with all the constituent authorities within required timescales could prove difficult. In her role of Chair of Clackmannanshire Council's Audit and Scrutiny Committee, Councillor Rennie suggested that she is made aware of any challenging matters to enable her to raise these early and, if required, take these to the Committee meetings to be discussed. Mr Singh agreed this would be helpful.

Mr Fairbairn provided feedback explaining the content of the report was good, but the structure was too long and repetitive. Mr Singh agreed to try and tailor the report more to the Committee's needs next year.

Mr Fairbairn and Councillor Earl discussed the following points in the report:

- the costs relating to Stirling Council House Aids and Adaption
- no reliance placed on Internal Audit
- the approval of the plan in June 2023 not being in line with best practice as it should have been approved prior to the start of the financial year in April 2023
- the current Interim Chief Executive of NHS Forth Valley is no longer a voting IJB member, and therefore not an ARC member, therefore the potential conflict of interest is now addressed
- the target dates on the action plan and management responses of March 2025.

Following discussion, the Committee agreed on which points should be reworded for clarity, Mr Murray provided reassurance that the action plan and March 2025 target date were achievable. They agreed it was a good report considering the current challenges faced.

**The Audit and Risk Committee:**

- 1) Discussed and noted the 2023/24 proposed Annual Audit Report (ISA 260)**

**8. 2023/24 IJB ANNUAL ACCOUNTS**

Mr Ewan Murray, Chief Finance Officer presented the 2023/24 IJB Annual Accounts to the Committee.

Mr Murray confirmed that external audit will close off the outstanding matters referenced in the Annual Audit Report and that the clean audit certificate was contained within the Annual Accounts. The annual review of performance was incorporated in the final accounts which reflects some of the presentation of the Annual Performance Report going to the IJB on 02 October 2024.

The Annual Accounts provided an overview of financial performance of the partnership alongside an overview of wider performance drawn from the Annual Performance Report. Mr Murray explained that due to the imminent retirement of the audit partner at Deloitte LLP, he was approached to seek a way to allow the IJB accounts to be approved and signed before 30 September 2024. To avoid delay, it was agreed the accounts be brought to the Audit and Risk Committee for consideration and approval before going to the IJB on 02 October 2024 for approval. The Committee discussed some minor wording amendments which were required to be made before signing and publication.

**The Audit and Risk Committee:**

- 1) Considered and discussed the audited 2023/24 annual accounts.**
- 2) Approved the 2023/24 annual accounts to the Integration Joint Board for signing and publication on the IJB website.**
- 3) Noted that the accounts and Annual Audit Report will be presented to the IJB meeting on 2 October 2024.**

**9. STRATEGIC RISK REGISTER**

Mr Ewan Murray, Chief Finance Officer presented the Strategic Risk Register to the Committee.

Mr Murray confirmed the Strategic Risk Register had been fully revised to reflect articulation of risks in a Risk Cause and Effect basis with Impact Category, Risk Appetite and Risk Tolerance assigned to each risk. This review has resulted in a reduction of the number of total Strategic Risks as it highlighted areas of duplication.

Mr Fairbairn agreed the new format provided a clearer analysis of the risks, and suggested they are set out slightly different as Cause, Risk and Effect as

the cause and nature of the risk should be clearer. The Committee agreed clearer clarity was required to ensure there are enough controls in place.

The Committee agreed that the Mitigation and Controls descriptions still required some work, as it was a new format they agreed that the paper going to the IJB on 02 October 2024 be updated to reflect that it was an evolving process.

Councillor Rennie questioned whether the colour of the Patient/Service User Experience was correct as it was coded green not red, although the risk was high. Mr Murray explained that it reflected the colour chart for risk appetite and risk tolerance statements in the risk management strategy, he agreed to add some wording to this for clarity.

Councillor Earl asked if there should be an update added to the Inadequate Leadership, Decision Making and Scrutiny risk as the IJB is heading into a period of significant change of leadership, and an unprecedented period of decision-making. Mr Williams suggested that rather than adding this to the Risk Register, the Strategic Risk Register paper going to the IJB on 02 October 2024 is updated to reflect that the Audit and Risk Committee highlighted the risks relating to leadership stability, particularly the immediacy of changes at leadership level including the recruitment to the interim Chief Officer post and changes at Chief Executive and other senior posts across the constituent authorities. Councillor Earl and Mr Williams agreed to brief the new IJB Chair on this as part of the introduction and induction arrangements.

#### **The Audit and Risk Committee:**

- 1) Reviewed and approved the Strategic Risk Register**
- 2) Discussed and commented on the structure of the revised Strategic Risk Register**
- 3) Noted that the full Strategic Risk Register will be presented to the IJB on 2 October 2024**

#### **10. RELEVANT NATIONAL REPORTS: Accounts Commissioning Report**

Mr Ewan Murray, Chief Finance Officer presented the Accounts Commissioning Report to the Committee.

Mr Murray asked the Committee to note the Accounts Commissioning Report, IJB Finance and Performance 2024, and its relevance to the context the IJB operates within, and the significant risks in relation to service and financial sustainability.

Mr Murray explained the report was brought to the Committee in line with the Terms of Reference and the key messages and recommendations will help with changes going forward.

Following discussion, the Committee agreed it would be helpful to re circulate this to IJB members to the enable the new IJB Chair to review it also.

**The Audit and Risk Committee:**

- 1) Noted the report and its direct relevance to the IJB and partners.**
- 2) Noted the key messages and recommendations from the report.**
- 3) Noted that the findings of the report will be used to inform future business brought the IJB and IJB committees.**

**11. ANY OTHER COMPETENT BUSINESS**

The Committee expressed their appreciation to Mr Williams for his valued contribution to the Committee over the last year.

**12. DATE OF NEXT MEETING**

04 December 2024

| Paper Number | Report Title                               | Action  | Person Responsible | Timescale         | Progress/Outcome   | Status   |
|--------------|--|---|--------------------|-------------------|--|----------|
| 6            | Deep Dive: IJB Reserves                    | Wording to be added to paragraph 17 of the reserves policy for clarity.<br>“in particular to address unexpected excess expenditure in any year” | ECM                | March 2025        | Reserves policy has been updated                                       | Complete |
| 7            | 2023/24 Proposed Annual Audit Report (AAR) | Deloitte LLP have agreed to review the format of the next AAR to minimise duplication of content and work.                                      | Deloitte           | October 2025      | Ongoing  | Ongoing  |
|              |  | Present the internal audit plan before the start of the next financial year.  | Isabel Wright      | March 2025        | Ongoing  | Ongoing  |
| 8            | 2023/24 IJB Annual Accounts                | Minor amendments to be made to the Annual Accounts before being signed off.   | ECM                | 19 September 2024 | Amendments have been made and the Annual Accounts have been signed off | Complete |
| 9            | Strategic Risk Register                    | Wording to be added to explain the use of green colour coding on the Patient/Service User Experience risk, for clarity.                         | ECM                | 02 October 2024   | Updated  | Complete |
|              |  | Induction session to be organised for new IJB Chair.  | DW                 | 02 October 2024   | Complete   | Complete |





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|    |  |  |    |                   |                        |          |
| 10 | Relevant National Reports: Accounts Commissioning Report | Report to be re circulated to IJB members to enable the new Chair to review. | SC | 20 September 2024 | Emailed to IJB Members | Complete |

# Clackmannanshire & Stirling Integration Joint Board Audit and Risk Committee

04 December 2024

Agenda Item 7

## Progress Update on Annual Audit Report Recommendations

*For Noting and Assurance*

|  |                                    |
|--|------------------------------------|
| <b>Paper Approved for Submission by:</b> | Ewan Murray, Chief Finance Officer |
| <b>Paper presented by</b>                | Ewan Murray, Chief Finance Officer |
| <b>Author</b>                            | Ewan Murray, Chief Finance Officer |
| <b>Exempt Report</b>                     | No                                 |

| <b>Directions</b>        |                                     |
|--------------------------|-------------------------------------|
| No Direction Required    | <input checked="" type="checkbox"/> |
| Clackmannanshire Council | <input type="checkbox"/>            |
| Stirling Council         | <input type="checkbox"/>            |
| NHS Forth Valley         | <input type="checkbox"/>            |

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| <b>Purpose of Report:</b> | To present the Audit and Risk Committee with a progress update on the recommendations contained within the 2023/24 Annual Audit Report |
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| <b>Recommendations:</b> | <p>The Audit and Risk Committee is asked to:</p> <p>1) Note and draw assurance from the progress update on the recommendations contained within the 2023/24 Annual Audit Report</p> |
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## **1. Background**

- 1.1. The 2023/24 Audited Annual Accounts and Annual Audit Report (AAR) were presented to the IJB on 2 October 2024 post consideration by the Audit and Scrutiny Committee 18 September 2024.
- 1.2. The Action Plan within the AAR contained 5 recommendations from 2023/24 audit work plus 2 recommendations from 2022/23 which were not fully complete.

## **2. Progress Report on Annual Audit Report (AAR) Recommendations**

- 2.1. The progress report on AAR recommendations is appended to this report at Appendix 1.
- 2.2. The progress report illustrates where progress is complete or in progress along with an explanatory narrative.
- 2.3. A further progress reports will be brought to the new Finance, Audit and Performance Committee in line with the Terms of Reference approved by the IJB.

## **3. Appendices**

Appendix 1 –AAR Recommendations Progress Report

**Appendix 1 - Progress on Recommendations from Annual Audit Report (AAR)**

**2023/2024 Annual (External) Audit Report Action Place**

**Note: Recommendations 1-5 were 2023/24 AAR recommendations and P1 and P3 refer to follow up from incomplete 2022/23 Recommendations.**

| Recommendation   | Management Response   | Update on Progress  | Priority / Responsible Officer  | Target Date       | Revised Date |
|--|---|---|---|-------------------|--------------|
| <p><b>1. Housing Aids and Adaptions</b><br/>                     The amount of costs incurred by Stirling Council in relation to Housing Aids &amp; Adaptions should be reassessed and more transparent. Additionally, this should be within Stirling Council's Revenue Budget paper for future financial years and the IJB should include a section within future IJB Revenue Budget papers. This would provide deeper clarification and an enhanced audit trail.</p> | <p>Accepted – IJB and Stirling Council CFOs will review treatment and reporting to enhance transparency and understanding. Stirling Council and IJB will consider presentation within future revenue budget papers.</p> | <p><b>In progress:</b> Discussed with Stirling Council Finance Team Leader and Interim Stirling Council CFO. Council and IJB will consider and revise presentation within 25/26 and future years revenue budgets to enhance transparency and provide clear audit trail.</p> | <p>Low / IJB Chief Finance Officer &amp; Stirling Council Chief Finance Officer</p> | <p>March 2025</p> | <p>n/a</p>   |

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| <p><b>2. Financial Management – Financial Reporting</b><br/>         Whilst a RAG rating has been implemented into the savings plan, further analysis relating to risks of non-achievement and illustration of current/future implications are lacking. This should be progressed to further develop and improve financial reporting.</p> | <p>Accepted – IJB CFO will consider within future financial reports to IJB / committee.</p>   | <p><b>Partially complete</b> Further detail now provided with IJB financial reports on reasons for non-achievement and/or under delivery. Further consideration required in terms of risks and future implications being considered as part of 25/26 IJB Business Case and Revenue Budget Planning.</p>  | <p>Low / IJB Chief Finance Officer</p>   | <p>January 2025</p> | <p>n/a</p> |
| <p><b>3. Financial Sustainability – budget setting</b> The activity and cost model in relation to Set Aside arrangements should be developed. In addition to complying with legislation, this would identify areas where spending could be preserved and subsequently aid the savings requirement for the Set Aside for future years.</p> | <p>Accepted – Matter already being considered by both IJBs and NHS Forth Valley. Activity information requirements being accessed to develop model in line with legislative requirements. It is anticipated that this will allow arrangements to be progressed for 2025/26 financial year</p> | <p><b>In progress</b> – IJB CFO has discussed with NHS FV DoF and FIJB CFO and worked with NHS FV Information Services to produce a dataset to inform both assessing the impact of activity and costs on set aside specialities from the inception of integration authorities and provide a basis for implementing future set aside arrangements in line with the 6 steps reflecting in the statutory guidance and referenced in the letter from NHS FV (former) Chief Executive to Scottish Government of 18 May 2018 as presented to the IJB in June 2018.</p> | <p>IJB Chief Finance Officer, Falkirk IJB CFO and NHS Forth Valley Director of Finance</p> | <p>April 2025</p>   |            |

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|   |   | This work will inform a specific report to both NHS FV and both IJBs in due course.   |                           |            |  |
| <p><b>4. Financial Sustainability- Medium to Long-term planning</b></p> <p>Currently, the IJB is not financially sustainable. A more comprehensive medium-term financial outlook post publication of the Scottish Government’s next Medium Term Financial Strategy and Medium-Term Financial Framework should be developed and implemented as soon as viably possible</p> | <p>Accepted – It is currently understood that Scottish Government will publish updated Medium Term Financial Strategy and Medium-Term Financial Framework for Health and Social Care by end of 2024. An updated medium-term financial outlook will be developed aligned to these publications and financial planning assumptions of the constituent authorities of the IJB.</p> | <p><b>In progress</b> – An update Medium Term Financial Outlook/Plan will be incorporated within the 2025/26 IJB Revenue Budget to the presented to the IJB in March 2025.</p> <p>It is currently understood that the Scottish Governments Medium Term Financial Strategy and revised Medium Term Financial Framework for the Health and Social Care Portfolio will not now be published until at least May 2025. Therefore, the Medium-Term Financial Outlook may require further update and revision post these publications.</p> | IJB Chief Finance Officer | March 2025 |  |

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| <p><b>5. Financial Sustainability – reserves</b></p> <p>The utilisation of reserves is not sustainable and places itself and its partner bodies at risk. Although this is a common theme for IJBs across the country, reserves levels should be actively monitored and being applied for the purposes intended. A plan should also be devised as to how the reserves position will be improved.</p> | <p><b>Accepted</b> – To be considered as part of the updated mediumterm financial outlook. It should however, be understood that re-establishing a prudential level of general reserves will be extremely challenging.</p> | <p><b>In progress</b> – to be considered as part of update of Medium-Term Financial Outlook. However, financial balance will be required before a level of reserves can be re-established and given current demand and cost pressures this should be regarded as high risk.</p> | <p>IJB Chief Finance Officer</p> | <p>March 2025</p> |  |
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| <p><b>P1. Lack of preparation for the IJB audit</b></p> <p><b>2023/24 update:</b><br/>Similar to our recommendation last year, this should be implemented before the start of the 2024/25 audit. This would ensure that the IJB would be in a positive position to collate information in time for the start of the audit.</p> | <p><b>Additional Update</b> The Finance Working Group will continue to review how year-end accounts and audit planning can be improved and work with audit teams to improve efficiency. This will require ongoing input from external audit teams also.</p> | <p><b>In progress.</b> The IJB CFO and HSCP management accountant will work with constituent authority finance teams and Directors of Finance/CFOs to align planning to aide audit performance.</p> <p>There are two key risks to this, though, firstly all finance teams are stretched for capacity and support to the IJB CFO is currently materially lesser than previously. Secondly this is dependent on timing of all year end closure processes and agreement of 24/25 Risk Shares which if not complete prior to the financial year end risks compromising the audit timescales.</p> <p>25/26 audit planning work has now commenced and the Annual Audit Plan will be presented to the Finance, Audit and Performance Committee in February 2025</p> | <p>IJB Chief Finance Officer / NHS FV Director of Finance/ Council Chief Finance Officers.</p> | <p>December 2024 – September 2025</p> |  |
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| <p><b>P3. Transformation</b><br/>Tools should be developed to consistently track the benefits achieved (both financial and outcomes) from the transformational change to demonstrate that it is achieving the desired outcomes.</p> | <p><b>Previous Update</b><br/><b>In progress</b><br/>The IJB approved the 24/25 Revenue Budget on 27 March 2024. This included commitment to a programme management approach to support the approved efficiency and savings programme forming the key elements of the transformation and sustainability plan. To support this, the interim Chief Officer and Chief Finance Officer have established monthly progress review meetings and reporting tools.</p> <p>Each element of the transformation programme requires a Business Justification Case (also referred to as a Project Initiation Document or PiD) and monthly highlight reporting. There is a requirement for the sophistication and quality of reporting to continue to develop over time, however the reporting tools are</p> | <p><b>Complete</b></p> <p>A performance dashboard has been developed by the HSCP Performance Team to support monitoring of the transformation programme and support the monthly transformation progress meetings.</p> <p>Whilst this has some limitations including particularly the limitations of the functionality of adult social care recording systems and will require further development over time there is now a tool in place.</p> | <p>Chief Officer and Chief Finance Officer</p> | <p>September 2024</p> |  |
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|  | <p>designed to be relatively concise and quick to complete.</p> <p>This programme is also being supported by the establishment of a performance dashboard to monitor key whole system performance and activity metrics and align this with financial information.</p> |  |  |  |  |
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# Clackmannanshire & Stirling Integration Joint Board Audit & Risk Committee

04 December 2024

Agenda Item 8

## Strategic Risk Register

*For Approval*

|  |                                       |
|--|---------------------------------------|
| <b>Paper Approved for Submission by:</b> | David Williams, Interim Chief Officer |
| <b>Paper presented by</b>                | Ewan Murray, Chief Finance Officer    |
| <b>Author(s)</b>                         | Ewan Murray, Chief Finance Officer    |
| <b>Exempt Report</b>                     | No                                    |

| <b>Directions</b>        |                                     |
|--------------------------|-------------------------------------|
| No Direction Required    | <input checked="" type="checkbox"/> |
| Clackmannanshire Council | <input type="checkbox"/>            |
| Stirling Council         | <input type="checkbox"/>            |
| NHS Forth Valley         | <input type="checkbox"/>            |

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| <b>Purpose of Report:</b> | To provide the Integration Joint Board to the Strategic Risk Register for review and approval. |
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| <b>Recommendations:</b> | <p>The Audit &amp; Risk Committee is asked to:</p> <ol style="list-style-type: none"> <li>1) Review, discuss and approve the Strategic Risk Register</li> <li>2) Note that the full Strategic Risk Register will be presented to the next IJB meeting on 20 January 2025</li> </ol> |
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## **1. Background and Considerations**

- 1.2 Given the increasing risk profile across Health and Social Care both locally and nationally from March 2024 the Strategic Risk Register (SRR) is normally now standing agenda item on the IJBs agenda rather than being an element of performance reporting as was previous practice. Due to the agenda presented to the November 24 IJB and this proximity to this Audit and Risk Committee an exception was made.
- 1.3 The Audit and Risk Committee undertakes a scrutiny function for the Integration Joint Board to scrutinise and review the Strategic Risk Register. The Committee last reviewed the Strategic Risk Register in September 2024.
- 1.4 The SRR was reviewed by the HSCP Senior Leadership Team on 27 September 2024 after which the Chief Finance Officer made some further updates and amendments which are reflected in the version presented to the committee.
- 1.5 As previously agreed, where risk scores are increased or decreased this is reflected in the covering paper with an explanation of the reasoning applied.
- 1.6 Further work is required with the constituent authorities to systemise the SRR possibly using Pentana to streamline updates and reporting.
- 1.7 Discussion and comment on the revised SRR from committee members is welcomed to inform continuous improvement of Risk Management arrangements.

## 2. Strategic Risks with Changed Risk Scores

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2.1 Post discussion with the Senior Leadership Team on 27 November 2024 the following risk scores for the following Strategic Risks were amended.

### **Risk: HSC 007 – Harm to Vulnerable People, Public Protection and Clinical and Care Governance**

Risk Score increased to 16 High from 12 Medium – reflecting current/recent inspections and improvement requirements arising.

### **Risk: HSC 010 – Potential Industrial Action**

Risk Score decreased from 16 High to 8 Low – reflecting current position in relation to previously outstanding 24/25 pay settlements and significantly decreased likelihood at least in the short term.

### **Risk HSC 011 – Capacity to Deliver Safe and Effective Integration Functions to Support Whole System Performance and Safety**

Risk Score increase from 16 High to 20 High – reflecting that demand is outstripping adequacy of resources with limited short term levers available to mitigate the overspend as demonstrated within the Financial Recovery paper to the November IJB meeting

## 3. Appendices

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Appendix 1 - Strategic Risk Register

**CLACKMANNANSHIRE & STIRLING IJB: STRATEGIC RISK REGISTER @ 271124**

| Ref      | Title  | Description   | Likelihood                    | Impact                        | Risk Score   | Impact Category | Risk Appetite   | Risk Tolerance   | Mitigation/Control  | Risk Owner(s)                    | Manager(s) Responsible                | Update/Notes / Direction of Travel   |
|----------|--|---|-------------------------------|-------------------------------|--|-----------------|---|--|---|----------------------------------|---------------------------------------|--|
| HSCP 001 | Delivery of Strategic Commissioning Plan within available budget | <p><b>Risk</b><br/>The risk that delegated integration functions and services cannot be delivered within resources available.</p> <p><b>Cause</b><br/>Demand for statutorily provided services exceeds ability to deliver within budget and available resources. Cost of delivery of services exceeds provided and available budget. Insufficient funding allocations to the IJB from Partners.</p> <p><b>Effect</b><br/>Inability to deliver Strategic Plan</p>            | Current (5)<br><br>Target (3) | Current (5)<br><br>Target (3) | Current (25) <b>High</b><br><br>Target (9) <b>Medium</b> | Financial       | <b>Cautious</b> We wish to achieve sustainability by spending well, making the most of our resources and achieving statutory financial targets.               | <b>Moderate</b> we are prepared to accept variances for a limited period whilst mitigation/recovery plans are implemented. | <ul style="list-style-type: none"> <li>The Integration Scheme details the actions to be taken in the event of this and furthermore, the contingency arrangements should Partner Bodies be unable/unwilling to provide additional funding.</li> <li>Transformation Programme for the HSCP in place, with a range of programmes identified to support delivery of Strategic Plan within allocated budgets</li> <li>Governance / reporting mechanisms for Transformation Programmes are in place</li> <li>Financial position monitored on ongoing basis by SMLT, IJB Finance &amp; Performance Committee, and Audit &amp; Risk Committees and full IJB.</li> <li>A Medium-Term Financial Outlook is also completed which assesses the financial resources required to deliver the strategic plan whilst delivering financial balance for the IJB</li> </ul> <ol style="list-style-type: none"> <li>24/25 Revenue Budget Approved incorporating risk assessment. (March 24)</li> <li>Agreed process for agreement and payment of contract rates including uplifts. (Annually 24/25 complete)</li> <li>Adherence to directions policy including savings detail at constituent authority level.</li> <li>Develop planning and shared accountability arrangements for Unscheduled Care and the 'set aside' budget for large hospital services. (March 25)</li> <li>Follow integration scheme requirements for recovery plan (November 2024)</li> <li>Development of 25/26 IJB Business Case per Integration Scheme requirement (Jan 25)</li> <li>Development of 25/26 IJB Revenue Budget proposals (March 25)</li> </ol> | Chief Officer                    | Chief Finance Officer                 | Draft 25/26 IJB Business Case and Development of Options for Financially Sustainable Service Delivery (Jan 25)   |
| HSC 002  | Inadequate Leadership, Decision Making and Scrutiny              | <p><b>Risk</b><br/>The risk that governance and assurance arrangements are unable to allow the IJB to discharge its statutory duties.</p> <p><b>Cause</b><br/>Lack of clarity of role and responsibilities within the IJB, HSCP and Partner Organisations.</p> <p>Leadership, decision-making and scrutiny arrangements are inadequate</p> <p><b>Effect</b><br/>Poor performance in service provision and financial terms leading to Strategic Plan not being delivered</p> | Current (3)<br><br>Target (2) | Current (4)<br><br>Target (4) | Current (12) <b>Medium</b><br><br>Target (8) <b>Low</b>  | Compliance      | <b>Averse</b> - We are not prepared to take any risk when discussing our regulatory compliance or in delivery of the Strategic Commissioning Plan priorities. | <b>Cautious</b> - We are prepared to take informed risks provided that benefit outweighs the negative outcome.             | <ol style="list-style-type: none"> <li>The Integration Scheme sets out roles and responsibilities of the IJB and the Partner Organisations.</li> <li>The Standing Orders of the IJB set out the governance arrangements that it operates within. (last updated November 2024)</li> <li>Routine consideration of proportionate scrutiny arrangements for each constituent authority.</li> <li>Development of enhanced and expanded approaches to engagement with people with lived experience, public and communities. (ongoing)</li> <li>Reviewed and reformed SMLT working arrangements. (from Feb 24)</li> <li>Ensure use of revised directions policy and implement performance monitoring (from March 2024 use - Feb 25 monitoring via FAP Committee)</li> <li>Prepare and Monitor Governance Action Plan as part of Annual Governance Statement. (June 2024 then quarterly)</li> </ol>   | Chief Officer (Chief Executives) | Chief Officer & Chief Finance Officer | <p>The is in the process of being reviewed by the Partner Organisations and is expected to provide clarity beyond the original version of respective roles and responsibilities.</p> <p>The IJB Standing Orders were reviewed and updated at the October and November 24 IJB meetings.</p> <p>CO paper to CEOs re the operational functionality of the HSCP in the process of being considered and acted upon by the three CEOs.</p> |

|         |  |   |                           |                           |   |                             |  |  |  |               |   |  |
|---------|--|---|---------------------------|---------------------------|---|-----------------------------|--|--|--|---------------|---|--|
| HSC 003 | Delivery of Integrated Performance Framework | <p><b>Risk</b><br/>The risk that the Integrated Performance Framework does not adequately demonstrate progress against National Health and Wellbeing Outcomes and Strategic Priorities.</p> <p><b>Cause</b><br/>Lack of accurate recording, poor recording and information systems and lack of access to and analysis of available information.</p> <p><b>Effect</b><br/>Inability to adequately provide reporting and assurance on performance to IJB.</p> | Current (4)<br>Target (1) | Current (4)<br>Target (4) | Current (16)<br><b>High</b><br>Target (4)<br><b>Low</b>   | Transformation / Innovation | Moderate - accepting that a greater degree of risk is required to improve outcomes, transform services and ensure VFM. | Open - To allow innovation and initiation and planning for change. | <ol style="list-style-type: none"> <li>1. Review and reform of Integrated Performance Framework (June 24)</li> <li>2. Subject to IJB approval work with constituent authorities to implement IPF (from June 2024)</li> <li>3. Further develop approach to Annual Performance Report including future development of planning and reporting at locality level and benchmarking with 'peer' Health and Social Care Partnerships. (Oct 24 and annually)</li> <li>4. Develop workplan for new FAP Committee to discharge terms of reference (Oct 24)</li> <li>5. Development of performance measures and reporting at locality level. (ongoing)</li> <li>6. Agree Improvement Plan with NHS FV to address data issues including SMR data and ensure appropriate planning around unscheduled care. (ongoing linked to set aside work-March 2025)</li> </ol>   | Chief Officer | Chief Finance Officer and Head of Strategic Planning and Health Improvement |  |
| HSC 004 | Delivery of Integrated Workforce Plan        | <p><b>Risk</b><br/>The risk that workforce challenges are not adequately managed.</p> <p><b>Cause</b><br/>Lack of robust workforce planning and failure to appropriately support the integrated workforce.</p> <p><b>Effect</b><br/>Reduced recruitment and retention and failure to appropriately develop, train and performance manage the integrated workforce.</p>  | Current (3)<br>Target (1) | Current (4)<br>Target (3) | Current (12)<br><b>Medium</b><br>Target (3)<br><b>Low</b> | Workforce                   | Cautious - to support staff to innovate and improve, balancing risk and benefits.                                      | No tolerance set.  | <ol style="list-style-type: none"> <li>1. Ensure inclusive approach to staff engagement at all levels. (Ongoing)</li> <li>2. Develop multi-disciplinary care pathways and teams. (ongoing)</li> <li>3. Workforce engagement on transformation programme including practice elements such as SDS. (from March 24)</li> <li>4. Ensure consistent use of iMatter staff survey platform across the constituent authorities, and the development of reporting infrastructure against HSCP within that system. (from June 24 for new imatter survey)</li> <li>5. Staff Development and Training Programmes including Mandatory Training. (ongoing but requires commitment and support from constituent authorities)</li> <li>6. Positively manage relationships with Staff Side/Trade Union representatives. (ongoing)</li> <li>7. Continue to prioritise and support workforce wellbeing. (Ongoing)</li> <li>8. Monitor implementation of the approved workforce plan. (Annually)</li> <li>9. Implement enhanced vacancy control measures including panel and monitor impact (in place from March 24 revised Nov 24)</li> </ol>   | Chief Officer | Heads of Service (x3)   |  |
| HSC 005 | Patient / Service User Experience            | <p><b>Risk</b><br/>The risk that patients/service users have a poor experience of care and/or their personal outcomes are not met.</p> <p><b>Cause</b><br/>Lack of co-design of services taking account of lived experience, lack of assurance on clinical and care governance standards.</p> <p><b>Effect</b><br/>Patients/service users personal outcomes are not met. Failure may create additional avoidable demand.</p>                                | Current (4)<br>Target (2) | Current (4)<br>Target (3) | Current (16)<br><b>High</b><br>Target (6)<br><b>Low</b>   | Patient/Service User Harm   | Averse - No tolerance but recognition we will have to accept risk that have been reduced as low as possible            | No tolerance set.  | <ol style="list-style-type: none"> <li>1. Participation and Engagement Strategy. (In place but requires review - est timeframe by June 25)</li> <li>2. Service user participation in IJB, SPG and Locality Planning Network (In place)</li> <li>3. Use of Care Opinion (In place)</li> <li>4. Complaints processes and review of significant events to facilitate learning (in place)</li> <li>5. Carers Planning Group including Carers representatives (in place)</li> <li>6. Process and training for EQIAs (In place)</li> <li>7. Self Directed Support Steering Group including representation from peer support organisations and co-chaired by person with lived experience (in place).</li> <li>8. Self Directed Support Lived Experience Panel (in place and being developed based on feedback from supported people and their carers).</li> <li>9. IJB agreed Self Directed Support Policy and associated Directions.(June 2024)</li> <li>10. Jointly developed new Transitions Policy developed in partnership with people with lived experience (in place).</li> <li>11. Ensure detailed improvement action plans are put in place and monitored where inspections highlight required improvements.</li> </ol> | Chief Officer | Heads of Service (x3)   |  |

|         |   |  |                               |                               |  |                           |   |  |   |  |  |  |
|---------|---|--|-------------------------------|-------------------------------|--|---------------------------|---|--|---|--|--|--|
| HSC 006 | <b>Information Management and Governance</b>  | <p><b>Risk</b><br/>The risk that Information Management and Governance issues are not adequately managed to support delivery of strategic commissioning plan and information sharing processes, practice and governance is inadequate to support efficient service delivery.</p> <p><b>Cause</b><br/>Lack of or non adherence to adequate policies, data sharing arrangements and management information systems.</p> <p><b>Effect</b><br/>Inefficient service delivery, reputational harm and sub optimal performance management.</p> | Current (5)<br><br>Target (3) | Current (5)<br><br>Target (3) | Current (25)<br><b>High</b><br><br>Target (9)<br><b>Medium</b> | Compliance                | <b>Averse</b> - We are not prepared to take any risk when discussing out regulatory compliance  | <b>Cautious</b> - We are prepared to take informed risks provided that benefit outweighs the negative outcome.             | <ol style="list-style-type: none"> <li>1. Ensure Data Sharing agreements between constituent authorities are in place, signed and periodically reviewed.</li> <li>2. Annual Information Governance Assurance Report (Oct 24 and Annually)</li> <li>3. Awareness raising of respective organisational policies (ongoing)</li> <li>4. Mandatory training (ongoing monitored through appraisal processes)</li> <li>5. Press constituent authorities to facilitate appropriate systems access to support functional 'one for Clackmannanshire and Stirling' approaches eg Commissioning</li> </ol>  | Chief Officer  | Chair of Data Sharing Partnership / Heads of Service / Standards Officer   |  |
| HSC 007 | <b>Harm to Vulnerable People, Public Protection and Clinical &amp; Professional Care Governance</b> | <p><b>Risk</b><br/>The risk that clinical and professional care governance arrangements are inconsistently applied and there resultant harm to service users or the general public.</p> <p><b>Cause</b><br/>Potential for a lack of effective systems of clinical and care governance including assurance.</p> <p><b>Effect</b><br/>Harm to vulnerable people or general public.</p>   | Current (4)<br><br>Target (1) | Current (4)<br><br>Target (4) | Current (16)<br><b>High</b><br><br>Target (4)<br><b>Low</b>    | Patient/Service User Harm | <b>Averse</b> - No tolerance but recognition we will have to accept risk that have been reduced as low as possible                              | No tolerance set.  | <ol style="list-style-type: none"> <li>1. Integration Joint Board has assurance that services operate and are delivered in a consistent and safe way (Annually)</li> <li>2. Clinical and Care Governance Assurance arrangements (Nov 24)</li> <li>3. Whole system working to minimise delay to discharge arrangements (ongoing)</li> <li>4. Establishment of Quarterly Clinical and Care Governance Meetings (in place)</li> <li>5. Further develop linkage with Performance Frameworks (in development)</li> <li>6. Annual Clinical and Care Governance Assurance Report to IJB (Annually)</li> <li>7. Consider Clinical and Care Governance arrangements for co-ordinated services and maintain stability of existing arrangements until this action complete (October 24)</li> <li>8. Develop and present improvement plan for Joint Inspection of MH Services (Jan 25)</li> </ol>   | Chief Officer / Chief Social Work Officers / NHS Forth Valley Medical Director | Heads of Service (x3)  |  |
| HSC 008 | <b>Sustainability and safety of adult placement in external care home and care at home sectors</b>  | <p><b>Risk</b><br/>The risk that providers are not sustainable or oversight arrangements are inadequate.</p> <p><b>Cause</b><br/>Lack of effective overview or provider failure for financial or other reasons e.g. lack of workforce or inability to control costs.</p> <p><b>Effect</b><br/>Increased likelihood of statutory sector requiring to step in as 'provider of last resort' / unforeseen increased costs</p>  | Current (4)<br><br>Target (2) | Current (4)<br><br>Target (2) | Current (16)<br><b>High</b><br><br>Target (4)<br><b>Low</b>    | Financial                 | <b>Cautious</b> We wish to achieve sustainability by spending well, making the most of our resources and achieving statutory financial targets. | <b>Moderate</b> we are prepared to accept variances for a limited period whilst mitigation/recovery plans are implemented. | <ol style="list-style-type: none"> <li>1. Provider forums are in place as is a commissioning and monitoring framework. (in place)</li> <li>2. There is clear regulation and inspection. (in place)</li> <li>3. The thresholds matrix for homes around adult support and protection has been implemented and is being monitored. (in place)</li> <li>4. A process for reviews and a clear escalation model is being developed including reporting to the Clinical and Care Governance Group. (ongoing).</li> <li>5. Monitoring of Financial Sustainability of Providers using informatics provided via Scotland Excel and local intelligence. ( in place)</li> <li>6. Business continuity planning arrangements. (In place – subject to ongoing review)</li> <li>7. Preparation on Briefings for Senior Officers (including Chief Executives) and IJB Chair and Vice Chair on emergent provider issues. ( as required)</li> <li>8. Caseload review. (ongoing)</li> <li>9. Care Home Assurance Tool. (ongoing)</li> <li>10. Ensure consistent and effective approach to appropriately manage Large Scale Investigations. (LSI's) (Ongoing)</li> </ol> | Chief Officer  | Heads of Services / Strategic Commissioning Manager / Chief Finance Officer /Adult Support and Protection Co-ord |  |



|         |   |   |                               |                               |  |                             |   |   |  |                    |  |  |
|---------|---|---|-------------------------------|-------------------------------|--|-----------------------------|---|---|--|--------------------|--|--|
| HSC 009 | Primary Care Sustainability   | <p><b>Risk</b><br/>The risk that critical quality and sustainability issues will be experienced in the delivery of Primary Care Services including General Medical Services / (PCIP)</p> <p><b>Cause</b><br/>Insufficient funding, lack of identification and implementation of sustainable service options, aging workforce and demand for services outstripping supply.</p> <p><b>Effect</b><br/>GP Practices requiring to be , loss of service provision and resultant impacts on rest of Health and Social Care system.</p> | Current (5)<br><br>Target (3) | Current (5)<br><br>Target (3) | Current (25)<br><b>High</b><br><br>Target (9)<br><b>Medium</b> | Transformation / Innovation | <b>Moderate</b> - accepting that a greater degree of risk is required to improve outcomes, transform services and ensure VFM. | <b>Open</b> - To allow innovation and initiation and planning for change.   | <ol style="list-style-type: none"> <li>1. Premises investment priorities identified (in place but subject to review)</li> <li>2. Primary Care Improvement Plan (PCIP) being delivered proactively and sustainability options being appraised.</li> <li>3. Support for practices to become training practices (delivered in conjunction with NES)</li> <li>4. Primary Care Improvement Plan tripartite oversight and review to ensure sustainable (ongoing)</li> <li>5. GP IT Programme Board established</li> <li>6. Pan FV Local Sustainability Group in place to advise on sustainability matters (in place)</li> <li>7. Expansion of community pharmacy services.</li> <li>8. Alignment with quality clusters and leads to ensure GP practices and MDTs are informed of and involved in quality improvement and assurance.</li> <li>9. Establishment and monitoring of GP Sustainability data and workload to inform the development of future controls and actions.</li> </ol> | IJB Chief Officers | Head of Primary Care / Associate Medical Director / GP Clinical Leads / Chief Finance Officers |  |
| HSC 010 | Potential Industrial Action   | <p><b>Risk</b><br/>The risk that industrial action materially affects service delivery.</p> <p><b>Cause</b><br/>If one of more sectors of H&amp;SC workforce chooses to take industrial action.</p> <p><b>Effect</b><br/>Distruption to service delivery, requirement to invoke business continuity plans and potential for unforeseen cost implications.</p>   | Current (2)<br><br>Target (2) | Current (4)<br><br>Target (3) | Current (8)<br><b>Low</b><br><br>Target (6)<br><b>Low</b>      | Workforce                   | <b>Cautious</b> - to support staff to innovate and improve, balancing risk and benefits.                                      | No tolerance set.   | <ol style="list-style-type: none"> <li>1. Review and ensure business continuity arrangements are up to date and robust (Ongoing)</li> <li>2. Work closely with constituent authorities to fully understand likely impacts. (Ongoing)</li> <li>3. Ensure ongoing constructive working relationships with staff side / unions are maintained. (Ongoing)</li> <li>4. Participate in regional pan FV and local resilience arrangements. (ongoing)</li> </ol>   | Chief Officer      | SMLT   |  |
| HSC 011 | Capacity to Deliver Safe and Effective Integration Functions to Support Whole System Performance and Safety | <p><b>Risk</b><br/>The risk that demand for services outstrips the ability to deliver due to workforce availability, provider capacity and/or adequacy of resources.</p> <p><b>Cause</b><br/>Demand outstripping supply and/or transformation programmes being inadequate.</p> <p><b>Effect</b><br/>Inability to meet demand, requirement to prioritise and potential not to meet statutory obligations. One or more parts of H&amp;SC system being overwhelmed and loss of public confidence.</p>                              | Current (5)<br><br>Target (2) | Current (4)<br><br>Target (3) | Current (20)<br><b>High</b><br><br>Target (6)<br><b>Low</b>    | Public Confidence           | <b>Cautious</b> - for risks impacting on public confidence which flow from informed decision making.                          | <b>Moderate</b> - we are prepared to operate within a moderate tolerance range for Public Confidence for a defined period while mitigation plans are developed. | <ol style="list-style-type: none"> <li>1. Ensure Strategic Planning is Based on robust Strategic Needs Assessment (ongoing)</li> <li>2. Manage positive arrangements with providers through providers forum (Ongoing)</li> <li>3. Ensure robust data informed annual IJB Business Case is produced. (Jan 25/annually)</li> <li>4. Use of national networks to articulate and inform future resource requirements (Ongoing)</li> <li>5. Local capacity and activity monitoring (Weekly)</li> <li>6. Development of capacity and activity dashboard (April 25)</li> <li>7. Ensure focus on transformation programme to maximise use of existing resources (Ongoing)</li> <li>8. Work with constituent authorities to promote partnership as a good place to work. (Ongoing)</li> </ol>   | Chief Officer      | Heads of Service (x3) / Chief Finance Officer  |  |

Explanation of Scoring:

Likelihood and Impact are scored on a 1-5 Rating. The scores are then multiplied to give an overall risk score. Risk scores over 15 are rated High/Red. Risk Scores from 9 to 15 are rated Medium / Amber and risk scores up to 8 are rated Low/ Green.

NOTE: where control measures updated this is highlighted in italics.

# Clackmannanshire & Stirling Integration Joint Board Audit and Risk Committee

04 December 2024

Agenda Item 9

## Relevant National Reports:

Audit Scotland - Alcohol and Drug Services

Auditor General – Fiscal Sustainability and Reform in Scotland

Audit Scotland and Royal Society of Edinburgh – Public Service

Reform in Scotland: How do we turn Rhetoric into Reality?

*For Discussion and Noting*

|  |                                    |
|--|------------------------------------|
| <b>Paper Approved for Submission by:</b> | Ewan Murray, Chief Finance Officer |
| <b>Paper presented by</b>                | Ewan Murray, Chief Finance Officer |
| <b>Author</b>                            | Ewan Murray, Chief Finance Officer |
| <b>Exempt Report</b>                     | No                                 |

| <b>Directions</b>        |                                     |
|--------------------------|-------------------------------------|
| No Direction Required    | <input checked="" type="checkbox"/> |
| Clackmannanshire Council | <input type="checkbox"/>            |
| Stirling Council         | <input type="checkbox"/>            |
| NHS Forth Valley         | <input type="checkbox"/>            |

|                           |   |
|---------------------------|---|
| <b>Purpose of Report:</b> | To bring relevant national reports to the attention of the Audit & Risk Committee for noting. |
|---------------------------|---|

|                         |  |
|-------------------------|--|
| <b>Recommendations:</b> | <p>The Audit and Risk Committee is asked to:</p> <ol style="list-style-type: none"> <li>1) Note the reports and their direct relevance to the IJB and partners.</li> <li>2) Note the key messages and recommendations from the reports.</li> </ol> |
|-------------------------|--|

## 1. Background

- 1.1. The extant terms of reference for the Audit and Risk Committee states that any national reports relevant to the context or responsibilities of the IJB will be brought to the attention of the Audit and Risk Committee.
- 1.2. Since the last meeting of the Audit and Risk Committee the following relevant national reports have been published
  - Audit Scotland - Alcohol and Drug Services
  - Auditor General – Fiscal Sustainability and Reform in Scotland
  - Audit Scotland and Royal Society of Edinburgh – Public Service Reform in Scotland: How do we turn Rhetoric into Reality?

## 2. Key Messages and Recommendations - Audit Scotland: Alcohol and Drug Services

- 2.1. Key messages from Audit Scotland – Alcohol and Drugs Services are:
  1. The number of people dying in Scotland because of alcohol or drug use remains high compared with other parts of the UK and Europe despite improved national leadership and increased investment in alcohol and drug services.
  2. Alcohol and drug services are complex and delivered by a wide range of partners. Alcohol and drug partnerships (ADPs) coordinate services at a local level but they have limited powers to influence change and direct funding.

3. Funding for tackling alcohol and drug harm has more than doubled over the last ten years however, ADPs have seen an 8% decrease in real terms over the last 2 years due to inflationary pressures.
4. Progress in providing person-centred services is mixed and not everyone can access the services they need or is aware of their rights.
5. Better joined up working and data sharing is needed among all partners in health, social care, education, housing, prison and community justice services.

### 2.3 The Recommendations set out within the report are:

By mid-2025, the Scottish Government must:

- Work with key stakeholders to identify and agree actions to increase focus and funding for tackling alcohol-related harm, while continuing to tackle drug-related harm
- Develop a transition plan for the ongoing funding and sustainability of alcohol and drug services after the National Mission ends in 2026. This should include a funding approach that supports long-term planning of the workforce and person-centred services, identifying capacity, demand and need for both alcohol and drug services, and an evaluation of the costs and effectiveness of alcohol and drug services
- Clarify accountability of alcohol and drug service providers and other statutory service providers that are collectively responsible for improving outcomes for people facing alcohol and drug harm. This includes discussing with ADPs further development of their autonomy, skills and capacity, and ability to hold their partner agencies to account, given the key role they play in coordinating and delivering local services
- Set out ambitious but realistic timescales for delivering key national supporting strategies and work collaboratively with stakeholders to put in place robust monitoring and transparent reporting on progress. Strategies include the mental health and substance use protocol, the alcohol and drug specification(s), alcohol treatment targets, the stigma action plan, and the workforce strategy
- Identify ways of developing more preventative approaches to tackling Scotland's long history of alcohol and drug problems, to target people at risk of harm before problems with substance use develop. This includes working with partners across the public sector and the third sector. Education Scotland has a key role in working with schools on effective preventative approaches, which should involve engaging with pupils including care-experienced children and young people

ADPs, Integration Authorities and key partners must:

- Work together, along with people with lived and living experience, taking a person-centred, rights-based approach to identifying joint solutions for addressing the barriers that people face in accessing services. This includes coordinating services and different parts of the system that can support people with alcohol and drug problems, such as housing and homelessness services, mental health, justice, and employability services, and sharing data across the public sector and with the third sector

The finding and recommendations from the report will be fully taken into account in future planning and delivery of Alcohol and Drug Services within Clackmannanshire and Stirling.

### **3. Auditor General: Fiscal Sustainability and reform in Scotland**

3.1. Whilst the Auditor General's report is clearly directed at Scottish Government its key messages reflect what we are experiencing in Clackmannanshire and Stirling. It is therefore suggested we do need to keep these in mind in considerations on planning and delivery of sustainable services into the future to improve the health and wellbeing outcomes of the partnership population.

3.2. The key messages set out in the report are:

1. The Auditor General has previously reported that the Scottish Government (SG) needs to change its approach to public spending and public service delivery models to be financially sustainable.
2. Fiscal pressures have placed considerable strain on the Scottish Government's management of its budget and decisions about pay have led to additional financial pressures.
3. The SG has identified a growing gap between its medium-term funding and spending position, but it has not yet set out a clear vision of how it will change public service delivery models to better support sustainable public finances and services.
4. The SG has not provided the necessary leadership to public sector bodies to deliver a programme of reform.
5. The fiscal context remains uncertain.
6. The SG has not been sufficiently transparent with the Scottish Parliament or the public about the current fiscal situation. There has not been enough communication of medium-term risks and what choices the SG needs to make to balance its budget.

### **4. RSE: Audit Scotland: Public service reform in Scotland: how do we turn rhetoric into reality?**

4.1 Audit Scotland and the Royal Society of Edinburgh published this paper shortly after the Auditor General's report referenced at Section 3.

4.2 The report anchors to the Christie Commission report on the future of delivery of public services in 2011 which itself heavily influenced the Joint Working (Public Bodies) Scotland Act 2014 which established Integration Authorities (IJBs).

4.3 The paper sets out that:

- We are living in the most challenging context for public service delivery in living memory

- A shift towards prevention and reducing failure demand is key to delivering sustainable public services. Yet, because of issues such as the ongoing impacts of Covid 19, cost of living crisis, static or reducing budgets and pre-existing service demand pressures, public services are finding it almost impossible to pivot towards prevention in the ways that they know are needed.
- The financial imperative for reform becomes ever greater by the day, but the immediate pressure to 'balance the books' is contributing to short-term thinking and service responses which are inhibiting system change and transformation.
- A number of complex and inter-related issues need to be addressed if we are to deliver large scale transformation and reform of public services. These include:
  - Leadership, organisational culture and behaviour
  - Governance and accountability, and incentives for change
  - Delivering Christie: community voice and engagement, prevention, place, partnership leadership, and performance
  - Driving system change and transition.

4.4. The paper is brought to the attention of the Audit and Risk Committee for interest as the issues raised are as relevant, if not more so, to the operating context of the IJB and partners now as they were when the Christie Commission reported in 2011.

## **5. Conclusions**

5.1. The key messages and recommendations from the relevant reports appended should be considered in future planning and delivery of the delegated integration functions under the auspices of the IJB.

## **6. Appendices**

- Appendix I – Audit Scotland - Alcohol and Drug Services
- Appendix II - Auditor General – Fiscal Sustainability and Reform in Scotland
- Appendix III - Audit Scotland and Royal Society of Edinburgh – Public Service Reform in Scotland: How do we turn Rhetoric into Reality?

# Alcohol and drug services



ACCOUNTS COMMISSION 

AUDITOR GENERAL 

Prepared by Audit Scotland  
October 2024



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You can find out more and read this report using assistive technology on our website [www.audit.scot/accessibility](http://www.audit.scot/accessibility).

## Audit team

The core audit team consisted of:  
Jillian Matthew,  
Ray Buist,  
Aileen Campbell,  
Nathalie Cornish  
and Katy Wilson,  
under the direction of  
Cornilius Chikwama.



# Key facts



**23,494** lives lost to drug-related or alcohol-specific causes in Scotland since 2013



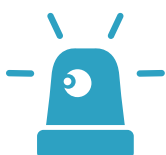
**1,277** alcohol-specific deaths and **1,172** drug misuse deaths in 2023



**18.1** units of alcohol sold per adult per week in 2021 – exceeding the 14 unit per week low-risk threshold<sup>1</sup>



**31,206** alcohol-related<sup>2</sup> and **9,663** drug-related<sup>3</sup> hospital admissions in 2022/23



In **46%** of violent incidents in 2021/22, offenders were believed to be under the influence of alcohol and/or drugs<sup>4, 5</sup>



**£161 million** allocated to alcohol and drug services in 2023/24, more than double the £70.5 million allocated in 2014/15

## Notes:

1. [Monitoring and Evaluating Scotlands Alcohol Strategy \(MESAS\)](#), Public Health Scotland, June 2022.
2. [Alcohol related hospital statistics – Scotland financial year 2022/23](#), Public Health Scotland, March 2024.
3. [Drug-related hospital statistics – Scotland 2022 to 2023](#), Public Health Scotland, April 2024.
4. Where victims were able to say something about the offender.
5. [Scottish Crime and Justice Survey 2021/22: Main Findings](#), Scottish Government, November 2023.

# Key messages

- 1** The number of people dying in Scotland because of alcohol or drug use remains high compared with other parts of the UK and Europe. This is despite improved national leadership and increased investment in alcohol and drug services. The Scottish Government has made progress in addressing our previous recommendations for drug and alcohol services, increasing residential rehabilitation capacity and implementing treatment standards. However, progress in putting some key national strategies into practice, such as implementing a workforce plan and alcohol marketing reform, has been slow. Alcohol consumption and binge drinking are a deep-seated part of Scottish culture, but the Scottish Government's increased focus on drug harm through its National Mission programme is shifting the balance of attention from, and effort on, tackling alcohol harm.
- 2** Alcohol and drug services are complex and delivered by a wide range of partners. Alcohol and drug partnerships (ADPs) coordinate services at a local level, but they are not statutory bodies, and they have limited powers to influence change and direct funding. Accountability needs to be clearer across partnerships where multiple public bodies are providing services and how they are contributing collectively to improving outcomes. Integration Authorities direct most funding to NHS specialist services to treat the large numbers of people presenting at crisis point. This means investment in preventative measures is limited. Better information is needed to inform service planning and where funding should be directed and prioritised. This includes data on demand, unmet need, cost-effectiveness, and spending on early intervention and community-based support models.

- 3** Funding for tackling alcohol and drug harm has more than doubled over the last ten years, from £70.5 million in 2014/15 to £161.6 million in 2023/24. There has been increased funding through the National Mission – £63 million in 2023/24. However, ADPs have seen an eight per cent decrease in real terms funding over the last two years due to inflationary pressures. Annual and short-term funding makes it hard for service providers to plan and deliver for the long term and to invest in prevention. The Scottish Government has yet to undertake an evaluation of the costs and effectiveness of alcohol and drug services to determine if they are delivering value for money. At a time when public sector finances are facing increasing challenges and risks, it is essential that available funding is directed in the most effective way. This is particularly important as there is uncertainty around how services will be sustained after the National Mission ends in 2026.
  - 4** Progress in providing person-centred services is mixed. Not everyone can access the services they need or is aware of their rights. People face many barriers to getting support, including stigma, limited access to services in rural areas, high eligibility criteria and long waiting times. People who already face disadvantage experience additional barriers to accessing services and there is more to do to tailor services to individual needs.
  - 5** Better joined-up working and data sharing is needed among all partners in health, social care, education, housing, prison, and community justice settings. The alcohol and drug workforce is key to supporting people but is under immense strain. The Scottish Government has set out how it aims to address workforce challenges in an action plan, but urgent action is needed as staff often feel undervalued and at risk of burn-out and lack job security. People with lived and living experience are increasingly involved in shaping services. Their involvement varies, however, and cultural and structural shifts are needed to maximise their influence on strategic planning in local areas.
-

# Recommendations

## By mid-2025, the Scottish Government must:

- Work with key stakeholders to identify and agree actions to increase focus and funding for tackling alcohol-related harm, while continuing to tackle drug-related harm ([paragraphs 47–51](#)).

- Develop a transition plan for the ongoing funding and sustainability of alcohol and drug services after the National Mission ends in 2026.

This should include a funding approach that supports long-term planning of the workforce and person-centred services, identifying capacity, demand and need for both alcohol and drug services, and an evaluation of the costs and effectiveness of alcohol and drug services ([paragraphs 113–132](#)).

- Clarify accountability of alcohol and drug service providers and other statutory service providers that are collectively responsible for improving outcomes for people facing alcohol and drug harm.

This includes discussing with ADPs further development of their autonomy, skills and capacity, and ability to hold their partner agencies to account, given the key role they play in coordinating and delivering local services ([paragraphs 19–25](#)).

- Set out ambitious but realistic timescales for delivering key national supporting strategies and work collaboratively with stakeholders to put in place robust monitoring and transparent reporting on progress.

Strategies include the mental health and substance use protocol, the alcohol and drug specification(s), alcohol treatment targets, the stigma action plan, and the workforce strategy ([paragraphs 26–28](#)).

- Identify ways of developing more preventative approaches to tackling Scotland's long history of alcohol and drug problems, to target people at risk of harm before problems with substance use develop.

This includes working with partners across the public sector and the third sector. Education Scotland has a key role in working with schools on effective preventative approaches, which should involve engaging with pupils including care-experienced children and young people ([paragraphs 36–41](#)).

## **ADPs, Integration Authorities and key partners must:**

- Work together, along with people with lived and living experience, taking a person-centred, rights-based approach to identifying joint solutions for addressing the barriers that people face in accessing services.

This includes coordinating services and different parts of the system that can support people with alcohol and drug problems, such as housing and homelessness services, mental health, justice, and employability services, and sharing data across the public sector and with the third sector ([paragraphs 63–69](#)).

# Introduction

## Background

1. The number of people dying in Scotland because of drug and alcohol use remains high compared with other parts of the UK and Europe. In 2023, there were 1,277 **alcohol-specific deaths**, the highest number reported since 2008, and 1,172 **drug misuse deaths**. While drug misuse deaths in Scotland have generally been increasing over the last two decades, this is the second lowest number in the last six years.

[Exhibit 1 \(page 9\)](#) shows how alcohol-specific and drug misuse deaths have increased since 1999, with drug misuse deaths rising significantly.

2. Scotland has the highest rate of **drug-induced deaths** in Europe based on the latest available data. Compared with the rest of the UK and Europe:

- Scotland had a drug-induced death rate of 27.7 per 100,000 population in 2023. The next highest rate was Ireland with a rate of 9.7 per 100,000 people (2020).<sup>1</sup>
- Scotland's **drug-poisoning** death rate in 2022 was more than double the rates of other UK countries (22.7 deaths per 100,000 people compared to 11.0 deaths per 100,000 people in Wales and 8.3 deaths per 100,000 people in England).<sup>2</sup>

3. Alcohol consumption and binge drinking are a deep-seated part of the Scottish culture. Harmful alcohol consumption increases the risk of developing health problems, including liver disease, several cancers, depression, and anxiety. Accurate comparisons of alcohol-specific death rates between the UK and Europe are not possible due to varied methodologies used in different countries. However, there have been significant increases in alcohol-specific death rates in Scotland, England and Wales since the start of the Covid-19 pandemic.<sup>3</sup>

4. Public Health Scotland reported that in 2021 the volume of pure alcohol sold in Scotland was four per cent higher than in England and Wales. However, the gap between Scotland and the rest of the UK in terms of the age-standardised death rate has narrowed between 2001 and 2021.<sup>4</sup>



**Alcohol-specific deaths** are the result of health conditions that arise as a direct consequence of consuming alcohol, such as alcoholic liver disease. It does not include all deaths that can be attributed to alcohol.

**Drug misuse deaths** is the term used by National Records of Scotland since 2021 to classify all deaths caused by the direct effect of drugs. NRS defines drug misuse deaths in [What actually counts as a drug death?](#)

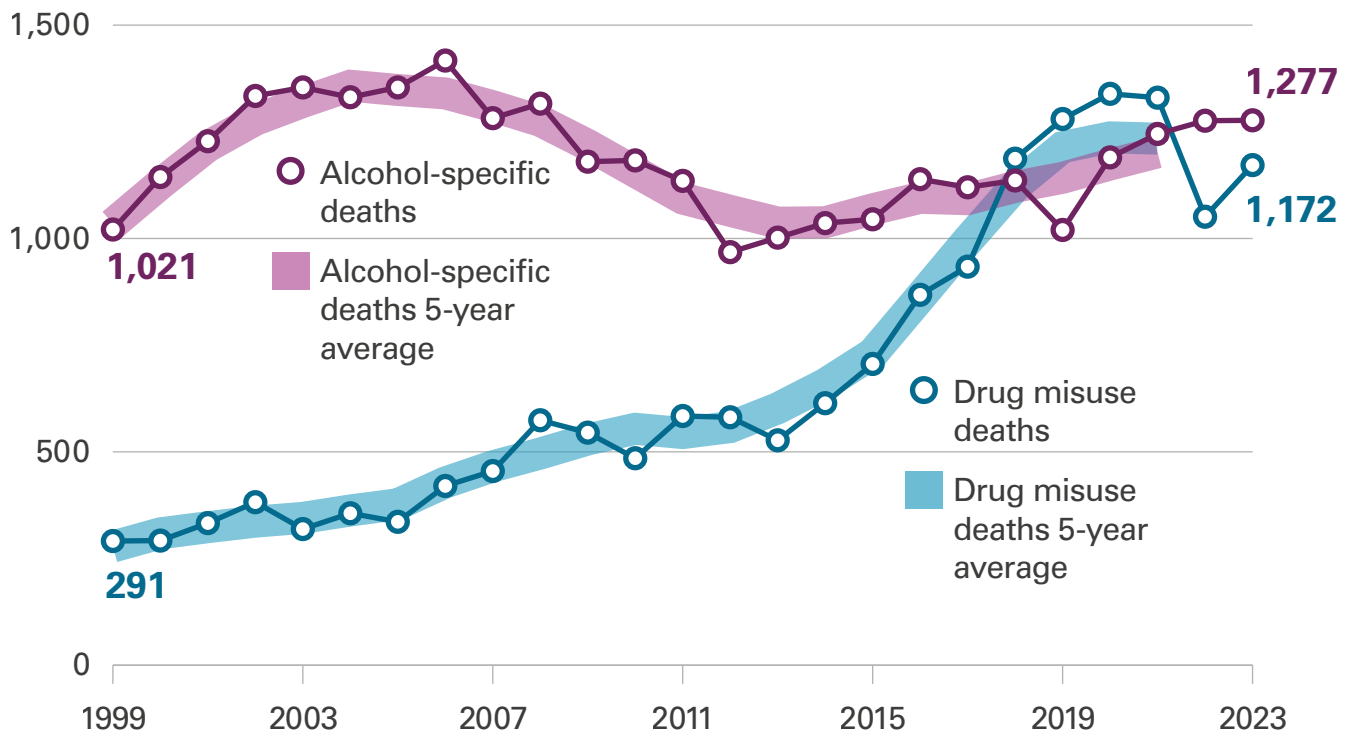
**Drug-induced deaths** is the definition used by the European Monitoring Centre for Drugs and Drug Addiction to allow comparison across European countries.

**Drug-poisoning deaths** allows comparison across the UK.

## Exhibit 1.

### Total number of alcohol-specific and drug misuse deaths in Scotland, 1999–2023

Drug misuse deaths have risen significantly since 1999, and alcohol-specific deaths are at their highest rate since 2008.



Source: [Alcohol-specific deaths 2023](#), National Records of Scotland, September 2024, [Drug-related Deaths in Scotland in 2023](#), National Records of Scotland, August 2024

### Alcohol and drug harm disproportionately affects people already facing disadvantage

5. In our 2022 briefing [Drug and alcohol services: An update](#), we highlighted the severe multiple disadvantages contributing to drug and alcohol misuse being a major public health issue in Scotland, which is not seen in comparable countries. The [Hard Edges Scotland](#) report highlighted the significance and long-lasting impact of childhood harm, such as poverty, mental illness and homelessness, leading to problems in adulthood including substance dependency:

- In 2022/23, people in the most deprived areas of Scotland were seven times more likely to be admitted to hospital for an alcohol-related condition than those in the least deprived areas (849 compared with 127 patients per 100,000 population).<sup>5</sup>
- In 2022/23, almost half of all patients with a drug-related hospital stay lived in the 20 per cent most deprived areas of Scotland.<sup>6</sup>

In 2023, people in the most deprived areas were over 15 times more likely to die of a drug-related cause than those in the least deprived areas.<sup>7</sup>

- It is estimated that between 20 and 37 per cent of people engaging with mental health services have difficulty with drugs or alcohol. Alcohol or drug use was a factor in 48–56 per cent of all deaths from suicide in Scotland between 2008 and 2018.<sup>8</sup>
- In 2022, there were an estimated 89 drug misuse and over 30 alcohol-specific deaths among people experiencing homelessness. In that period, drug use accounted for a third of all deaths of people experiencing homelessness.<sup>9</sup>
- Problem alcohol and drug use is higher in the prison population than in the wider community.<sup>10</sup> A 2019 Scottish Prison Service survey of people living in prison found that 39 per cent had used illegal drugs in prison and a fifth (19 per cent) were worried that alcohol use will be a problem for them upon release from prison.<sup>11</sup>

### **Changing patterns of drug use makes service design and provision challenging**

**6.** The pattern of drug use in Scotland is changing. The proportion of drug misuse deaths where cocaine is implicated has risen from six per cent in 2008 to 41 per cent in 2023. Use of street benzodiazepines and synthetic opioids, such as nitazenes, is increasing at a time when heroin production has been limited. Poly-drug use, in which someone uses a combination of illicit substances, is common and was implicated in 81 per cent of all drug misuse deaths in 2023.<sup>12</sup>

### **About this audit**

**7.** The audit looked at how effectively Scotland’s alcohol and drug services are delivering the Scottish Government’s strategies. We considered this by assessing:

- how well are current leadership and accountability arrangements supporting the effective delivery of the Scottish Government’s drug and alcohol strategies? ([Part 1, page 12](#))
- how responsive are drug and alcohol services to the needs of people using services and is this evidenced in outcomes and performance data? ([Part 2, page 27](#))
- how effective are the funding arrangements for drug and alcohol services for achieving objectives in national strategies, and what is the balance of investment across different types of services? ([Part 3, page 40](#))

**8.** Audit Scotland first published a review of [Drug and alcohol services in Scotland](#) in 2009. We subsequently published briefings on drug and alcohol services in [2019](#) and [2022](#).



**9.** Key findings from the 2022 briefing included:

- a lack of leadership from the Scottish Government
- a lack of transparency over how much is invested in alcohol and drug services, the sources of funding, and where that funding is directed to
- the need for an integrated plan that sets out how investment in evidence-based strategies and interventions can improve outcomes.

**10.** Our findings and recommendations in this report are based on evidence gathered through document review, data analysis, and interviews. We thank those with lived and living experiences of alcohol and drug services for taking part in focus groups and the alcohol and drug partnership (ADP) support teams at Glasgow City and North Ayrshire ADPs for facilitating these discussions.

**11.** To better understand how local pressures and challenges are being addressed our fieldwork focused on three ADP areas: Clackmannanshire and Stirling, Glasgow City and North Ayrshire. We also engaged with ADP and Integration Joint Board officers in the Western Isles, Scottish Government policy leads, and a range of national organisations across the public and third sector.

**12.** The scope of our audit did not include the criminal justice system's approaches to preventing drug harm through tackling the supply of illicit drugs.

# 1. Leadership and delivery of national policy

## Alcohol and drug services are complex and delivered by a wide range of stakeholders

**13.** Alcohol and drug services include those specifically set up to reduce the risk of harm to, or to treat and aid the recovery of, people who use alcohol or drugs in a harmful way. The services are planned, managed and provided by a wide range of stakeholders ([Exhibit 2, page 13](#)).

The Scottish Government has overall responsibility for alcohol and drug harm policy and works closely with Public Health Scotland (PHS) and Healthcare Improvement Scotland (HIS) to monitor performance and improve services.

**14.** Integration Authorities receive around 70 per cent of all alcohol and drug funding and have delegated responsibility for providing local alcohol and drug services, coordinated by ADPs. These partnerships commission services from statutory health and social care partners and from third sector providers. ADP membership is set out in the [Partnership Delivery Framework to Reduce the Use of and Harm from Alcohol and Drugs](#). ADP membership includes the local authority, NHS board, integration authority (IA), Police Scotland, Scottish Prison Service, third sector organisations and community members, and may include the ambulance and fire and rescue services.

**15.** The Scottish Government funds seven key **third sector** partners to deliver projects that help support a range of national initiatives. It also allocates £13 million each year to the [Corra Foundation](#) for distribution to local grassroots and third sector organisations that provide services.

**16.** A four-tier model of service provision is in place ([Exhibit 2](#)). Low-level interventions include advice given by GPs, social workers or school nurses. Services for people at highest risk of harm include community-based interventions, specialised treatment, and residential specialised alcohol and drug treatment and rehabilitation services.

**17.** Alcohol and drug support can be accessed through a GP or hospital, or by self-referral to specialised alcohol and drug treatment services. Many local and national third sector organisations provide community-based support services. For people in recovery, ongoing support is often provided through peer support in recovery communities. This includes recovery cafés where holistic support is available to help people in recovery with employment skills, housing issues and

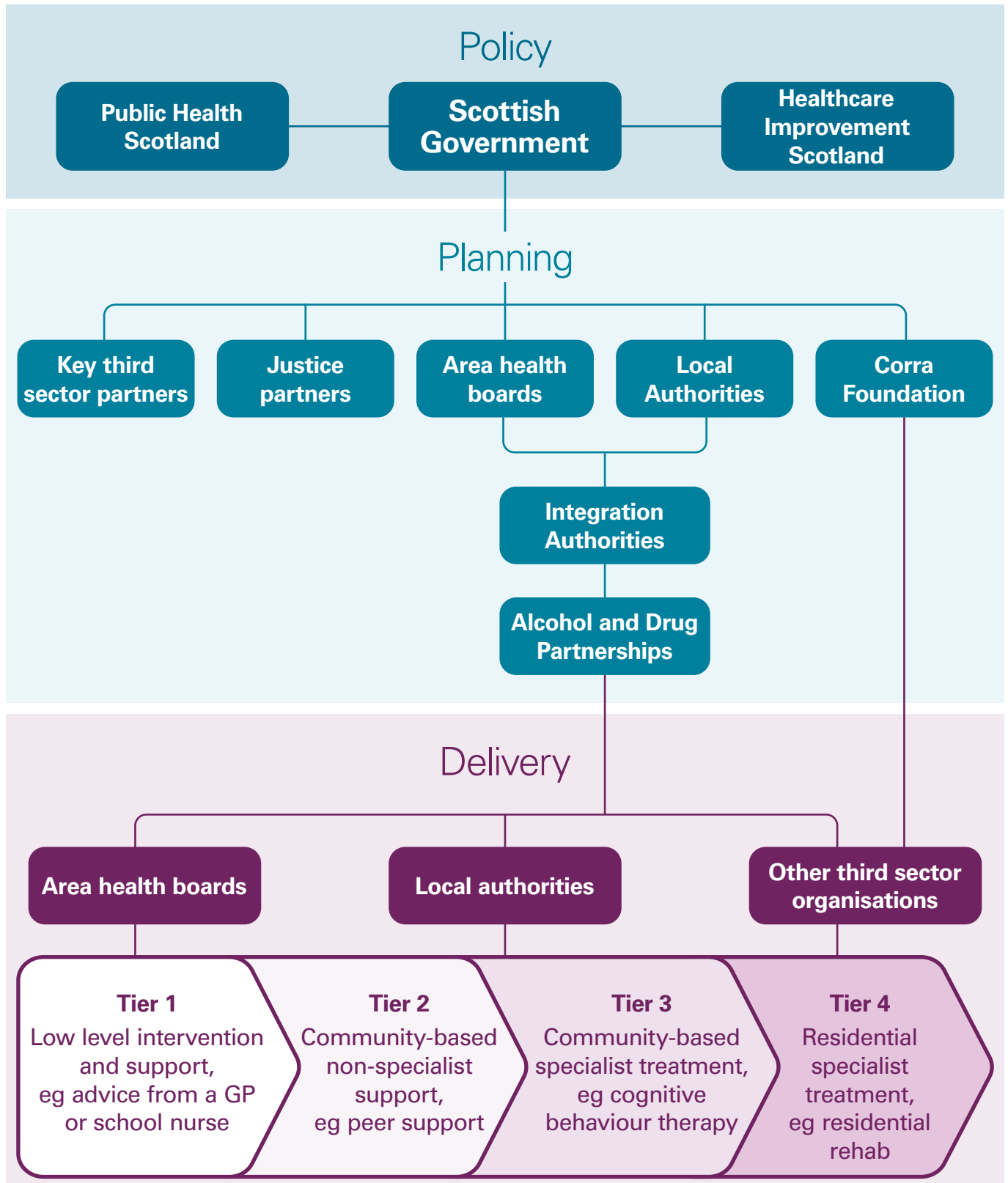


The **third sector** is made up of non-governmental and non-profit-making organisations or associations with a focus on social impact and community change. It includes charities, voluntary and community groups, and cooperatives.

## Exhibit 2.

### Alcohol and drug services landscape

Alcohol and drug services are planned, managed and delivered by a wide range of stakeholders.



developing life skills. Family members are often at the forefront, providing support for loved ones with alcohol and drug problems.<sup>13</sup> A 2021 [Ask the Family](#) survey found that for every person who has a difficulty with drugs or alcohol, on average, 11 other people are affected by harms associated with a loved one's substance use.<sup>14</sup>

## National leadership of alcohol and drug policy and services has improved since we last reported on it

**18.** In our 2022 briefing [Drug and alcohol services: An update](#), we highlighted a lack of drive and leadership by the Scottish Government and a need for clearer accountability among all partners. Through our fieldwork we found that leadership has improved. Examples include:

- expanding the role of the Minister for Drugs to Minister for Drugs and Alcohol Policy from April 2023 with the aim of raising the profile of both alcohol and drug services; the new minister engaged well with ADPs and local service providers and provided direction to ADPs following slow progress in implementing **medication assisted treatment (MAT) standards**<sup>15</sup>
- reviewing the [minimum unit pricing](#) policy and securing the Scottish Parliament's agreement to continue the policy and to increase the minimum unit price from 50 pence to 65 pence from 30 September 2024. A 2023 Scottish Government commissioned evaluation published by PHS estimated that the policy had reduced the number of deaths directly caused by alcohol consumption by 13 per cent and was likely to have reduced hospital admissions wholly attributable to alcohol consumption by over 4 per cent<sup>16</sup>
- investing in key areas through the **National Mission**, including implementing MAT standards, and increasing the number of residential rehabilitation beds and publicly funded placements
- playing a key role in supporting Glasgow ADP's efforts to establish a [safer drug consumption facility](#), including engaging with the Crown Office, and providing funding for a three-year pilot
- establishing a [National Collaborative](#) to integrate human rights into drug and alcohol policy development
- supporting people with lived and living experience to be increasingly involved in shaping drug and alcohol services and funding ADPs to do this.



**MAT standards** are ten evidence-based standards of treatment to enable the consistent delivery of safe, accessible, high-quality drug treatment across Scotland.



The **National Mission** is the Scottish Government's programme to reduce drug-related deaths and harms, supported by £250 million of funding between 2022–26.

## **Local leadership and accountability arrangements are complex, and the Scottish Government retains some control over how ADPs coordinate services locally**

**19.** A Partnership Delivery Framework to Reduce the Use of and Harm from Alcohol and Drugs was published in July 2019 following approval by the Convention of Scottish Local Authorities (COSLA) leaders and Scottish ministers. This sets out a shared ambition across national and local government that local areas should have a strategy and delivery plans in place to achieve local outcomes to reduce the use of, and harms from, alcohol and drugs.

**20.** Alcohol and drug services are delegated from local authorities and NHS health boards to Integration Authorities (IAs) who are responsible for the planning of these services and deciding how resources are used. Each IA has an ADP, comprising statutory partners from the respective local authority and health board, as well as police and voluntary agencies. While ADP members have statutory responsibilities, ADPs themselves are not statutory bodies. Despite this, ADPs are held accountable for the IA coordinating and providing services that meet local need, and for implementing national drug and alcohol policies.

**21.** The Scottish Government attempts to strike a balance between giving ADPs the necessary freedom to coordinate services while retaining sufficient control over how resources are used to deliver national priorities. ADPs have had an increasing say on how budgets are spent. There are potential benefits in increasing this further, but no longer-term plan for how or when that will be achieved. The Scottish Government does not consider ADP governance and their financial and performance reporting arrangements sufficiently mature at present to make giving full autonomy to ADPs appropriate. It also sees a need for some ring-fenced funding to be retained to deliver the priorities of the National Mission or other future national priorities.

## **ADP support teams play a key role in coordinating services, but local leadership and collaborative working could be strengthened**

**22.** ADPs employ support teams led by ADP coordinators to deliver national priorities, and local alcohol and drug strategies. They are also responsible for facilitating partnership working and measuring service performance for reporting to the IA and to the Scottish Government. The support teams can be small and have limited capacity. ADPs could increase support team capacity, however this would reduce the funding available for commissioning and providing services.

**23.** A strategic priority of IAs is to shift resources towards community-based services. Despite this, we heard that ADP funding remains largely committed to maintaining current NHS services. Shifting focus

to prevention and more community-based support models is difficult, as clinical services are well established and experience high levels of demand from people at crisis point. Our 2018 report [Health and social care integration: Update on progress](#) highlighted a lack of collaborative leadership and cultural differences as barriers to integration. In this audit and our 2024 report [Integration Joint Boards' Finance and performance](#), we heard that these barriers are still an obstacle to changing how services are delivered.

**24.** ADP coordinators have a significant local leadership role in bringing together partners to work towards common goals. During our fieldwork we heard that having the right people in the role is key to achieving this. However, ADPs cannot address the issues of drug and alcohol harm alone and there needs to be collaborative working, with clear and consistent leadership, across all sectors. Accountability needs to be clearer across partnerships where multiple public bodies are providing services and how they are collectively contributing to improving outcomes.

**25.** In Clackmannanshire and Stirling ADP, there was evidence of effective collaborative working. The ADP implemented a Commissioning Consortium approach with IJB support and worked jointly with Falkirk ADP. This brought together both ADPs, delivery partners, and people with lived and living experience of alcohol and drug use to review their existing treatment contract and develop a new model of care.

## The Scottish Government has made progress in implementing our previous recommendations, but delivery of some key national plans has been slow

**26.** The Scottish Government has made good progress in implementing recommendations set out in our 2022 briefing on alcohol and drug services, although this has focused mainly on tackling drug-related harm. Four of the five recommendations have been implemented ([Appendix, page 50](#)). The Scottish Government is working with PHS to consider the outstanding recommendation.

**27.** Despite this, the Scottish Government has several key actions it has yet to fully implement. These include some of the actions in response to the **Scottish Drug Deaths Taskforce (DDTF)** recommendations in 2022 and to deliver National Mission outcomes. Areas where progress has been slow include:

- publishing a mental health and substance use protocol that sets out how services should deliver joined-up care: the Scottish Government has commissioned HIS to support this improvement plan and work is under way, including stakeholder engagement, an evidence review and a gap analysis, to develop a protocol that will meet the recommendations from the [rapid review](#) that prompted this work



The [Scottish DDTF](#) was established in 2019 to identify measures to prevent and reduce drug use, harm and related deaths.

- delivering a stigma action plan (published in January 2023) including undertaking an internal review of corporate policies and implementing an accreditation scheme for service providers
- implementing a **drugs and alcohol workforce action plan** by carrying out a workforce mapping exercise comparing the skills and capacity needed with current staff resources and developing a workforce competency framework
- implementing alcohol marketing reform as set out in the [Alcohol Framework 2018: Preventing Harm](#).

**28.** The Scottish Government has not clearly set out timescales for delivery of these actions. The significance of these outstanding actions and impact on people accessing services is considered in more detail in [Part 2, \(page 27\)](#).

### **Effective use of data is improving services, but limited information sharing is a barrier to taking a whole-systems approach**

**29.** Surveillance and data are one of the six cross-cutting priorities of the National Mission 2022–2026. We found good examples of where data is used to reduce the risk of drug harm:

- [Rapid Action Drug Alerts and Response \(RADAR\)](#) is a PHS-coordinated early warning system that identifies trends in drug use and increased risk, including the current rise in detecting nitazenes, and shares this information with local services.
- A Surveillance Study of Illicit Substance Toxicity (ASSIST) is a pilot toxicology study funded by the Scottish Government that uses samples taken from patients attending an accident and emergency department to identify key data on the emergence of new drugs or trends in drug use.
- Glasgow City ADP has set up an intelligence hub, bringing together and analysing police, health and social care data to inform strategic service planning and provision.
- Near-fatal overdose treatment pathways developed by the Scottish Ambulance Service harm reduction team are supporting outreach work.

**30.** The PHS Drugs team is also working on a [Scottish public health data linkage programme](#) that aims to collate data on hospital admissions, death registrations and specialist drug treatment episodes and prescriptions to better understand the size and composition of the population with a drug use problem.



The Scottish Government's [Drugs and Alcohol Workforce Action Plan](#) sets out the key actions that it will support to deliver a sustainable, trauma-informed, skilled workforce with the capacity to deliver a person-centred, rights based approach.

**31.** Public Health Scotland's [Drug and Alcohol Information System \(DAISy\)](#) was launched in April 2021. DAISy is a national database that was developed to collect information from alcohol and drug services delivering tier 3 (specialised alcohol and drug assessment and coordinated care planned treatment) and tier 4 (residential) services.

**32.** Statutory and third sector service providers have, however, had difficulty recording and uploading data to DAISy and data is incomplete. In June 2023, PHS reported that only 70 per cent of eligible initial assessments for treatment were submitted to DAISy in 2021/22. In 2022/23, the figure dropped to 66 per cent of cases. PHS concluded, however, that the data for these individuals was representative of the population assessed for specialist alcohol and drug treatment.<sup>17</sup> The Scottish Government has recognised that problems with DAISy persist, meaning there is lack of confidence in performance reporting and understanding of need and demand for services. A review is under way and due to complete in 2025.

**33.** Protecting patient data is important, therefore information governance and data protection procedures need to be in place to do this. However, NHS and local authority patient information held on different information technology systems, and the respective workforces not sharing data to provide joined-up services, are barriers to good information sharing. Medical records for people in prison are also held on a separate system, often leading to people experiencing delays in getting prescriptions when entering or leaving prison.

**34.** Third sector service providers, including those who deliver outreach, are frequently unable to access data held by **statutory services**, particularly the NHS, on where their services are most needed. Lack of access to information currently withheld on the grounds of patient confidentiality or the General Data Protection Regulation (GDPR) prevents third sector service providers from supplying targeted outreach services.

**35.** The Scottish Ambulance Service has a Scottish Government funded harm reduction team. This team has put in place a non-fatal overdose information sharing agreement with local health boards to resolve the above barrier to information sharing. This has allowed the ambulance service to share information on patients who have experienced an overdose but may not be known to alcohol or drug treatment services. This has permitted the health board or commissioned third sector partners to contact those patients and give them the support they need ([Case study 1, page 19](#)).



**Statutory services** are those delivered by either the NHS or the local authority as statutory partners with a requirement set out in legislation to provide support to people who need it.



## Case study 1.

### Good information sharing between stakeholders can lead to a better experience of services and improved outcomes

'Angela' has suffered domestic and sexual violence for most of her life and has been using drugs for around 15 years. She was financially dependent on her abusive partner who also used drugs. Abandoned by her partner, Angela was left to die in a derelict property until someone found her and called for an ambulance. This triggered the near-fatal overdose response in which an outreach team sought to contact Angela to check on her welfare.

The assertive outreach team located Angela and, by gaining her trust and providing support, coordinated a bespoke package of support to help her, including the following:

- referral to Women's Aid for further support
- placement in a women-only hostel
- offer of support and same-day prescribing (however Angela was not ready to engage with this)
- provision of harm reduction advice and regular contact.

Within a year, Angela was rehoused in another area to escape her ex-partner. Links to the GP and benefits system were all maintained to allow a smooth relocation. She now attends a local women-only recovery group and has begun opioid substitution treatment. Angela is on a pathway to recovery, and her general health and wellbeing are considerably improved.

Source: Scottish Ambulance Service

## A wide range of national programmes focusing on young people could help to prevent alcohol and drug harm

**36.** Outcome 1 in the National Mission is that fewer people develop problem drug use, and many approaches to preventing alcohol and drug harm focus on young people. Key Scottish Government priorities include reducing child poverty and delivering **The Promise** for care-experienced children and young people (see our briefing on [Tackling child poverty](#)). Early intervention approaches include tier 1 and 2 services aimed at helping young people before they begin using substances and preventing the development of problem substance use.



**The Promise** sets out the Scottish Government's commitments to people with care experience. The Promise Scotland was set up in 2021 to support delivery of The Promise by 2031.

**37.** The Scottish Government is investing £1.5 million of National Mission funding to pilot **Planet Youth** models across six areas. These two-year pilots run until 2025 when they will be evaluated for impact. Between 2021 and 2023 the Scottish Government also allocated funding to the Corra Foundation to support over 18,000 people across 35 projects to prevent problem drug use.

**38.** Education Scotland has a role to play in preventing harm, and the DDTF recommended that Education Scotland develop a new education programme on drugs. No timescales were set for this work which is ongoing and includes:

- engaging with alcohol and drug practitioners to review the online professional learning resources on substance misuse available to teachers
- developing professional learning programmes for aspiring principal teachers of guidance.

## Better engagement with pupils is needed to identify effective ways to provide education on the risks of substance use

**39.** Our **youth advisory group (YAG)** identified the use of drugs, alcohol and vapes as a major issue for them in schools and their communities. The young people told us that the way substance use is addressed in schools is stigmatising and lacks empathy and understanding of the underlying reasons for using substances. They felt this could be improved by providing clearer health information, intervening early with primary school pupils, and training primary and secondary school teachers, providing them with effective education materials using real-life examples. They also talked about good practice in other areas, such as an information and awareness course on knife crime.

**40.** The use of vapes among young people is increasing. The [2022 Health behaviour in school-aged children survey](#) reported that vaping was now more common than smoking cigarettes, and the use of e-cigarettes had increased between 2018 and 2022 from 6 to 30 per cent of girls and 8 to 20 per cent of boys. The link between vaping and the use of alcohol or drugs is currently unclear, but members of the YAG felt strongly that they are closely associated.

**41.** More work is required in schools to engage with pupils and to understand which approaches are most effective in helping young people understand the risks associated with substance use. North Ayrshire ADP provides an example of engaging with young people from secondary schools to find out how information on the risks of using alcohol and drugs can be more effectively shared with them ([Case study 2, page 21](#)).



**Planet Youth** is a model that originated in Iceland that involves sharing data collected from young people with community groups who then create plans to improve the environments that young people grow up in.



Audit Scotland has a **youth advisory group** of young people aged between 10 and 18 that we meet with regularly to hear their views and experiences of topics under audit.

## Case study 2.

### North Ayrshire ADP engagement with young people on alcohol and drug education

In February 2024, North Ayrshire ADP hosted a young people's event bringing together 70 pupils from secondary schools across North Ayrshire to hear their experiences of alcohol and drugs education and how it could be improved. Key themes from the event were:

- Input from people with lived experience have more impact.
- Education on alcohol and drugs needs to be more innovative and reflect what young people experience in their communities.
- Young people are aware of, and have easy access to, alcohol and drugs, but are not always aware of the support and services available.

As a result, the North Ayrshire ADP has committed to involving people with lived experience in delivering prevention and education activity in schools. It is developing a support services directory so that teachers and parents or carers have a greater understanding of alcohol and drug support services available in North Ayrshire.

Source: Audit Scotland

## The Scottish Government has made £100 million available to support residential rehabilitation placements and capacity, but it is not clear if this will address demand

**42.** The Scottish Government's [Residential Rehabilitation in Scotland: Service Mapping Report 2019/20](#) highlighted an uneven geographical spread of 18 residential facilities across Scotland, with centres found in only 11 of 32 local authority areas. Four facilities were based in Glasgow and a further three in Inverclyde.

**43.** The Scottish Government set targets to increase **residential rehabilitation capacity**, following its 2021 report [Pathways into, through and out of Residential Rehabilitation in Scotland: Results from the residential Rehabilitation Providers Survey](#). This report found that the waiting time for a residential rehabilitation placement ranged from a few days to nine months. To meet its targets the Scottish Government has made available £100 million for residential rehabilitation facilities, including £18 million capital funding for building new facilities and £5 million per year for increasing service provision.



The Scottish Government aims to increase [residential rehabilitation capacity](#) by 50 per cent to 650 beds and the number of statutory funded residential rehab placements by 300 per cent to 1,000 each year by 2026.

**44.** A PHS baseline review of the residential rehabilitation programme published in February 2024 estimated that the number of beds had increased from 425 in 2020/21 to 457 (eight per cent).<sup>18</sup> The review indicated that for the programme to meet its 650-bed target by 2026 an additional 53 beds will be required in addition to existing beds and those that are currently planned.

**45.** PHS note that the increase in placements approved for public funding from 540 in 2021/22 to 812 in 2022/23 suggests that the Scottish Government is on track to meet its ambition of having 1,000 people publicly funded to go through rehab per year by 2026. However, these targets are not based on current or estimated demand, and the need for residential rehabilitation is difficult to measure. It is not clear whether this figure, if met, will be sufficient to meet the level of demand for residential rehabilitation required across Scotland.

**46.** In a 2024 PHS report exploring demand for residential rehabilitation among people experiencing problems with drugs, almost half (43 per cent) expressed a degree of interest in going into residential rehabilitation, and over ten per cent were actively considering applying for a placement within the next six months.<sup>19</sup> This data may be used to estimate likely demand for residential rehabilitation.

## The National Mission has focused attention on tackling drug harm and fewer initiatives specifically tackle alcohol harm

**47.** In 2018, the Scottish Government published [Rights, Respect and Recovery](#), a strategy to prevent and reduce alcohol and drug use, harm and related deaths, and the [Alcohol Framework](#) for preventing alcohol harm. Reducing harmful drug use has been the focus of several national developments in the last few years. This has led to a shift in focus away from tackling alcohol harm. Key developments in tackling drug-related deaths and harm are:

- The [Scottish DDTF](#) was set up in 2019 to ‘coordinate and drive action to improve health outcomes for people who use drugs’.
- A Minister for Drug Policy was appointed in December 2020 with responsibility to reduce drug harm.
- In 2021, the National Mission to reduce drug-related deaths and harm was announced, with **six outcomes** supported by an additional £250 million funding (£50 million per year from 2021/22 to 2025/26).
- New [MAT standards](#) were introduced – evidence-based standards to enable the consistent provision of safe, accessible, high-quality drug treatment across Scotland.



The **six outcomes** of the National Mission plan are:

- Fewer people develop problem drug use
- Risk is reduced for people who take harmful drugs
- People at most risk have access to treatment and recovery
- People receive high quality treatment and recovery services
- Quality of life is improved by addressing multiple disadvantages
- Children, families and communities affected by substance use are supported.

- The DDTF published [Changing Lives](#) in July 2022, making 20 recommendations and identifying 139 actions for Scottish Government and partner organisations.
- The Scottish Government published its [National Mission on Drug Deaths: Plan 2022–2026](#) in August 2022 and its [Drug Deaths Taskforce Response: A Cross Government Approach](#) in January 2023.

**48.** There have been no equivalent developments specifically focusing on reducing alcohol harm during this period, and the Alcohol Framework has not been updated in six years. UK-wide treatment guidelines for alcohol have yet to be implemented. These were consulted on in late 2023 and are due to be published by the end of 2024.<sup>20</sup> In response to a DDTF recommendation, the Scottish Government is due to publish a national specification in early 2025. This will set out the alcohol and drugs treatment and recovery services that should be available to anyone who needs them.

**49.** ADPs have focused on MAT standard compliance, leading to less focus on tackling alcohol harm. Between 2021/22 and 2022/23 drug-related hospital admissions decreased by 23 per cent, whereas alcohol-related admissions decreased only by 11 per cent.<sup>21, 22</sup> The underlying reasons behind the decreases in hospital admissions are not fully understood. Alcohol-specific death audits that allow a better understanding of the people most at risk, and the underlying causes, of alcohol harm are rarely undertaken ([Exhibit 3, page 24](#)). This is despite the fact that more people die from alcohol harm than from drug harm. In September 2020, the Minister for Public Health, Sport and Wellbeing wrote to ADPs supporting [Alcohol Focus Scotland guidance](#) on alcohol death reviews and asked ADPs to carry out a review every three years.

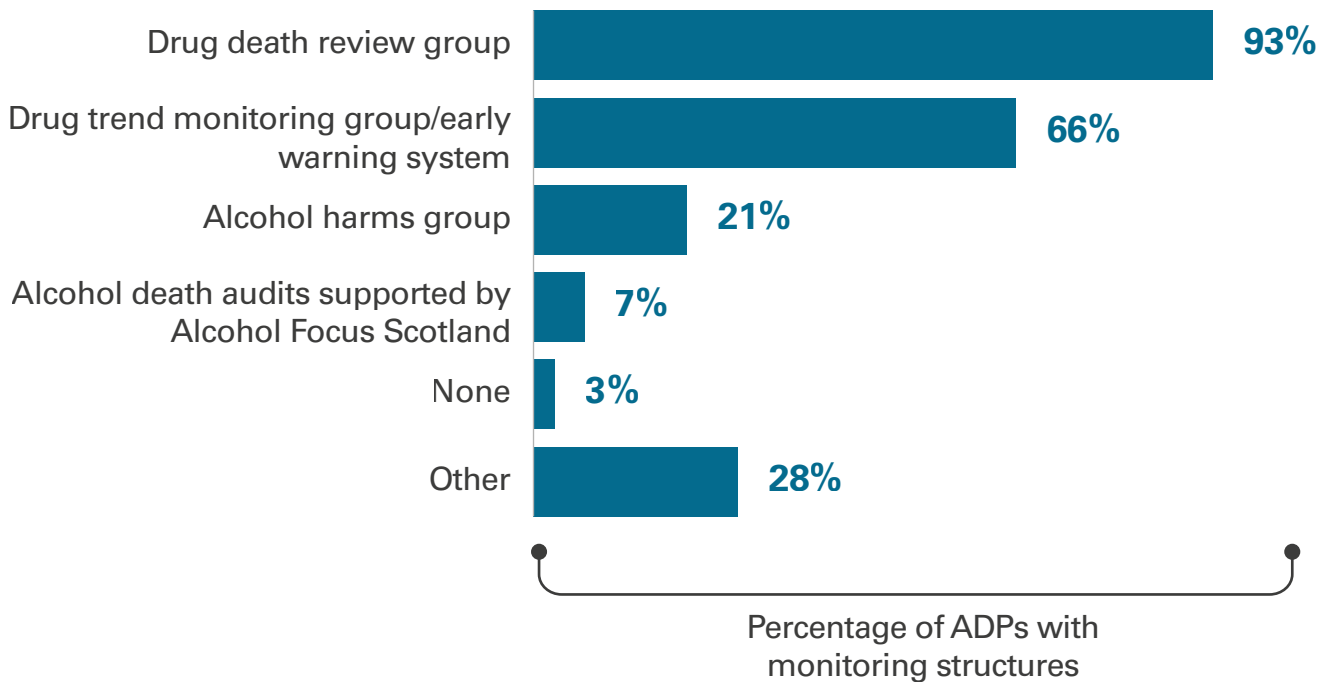
**50.** Data on waiting times for access to alcohol or drug treatment shows that over half of people referred to alcohol and drug services need support for alcohol use.<sup>23</sup> Over the ten reporting quarters to June 2024, 51 per cent of referrals were for alcohol treatment, 35 per cent for drug treatment, and 14 per cent for co-dependence.

**51.** National stakeholders highlighted to the Scottish Government ADP hesitation around investing National Mission funding to reduce drug-related deaths and harms in initiatives that address both alcohol and drug harm. The Minister for Drugs and Alcohol Policy wrote to ADPs in August 2023, to 'reaffirm the commitment of the Scottish Government to treating both drugs and alcohol harms as important health priorities'.

## Exhibit 3.

### ADP structures for the surveillance and monitoring of alcohol and drug harm or death

Ninety-three per cent of ADPs had drug death review groups, which may incorporate alcohol deaths, but only seven per cent carried out alcohol death audits in 2022/23.



Note: Just over a quarter of ADPs (28%) said they had 'Other' surveillance and monitoring systems in place, which included additional multi-agency groups such as drug death prevention groups and other public health surveillance tools.

Source: [ADP 2022/23 Annual Survey](#), Scottish Government, September 2023

## Alcohol and drug service providers are beginning to take a human rights-based approach, but people are often unaware of their rights

**52.** Many people with problematic alcohol or drug use are unaware of their rights and often feel that they are not entitled to, or do not deserve, support. This can prevent them from accessing services. [Reach Advocacy](#) has worked with ADPs to train staff and members of recovery groups on their rights. However, limited staff availability for attending optional training, and reduced funding for Reach Advocacy, has led to a slow roll-out across services, particularly in health. In 2022/23, 86 per cent of ADPs reported that they had advocacy services in place.<sup>24</sup> Despite this, we heard that funding for advocacy provision is limited, and gaps remain.

**53.** Ahead of a proposed new [Human Rights Bill in Scotland](#), the Scottish Government set up a National Collaborative in 2022 to integrate human rights into alcohol and drug policy development. The [National Collaborative Roadmap](#) sets out how this will be delivered through a rights charter, co-designed by the Scottish Government, service providers, and people with lived or living experience.

**54.** A [draft charter of rights](#), summarising the key rights and how they apply to people affected by substance use, was published in December 2023. The final charter is due to be published in December 2024. Toolkits and guidance will be developed to help services implement the charter, including ADPs engaging with people on lived experience reference panels.

## **People with lived and living experience increasingly support service design and delivery but progress varies across ADPs**

**55.** Placing people with lived and living experience at the heart of alcohol and drug services is one of the six cross-cutting priorities of the National Mission. Around £0.5 million of National Mission funding is allocated to ADPs each year to invest in setting up lived experience reference groups. In the 2022/23 annual survey of ADPs, 29 of the 30 ADPs that responded reported some level of involvement of people with lived and living experience within the ADP structure. While this is a welcome development, the level of involvement varies.

**56.** Glasgow ADP has well-established arrangements for engaging with its lived and living experience community. Following a period of informal representation at ADP meetings, a mixed (male and female) lived experience reference group first met in June 2021. The model has developed, and Glasgow now has four reference groups (mixed, women, families and staff) that report directly into the ADP Strategic Board and the senior management team. Lived experience reference groups were less advanced in our other fieldwork sites. North Ayrshire ADP and Clackmannanshire and Stirling ADP have only recently set up panels.

**57.** Members of the mixed and women's reference groups told us that they felt listened to and that action was taken based on their feedback. Glasgow alcohol and drug recovery services now require all newly appointed staff to visit recovery communities, reflecting a recommendation from the lived experience reference groups. People with experience of drug dependence have also played a role in the design and operation of the new safer drug consumption facility in Glasgow. They have informed the layout and furnishings of the facility and helped to recruit staff to run and operate it.

**58.** The influence of people with lived and living experience is increasing but remains limited. SDF supports people with experience of substance use to form local engagement groups across Scotland and employs

staff with lived experience to support them. Local groups share their experiences with service managers and commissioners to help improve services and inform local policy. At a national level, groups collaborate to ensure that the voice of lived experience is represented in the development of national policy and influences change. A larger cultural and structural shift is needed to maximise the benefits of participation in local strategic service planning. Barriers to progress include:

- concerns in ADPs about the most effective way of sharing critical feedback from reference groups with a workforce that is under pressure and feels undervalued
- managing the investment needed to train and support people participating in reference groups and bring in new members to keep experience current and ideas fresh
- managing reference groups' expectations of the impact they can have in the short term when system change can be complex and slow
- the time needed to build trust and good relationships between officers and reference group members
- limited funding for compensating people with lived and living experience for taking part in reference groups.

**59.** In February 2024, the Scottish Government published [guidance](#) on paying participant expenses and compensating people with lived or living experience for their time. Budget limitations mean that this is not something that can be easily implemented locally without other services being affected. A role for unpaid volunteer work within services remains, particularly for people in the early stages of recovery.



## 2. How services are responding to people's needs

### Not everyone is accessing the alcohol and drug services they need

**60.** It is difficult to estimate the total number of people who need support for alcohol or drug use as many are not known to services. A [2014 report by NHS Scotland](#) (now PHS) estimated that only one in four adults with alcohol dependence were in contact with services. In 2023, [Alcohol Focus Scotland](#) reported a 40 per cent decrease across Scotland in the number of people accessing specialist alcohol treatment over the previous ten years.<sup>25</sup> As alcohol-specific deaths in 2023 were at their highest level since 2008, this suggests that the need for support could be much higher than that currently provided.

**61.** In 2019/20, the estimated number of people with opioid dependence in Scotland was 47,100 and an estimated 61 per cent of people with opioid dependency received opioid substitute treatment (OST) at some point during the year.<sup>26</sup> Drug-related death reviews carried out by Glasgow ADP indicated that in 2023, 61 per cent of those who died were not in medication assisted treatment at the time of their death. North Ayrshire ADP reported that in 2022/23, 20 of the 33 people who died from drug-related causes (60 per cent) were not engaging with services. In October 2024, a PHS report analysing drug-related deaths registered in 2019 and 2020 found that two-thirds (65 per cent) of people had been in contact with a service for their problematic drug use or deliver harm reduction interventions in the six months before death.<sup>27</sup>

**62.** In response to an apparent reduction in the number of people accessing specialist alcohol and drug treatment, PHS is carrying out a review and is due to report by the end of 2024.

### People face many barriers to accessing services that are not always tailored to individual need

**63.** Lived experience groups that we spoke to described how difficult it can be to recognise when help is needed – to know how and where to ask for help, to feel undeserving of or unentitled to help, or fear the consequences of asking for help. All this means that there are many people who, for different reasons, are not engaging with the alcohol and drug treatment services that they need.

**64.** People with lived and living experience of drug and alcohol treatment services have highlighted many different barriers to

accessing and receiving high-quality and person-centred treatment. [Exhibit 4 \(page 29\)](#) maps a journey through a treatment pathway of different services and highlights some of the structural, service and personal barriers that can prevent people from accessing or staying in treatment.

### **Individuals already facing disadvantage can experience a wide range of barriers to accessing services**

**65.** People already facing disadvantage can find it more difficult to access services due to stigma, structural barriers and inequality. This includes LGBTQ individuals, those who are neurodiverse, those who are digitally excluded, and those for whom English is not their first language. People from ethnic and cultural backgrounds, where there is stigma attached to drinking alcohol, can find it difficult to seek support for an alcohol or drug problem.

**66.** Gender-sensitive approaches to service planning are required to meet the needs of women affected by alcohol or drug use. [Research in Dundee](#) has highlighted that vulnerable women, often having experienced a range of complex issues including domestic or sexual violence, are unable to access the services they need to support their recovery.

**67.** There is a shortage of gender-specific services for people using alcohol or drugs. Women-only support and recovery services are provided in some areas, providing trauma informed support and mental health counselling alongside women and children facilities, but these are not widespread. The 2022/23 ADP survey indicated that one-third of ADPs had no specific services in place for women. (See [paragraph 83](#) on residential rehabilitation facilities to support women and their children.)

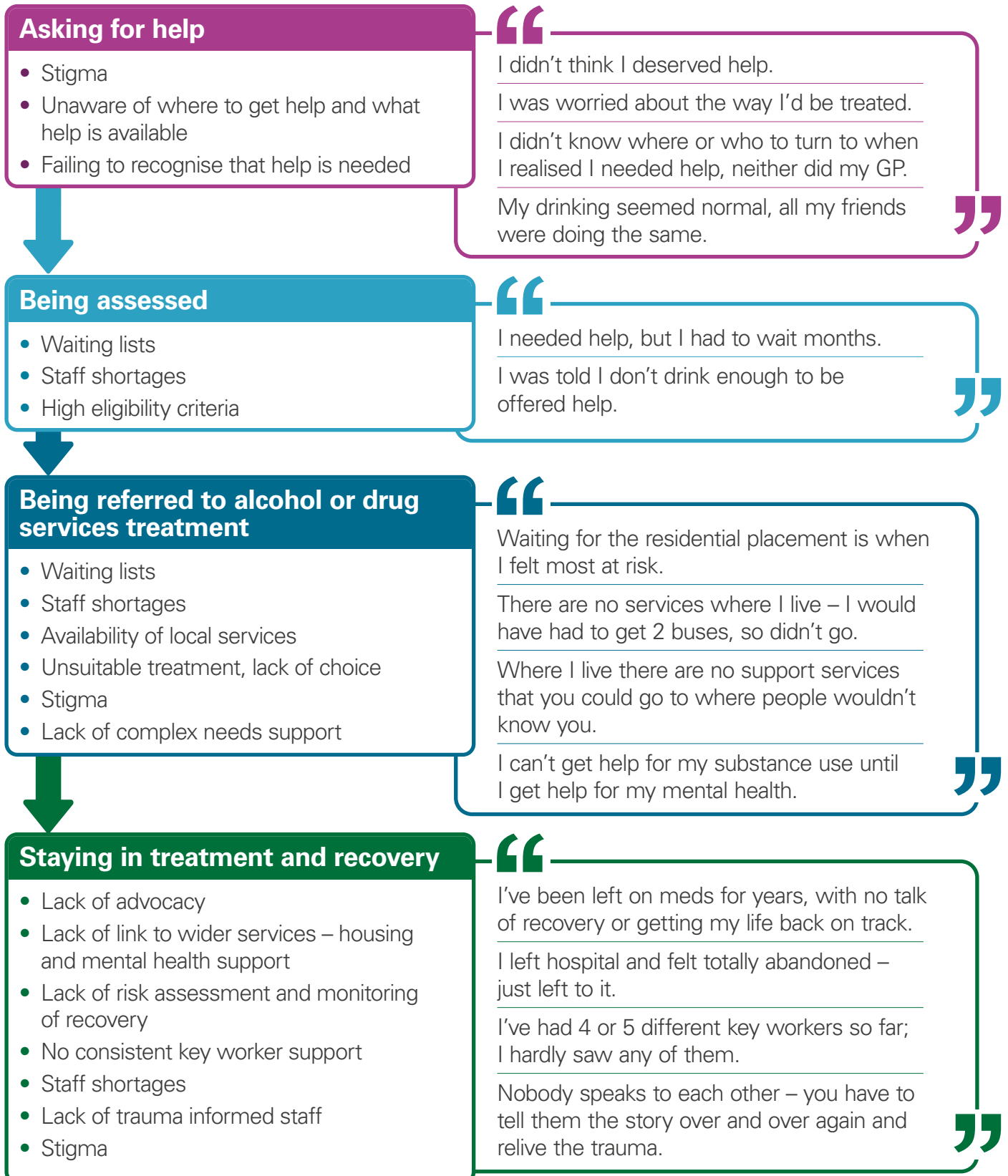
**68.** A 2021 Scottish Government [literature review](#) of the evidence for young people experiencing harm from alcohol or drug use highlighted wide geographical variation in the provision of treatment and recovery services for young people in Scotland. It also found little evidence of tier 3 and 4 (acute) services addressing the specific needs of young people.

**69.** Barriers to young people accessing services include a lack of awareness of services and waiting lists to begin treatment. Adolescent use of substances may be perceived as 'a phase' and negative attitudes to services are also contributory factors. For instance, a case study in Dundee ADP showed that individuals between 18 and 25 were often disengaged at the point of referral as they were too old for youth services but felt that adult services were not appropriate for them.

## Exhibit 4.

### Barriers to accessing alcohol and drug treatment and support

People with problem alcohol and drugs use can experience a wide range of barriers that prevent them from getting the support they need.



### People can face stigma from frontline staff

**70.** Stigma can be a barrier that prevents people from seeking help, because they feel undeserving of or unentitled to support or because they have previously been treated unfairly or without respect. The people with lived experience that we spoke to described being stigmatised and treated unfairly by some staff which discouraged them from remaining in treatment.

**71.** ADPs include tackling stigma in their strategic plans. However, a 2023 qualitative review of ADP strategic plans highlighted a lack of clarity and consistency in how stigma will be tackled.<sup>28</sup> The [Scottish Drugs Forum](#) (SDF) provides anti-stigma training to frontline staff, and medical students are increasingly engaging with people with lived and living experience of alcohol or drug harm to address stigma ([Case study 3](#)).

## Case study 3. Conversation cafés have helped to destigmatise alcohol and drug dependence

[Humanising Healthcare](#) is a Community Interest Company which works with universities throughout Scotland to humanise medical education and to help build healthy communities. Humanising Healthcare and University of Dundee brought together 89 medical students and people with lived experience of substance use at 'conversation cafés' in October 2022.

The event received overwhelmingly positive feedback, with all students stating that the session had changed their beliefs about addiction and helped break down stigma. Conversation cafés have since been introduced into the curriculum for all year 3 medical students at University of Dundee.

Other pilot events at universities in Aberdeen and St Andrews and a post-graduation event with GPs in Glasgow have produced similarly positive results, with attendees stating that they would change the way they interact with people with addictions.

Source: Audit Scotland

### Services in rural areas are limited and more difficult to access

**72.** For people living in rural areas, services can be harder to access and difficulties maintaining anonymity in small communities can put people off seeking help. There may be less choice than in urban areas. The costs of providing services across widely spread and remote populations are higher, and recruiting staff can be particularly difficult because of a lack of people with the necessary skills in rural areas.

**73.** Poor transport links, the cost of travel and the associated time commitment can be prohibitive, particularly for people at high risk and in the early stages of recovery. In the Western Isles, for example, meeting the MAT standard for same-day treatment becomes increasingly challenging for people not living close to the main town Stornoway. A poor internet infrastructure is also a barrier to accessing services remotely, particularly where in-person appointments are not offered. We highlight this issue in our [Tackling digital exclusion](#) report.

### **Eligibility criteria used to target the most at risk are a barrier to accessing services for many people**

**74.** Limitations in funding and workforce capacity combined with high levels of need have led to tighter eligibility criteria for people needing to access treatment. A lived experience reference group told us that only people at the highest risk of harm were referred for treatment for alcohol dependence, because of the demand for services. Others at less risk were told they were not unwell enough. For example, in North Ayrshire and Glasgow, people said they were added to treatment waiting lists only if their needs had been assessed as 'critical' or 'substantial'.

**75.** Some areas are looking at different ways to address high levels of demand. For example, Glasgow ADP is piloting a new approach for people assessed as 'low risk'. They receive minimal specialist treatment support but receive recovery and social wellbeing support, including eight-weekly phone calls to check on their wellbeing. However, the lived experience group raised some concerns that this approach reduces people's visibility to services and increases their risk of relapse.

### **Waiting times for specialist treatment vary across Scotland and key Scottish Government targets are not being met by some NHS boards**

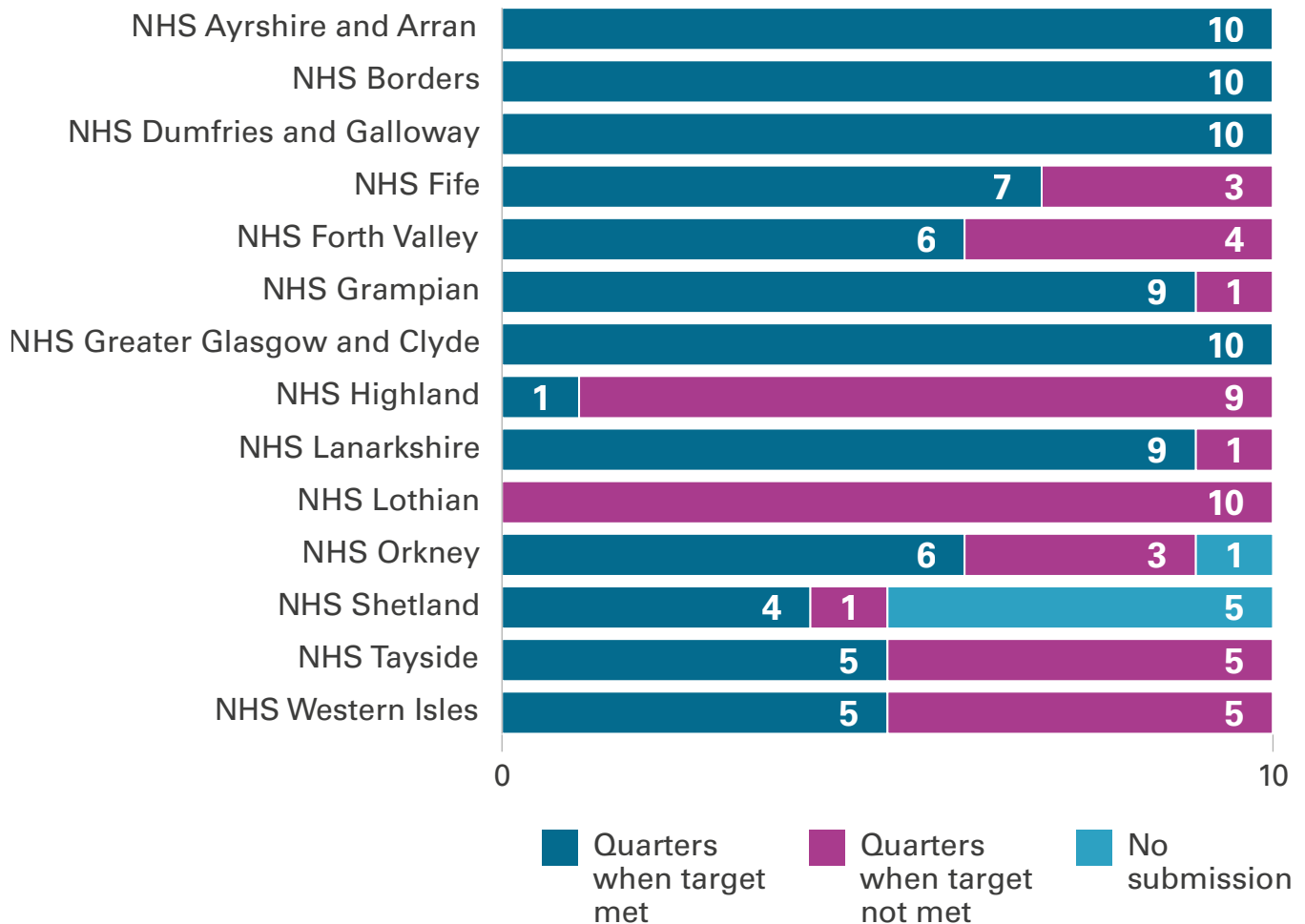
**76.** In 2011, the Scottish Government set a national standard that 90 per cent of people referred for specialist treatment for alcohol and drug use would begin treatment within three weeks. The three-week period covers the time from referral to treatment beginning and includes an initial assessment. In the period October to December 2023, five out of 14 NHS boards failed to meet the standard.<sup>29</sup> At NHS Forth Valley, less than 60 per cent of people referred began specialist treatment within three weeks during that period. Community-based service providers highlighted to the ADP that they did not have the capacity to begin treating patients within the required waiting time.

**77.** PHS published updated waiting time figures in September 2024. Excluding NHS Orkney and NHS Shetland, who were unable to complete the compliance sign off process within the specified timescales, nine NHS boards met the 90 per cent standard during the quarter to June 2024 with three narrowly missing it.<sup>30</sup> As shown in [Exhibit 5 \(page 32\)](#), four NHS boards have met the three-week waiting time standard in each of the last ten quarters to June 2024. Four boards have missed the standard at least half of the time, and NHS Lothian failed to meet it in any of the last ten quarters.

## Exhibit 5.

### National alcohol and drug treatment services performance on waiting times by territorial board

Four of the 14 NHS territorial boards have missed the three-week waiting time target in at least five of the ten quarters to June 2024.



Note: Shetland and Orkney were unable to submit waiting times data within required timescales for some quarters..

Source: [All releases of National drug and alcohol treatment waiting times, Public Health Scotland](#)

**78.** Dundee ADP advised us that because of problems with data collection and long waits not being accurately recorded, waiting times may be longer than reported in DAISy ([paragraph 32](#)). Waiting time pressures were also highlighted across our three fieldwork ADPs. In North Ayrshire, we heard that waiting times for residential rehabilitation could be up to four months. In Clackmannanshire and Stirling, we were told that waiting times for alcohol treatment were increasing, while in Glasgow we heard that **stabilisation services** also had a waiting list.

**Stabilisation services** aim to reduce excessive substance use through prescribing medication and providing psychosocial support.

## Investment in residential rehabilitation has increased but barriers to access remain

**79.** The Scottish Government has set out an aim for residential rehabilitation to be available to everyone who wants it and for whom it is deemed clinically appropriate. There has been a broadening of access through various referral routes for assessment for residential rehabilitation. In 2019/20, almost three-quarters, 1,556 of the 2,057 people assessed for residential rehabilitation, were deemed suitable.<sup>31</sup>

**80.** However, providers of residential rehabilitation set criteria for accessing their facilities to make sure there is a suitable match to the treatment programme as well as being clinically appropriate. Many people are identified as being unsuitable because:

- they have mental health issues, particularly those that are complex or severe
- there are no local facilities and for whom moving family and children would be impractical
- they are not ready to cope with the high intensity of a residential programme
- they are not able to meet the requirements of an abstinence-based approach.

**81.** As residential rehabilitation capacity increases, we heard that proper governance and regulation are needed to ensure that facilities meet appropriate standards. The PHS baseline review of residential rehabilitation points to evidence of ongoing capacity-related constraints, driven by the complexity of individual needs, length of stay and required interventions. There were also concerns that support and treatment for people leaving residential rehabilitation, particularly those in abstinence treatment programmes, needs to be better managed to reduce the risk of overdose.

**82.** For people for whom residential rehabilitation is appropriate, access is still challenging. A 2024 published survey of residential rehabilitation referrers found that only 24 per cent of respondents agreed that residential rehabilitation is easily accessible. A survey of individuals with experience of using drugs in Scotland highlighted a lack of awareness about residential rehabilitation as a treatment option. Only 19 per cent of respondents felt reasonably well informed about residential rehabilitation.<sup>32</sup> The Scottish Government launched a national online [directory of residential rehabilitation services](#) across Scotland in August 2024.

**83.** Other barriers to accessibility and availability are:

- distance to the nearest suitable residential placement (only half (14) of ADPs have a residential rehabilitation centre in their area)

- lack of suitable provision for some people, including those with caring responsibilities and those with mental health needs
- a requirement to reduce medication which has been prescribed to help treat an addiction or to be abstinent prior to admission
- ADPs having insufficient funding to pay for placements despite the additional investment since 2021
- a shortage of specialist providers and a need for further workforce training.

**84.** The PHS review of residential rehabilitation indicates that the impact of investment has been limited in some areas. The greatest benefits have been seen in areas with an established approach of referring people to residential rehabilitation. In areas where residential rehabilitation is not a standard approach, referrals are still less likely.

**85.** In August 2024, the Scottish Government launched a £2 million [Additional Placement Fund](#) to support ADPs to provide more than 100 additional rehabilitation placements where there is high demand. The Scottish Government has, through its residential rehabilitation capacity fund, also supported the development of the [Aberlour](#) mother and child recovery house in Falkirk to support women and children affected by problematic alcohol and drug use. Aberlour has another mother and child recovery house in Dundee.

## **Challenges in implementing MAT standards highlight areas where the needs of people in drug treatment are not being fully met**

**86.** MAT standards have been widely welcomed by stakeholders. However, target implementation dates have not been met, and deadlines for implementing the standards have been extended. ADPs are taking a phased approach to implementation, focusing on community settings first, with justice settings, including prisons, to follow later. The achievement of MAT standards varies across ADPs, and the qualitative evidence to capture people's individual experience is not well developed across every ADP to allow a comparative understanding of people's experience of services.

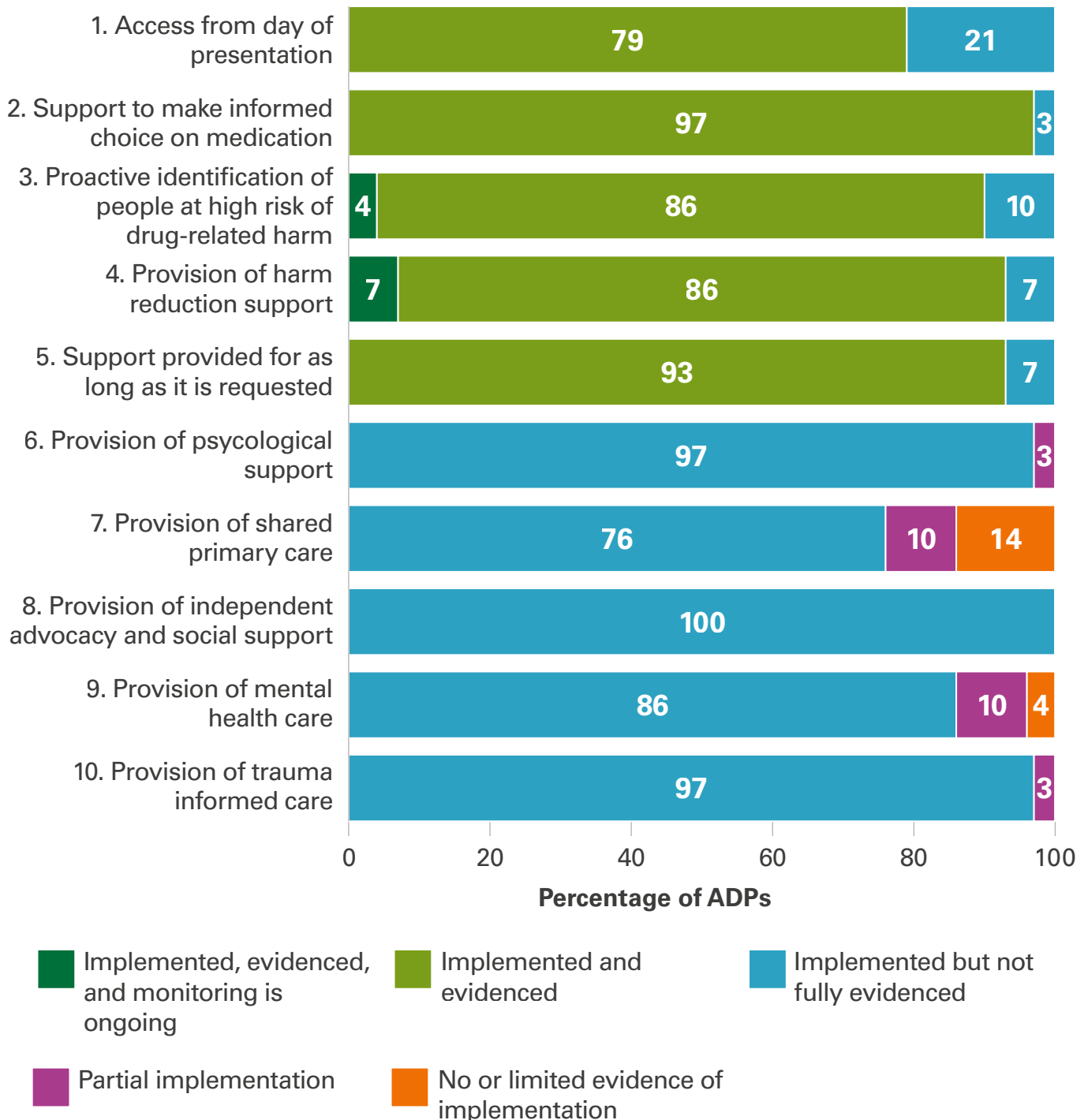
**87.** [Exhibit 6 \(page 35\)](#) shows the variability in progress on implementing MAT standards across all 30 ADPs. Less progress has been made in meeting targets for the provision of standards 6–10. These standards are more difficult to measure than the others, being based on people's experiences. Implementing the standards has been challenging because of a lack of capacity to meet high levels of demand and the structural changes needed. For instance, linking data systems across the NHS, local government and the third sector is complex and takes time. Therefore, there is more to be done before everyone can receive a consistent standard of the services they need.



## Exhibit 6.

### MAT standard implementation progress by ADP area

Initial target dates for implementing MAT standards have not been met and evidence of standards 6-10 being met is needed.



Source: [National benchmarking report on the implementation of the medication assisted treatment \(MAT\) standards: Scotland 2023/24](#), Public Health Scotland, July 2024

## The alcohol and drug workforce plays a key role in supporting people, but high turnover can have a negative impact on relationships

**88.** The alcohol and drug workforce plays a pivotal role in people's willingness to engage with services and to stay in treatment. Finding a key worker that people needing support can trust and build a stable relationship with is a vital part of recovery. Short-term funding of service providers means that much of the workforce is on short-term temporary contracts, particularly third sector providers. This can lead to high staff turnover as support workers seek longer-term job security which leads to continually training new staff, for example in how to take a trauma informed approach. This has a negative impact on people accessing treatment and the quality of support they receive, including:

- frequently meeting new key workers
- having to build new relationships
- having to re-tell their life histories.

**89.** For instance, in our North Ayrshire ADP fieldwork, difficulty in recruiting and retaining staff, and a lack of job security for both third sector and statutory service staff were highlighted as significant challenges. Where possible, longer-term contracts are being used to provide additional security to workers and some vacant fixed-term posts are being made permanent to make them more attractive to applicants.

## Staff often feel undervalued and at risk of burn-out and lack job security

**90.** A [PHS alcohol and drug workforce survey](#) published in May 2024 obtained the views of 553 staff who work in frontline alcohol and drug services (around 15–17 per cent of the estimated workforce).<sup>33</sup> The main challenges highlighted are:

- a high workload, including large caseloads and performance reporting burden – 63 per cent of respondents from statutory services reported feeling under pressure most of the time or all the time
- 50 per cent of respondents from statutory services reported feeling at risk of burnout a lot of the time or all the time
- staff feeling undervalued and under paid
- a lack of job security for staff on temporary contracts.

**91.** All ADPs reported in 2022/23 that they had provided a range of activities to support workforce wellbeing, including providing psychological support and wellbeing services, and managing caseload demand. Despite this, ADPs need to find ways of recruiting and retaining

a workforce that feels valued and supported to meet existing and future service demand, while also transforming services to provide treatment and support more effectively. The Scottish Government has set out actions to address the challenges experienced by the alcohol and drug sector workforce in its 2023–2026 action plan.

**92.** Volunteers play a pivotal role in supporting recovery within communities. Many have lived through or are living with addiction and recovery. ADPs highlighted a range of roles that volunteers have taken on to improve support and recovery, particularly within the community. This includes peer support, mentoring, and providing community recovery cafés and family support services. Volunteers welcomed the skills they developed, and the support provided by the ADP, including training courses and employment opportunities. ADPs report, however, that resource constraints limit training and the capacity to work with other organisations to help volunteers secure jobs in the sector. Costs to support volunteer engagement can also inhibit participation.

**93.** Lived experience groups talked of the importance of volunteers who understood the challenges faced, and of providing encouragement and support to people in similar circumstances. Actions set out in the Scottish Government's workforce action plan include funding SDF to deliver an Addiction Worker Training Programme. This programme allows people with lived and living experience of substance use to achieve an SVQ level 2 qualification in social services and healthcare. The programme has had a 90 per cent completion rate, with 85 per cent of people moving into further employment, many within health and social care. The Scottish Government has invested a further £480,000 per annum from January 2023 to support 20 more placements. This funding has been matched by SDF to increase the impact of the programme.<sup>34</sup>

## Progress in delivering person-centred services is mixed

### Not everyone receiving alcohol and drug treatment is able to access mental health support if they need it

**94.** MAT standard 9 states that people have the right to ask for mental health support while receiving treatment for drug use. In September 2022, the Mental Welfare Commission for Scotland published its [Ending the exclusion](#) report on the care, treatment and support for people with mental ill health and problem substance use. It concluded that national standards requiring services to work together had not been realised.

**95.** A [rapid review of mental health and substance use services](#) a few months later also recommended that the Scottish Government ensures that local areas have an agreed protocol for providing joined-up mental health and substance use services. The Mental Welfare Commission estimated that only a quarter of ADPs had clear, defined

protocols for ensuring that people accessing services could obtain support for mental health and alcohol or drug use. It was unaware of any self-assessment against those protocols to measure compliance.

**96.** We heard from stakeholders that people were still being 'bounced between services' and unable to access the treatment they needed. For example, poor mental health is the most common reason for a person not being referred to residential rehabilitation. People on medication are often required to come off medication to take up a placement.<sup>35</sup>

**97.** The PHS MAT standards implementation national benchmarking [report](#) for 2024 shows considerable improvement in implementing MAT standard 9 compared with the 2023 [report](#), but further evidence is needed to demonstrate the benefits to patients. During our audit we heard about some good practice. In North Ayrshire, alcohol and drug services sit within the mental health service team and the alcohol and drug service employs mental health practitioners. In Glasgow we were told that a 'no wrong door' system operates.

**98.** The Scottish Government has commissioned HIS to produce a 'gold standard' protocol that NHS boards can implement easily and against which they can self-assess compliance. A protocol reference group met in the autumn of 2023 and a draft protocol is in development.

### **People receiving housing benefit seeking residential rehabilitation, or transitioning in and out of prison, struggle getting housing support and risk homelessness**

**99.** Housing officers can be the first to identify an individual in crisis from substance use and have an opportunity to refer tenants to other agencies. However, the role of ADPs is not always widely known across other services and opportunities to provide additional support can be limited. This can lead to missed opportunities to intervene at an earlier stage and reduce the risk of eviction.

**100.** Systems for claiming housing benefits, and particularly dual payments for rent and for residential rehabilitation, are complex. The Housing Benefit Regulations do not permit housing benefit to be paid on a tenancy and on residential rehabilitation.<sup>36</sup> Therefore, if someone enters rehabilitation funded by social security payments, housing benefits paid on their tenancy stop. The Scottish Government opened a Dual Housing Support Fund in May 2021. Its purpose is to support people in residential rehabilitation by covering core rent while housing benefit or universal credit is diverted to the residential service. The impact of this programme has still to be fully evaluated.

**101.** [Cyrenians](#), a homelessness charity in Scotland, has highlighted that several challenges still exist. These include people leaving residential rehabilitation with rent arrears accrued or leaving prematurely because of concerns about rent arrears. Cyrenians told us that there is a lack of suitable housing for people without a fixed address leaving treatment and

that people are being discharged to 'sofa surf' or are given unsuitable temporary accommodation. A 2023 Scottish Government survey of **recovery housing** in Scotland found that 12 providers offered a maximum of 235 places with referrals often made for people leaving residential rehabilitation or prison.<sup>37</sup>

**102.** Continuity of care and treatment for people moving from the community into prison and back again remains a challenge. Added complications arise if people live in a different local authority area from where they serve their prison sentence.

**103.** The Scottish Government published [research in September 2022](#) on the support that people in prison need for substance use. This research found that literature on alcohol use in prisons is limited and often overshadowed by a focus on drug use. It identified a lack of treatment and continuity of support during the time leading up to a person going into prison, including the time spent in police custody. The report also highlighted interventions in prison focused on treatment for drug use and that other critical support needs, such as alcohol, mental health and housing support, were not adequately addressed.

**104.** Cyrenians told us that further complexities exist around homelessness support. Under the [Housing \(Scotland\) Act 2001](#), local authorities are not required to assist anyone threatened with homelessness until two months before the eviction date. People serving multi-year prison sentences, and therefore not classed as homeless, are unable to bid for housing until they are about to be released – despite waiting times in Edinburgh of over three years in some instances.



**Recovery housing** is typically provided by third sector organisations and is most commonly provided in the form of single occupancy flats where residents stay on average between 12 and 18 months.

# 3. Funding for alcohol and drug services

## **Funding for alcohol and drug services is difficult to track given the complex system in which they operate**

**105.** Measuring the overall costs of tackling alcohol and drug harm across Scotland's public and third sectors is extremely challenging. Prescribing costs for alcohol and drug treatment sit in NHS board pharmaceutical budgets rather than the alcohol and drugs policy budget. Costs borne by NHS acute services and wider social care which are attributable to alcohol or drugs cannot currently be disaggregated from wider health needs. Services such as housing also spend money on providing support for tenants on substance use that is not routinely measured.

**106.** Investment in prevention is difficult to define or measure because of how strategies to prevent alcohol and drug harm are funded. The Scottish Government's approaches to prevention are set out in its 2018 Alcohol Framework and its Rights, Respect, and Recovery strategy. These aim to reduce the harmful use of alcohol by addressing the affordability, availability, and attractiveness of alcohol. Wider preventative strategies include investment in tackling child poverty, and commitments to tackling inequalities and delivering the Promise for care experienced children and young people.

**107.** Our audit has therefore focused on the funding the Scottish Government specifically earmarks for alcohol and drug treatment services. This includes the money it spends directly, or through funded organisations, to specifically tackle alcohol or drug harm. Spending on alcohol and drug services cannot be easily separated either. Services often support people needing treatment for both alcohol and drug use. We therefore consider the combined investment in services.

## **£161 million, including £62 million for the National Mission, was available to tackle alcohol and drug harm in 2023/24**

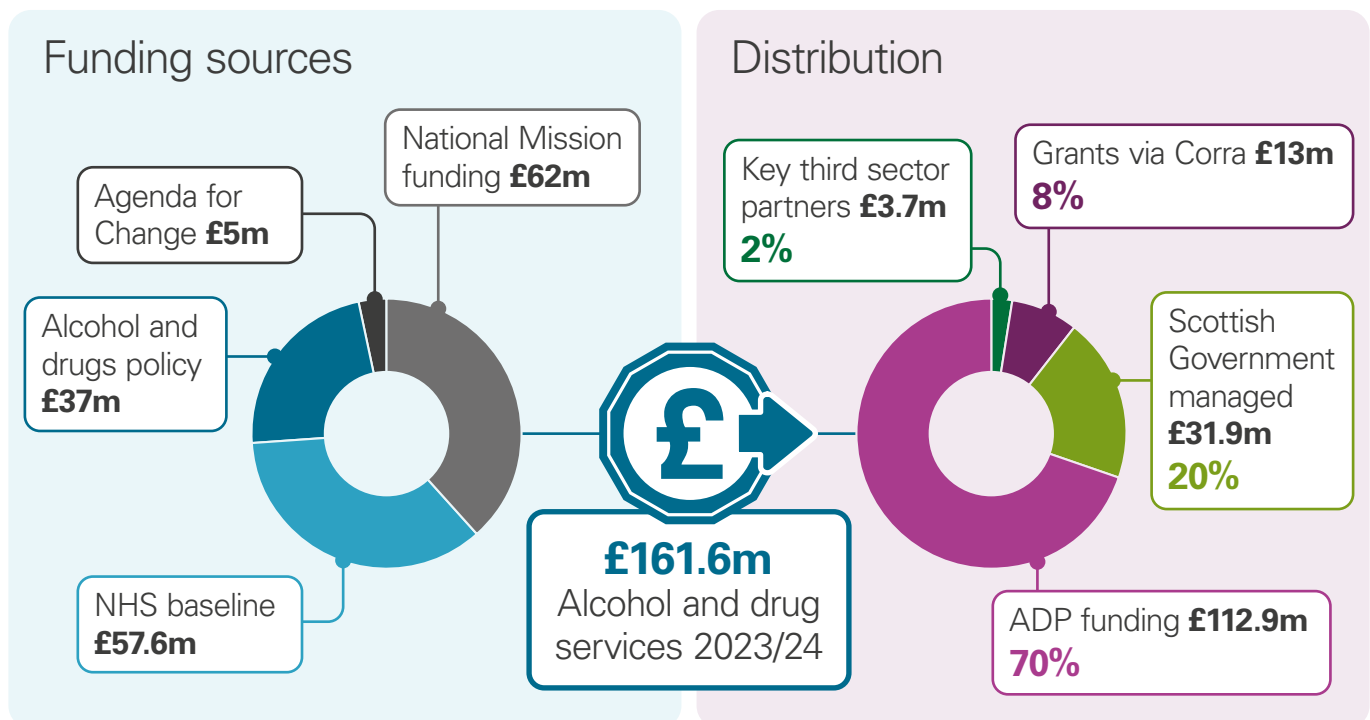
**108.** Alcohol and drug services are currently funded from NHS core funding passed to the IA, National Mission funding and an alcohol and drugs policy budget, managed by the Scottish Government's Drug Policy Division. In 2023/24, £161 million of funding was distributed through four main channels, as set out in [Exhibit 7 \(page 41\)](#):

- **ADPs (£112.9m)** – which coordinate and commission services from statutory and third sector partners.
- **Scottish Government managed funds (£31.9m)** – includes £12 million for the cross-government action plan, £11.1 million to increase residential rehabilitation capacity, £4.5 million for public health surveillance and research, £2.6 million for operating costs, £1.2 million for alcohol harms and £0.5 million to run the National Collaborative.
- **Corra Foundation (£13m)** – the Scottish Government allocates £13 million to Corra each year of the National Mission to distribute as grants to small grass roots and third sector organisations that would not usually be able to access funding directly from ADPs.
- **Key third sector partners (£3.7m)** – five independent national third sector organisations funded to deliver specific projects on behalf of the Scottish Government.

## Exhibit 7.

### Alcohol and drug services funding, 2023/24

£161 million was invested in alcohol and drug services in 2023/24, with ADPs receiving £113 million (70 per cent).



Source: Scottish Government

## Investment has more than doubled over the last ten years, but ADPs have seen a real terms decrease in funding in the last two years and now receive a smaller share of total funding

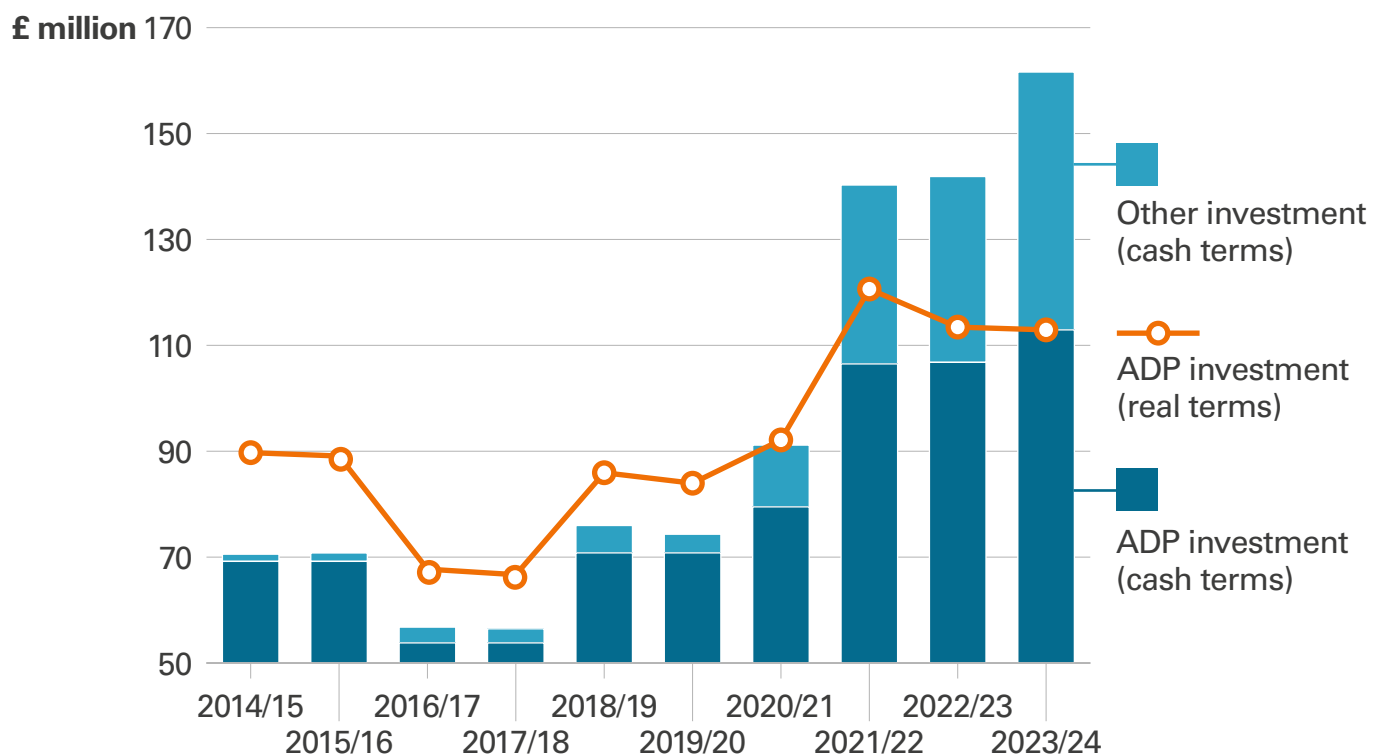
**109.** Investment in tackling alcohol and drug harm has increased over the ten-year period up to 2023/24 ([Exhibit 8](#)). The main changes are:

- Total funding has more than doubled from £70.5 million in 2014/15 to £161.6 million in 2023/24. In real terms this is a 75 per cent increase.
- Between 2021/22 and 2023/24 ADP funding increased from £106.5 million to £112.9 million – a six per cent increase in cash terms, but an eight per cent decrease in real terms as health budgets were not fully adjusted for inflation.
- The proportion of funding allocated to ADPs has decreased from 98 per cent in 2014/15 to 70 per cent in 2023/24.

### Exhibit 8.

#### ADP and total alcohol and drug funding

The budget for tackling alcohol and drug harm increased significantly following National Mission funding, but ADPs have seen a decrease in their share of funding and a real-terms cut to their budgets in the past two years.



Source: Scottish Government



**110.** Of the £113 million funding available to ADPs in 2023/24, £22.3 million (20 per cent) was ring-fenced for specific programmes:

- £10.3 million to support implementing MAT standards
- £5 million to expand residential rehabilitation services
- £3.5 million to deliver a whole family approach framework
- £3 million for stabilisation placements
- £0.5 million for increasing engagement with lived experience groups.

**111.** ADPs have welcomed the additional funding that the National Mission has delivered, but their control over funding has been reduced. Ring-fencing means that local ADPs have less flexibility to coordinate services in a way that meets their specific needs. ADPs' share of overall funding has decreased from 98 per cent of funding in 2014/15 to 70 per cent in 2023/24 as more stakeholders are now involved in delivering services. In addition, a real-terms reduction in funding over the last two years means that ADPs are having to find ways to do more with less resource.

**112.** A total of £15.6 million was invested in residential rehabilitation in 2022/23, through four different channels:

- £5 million annual allocation to ADPs for the duration of the National Mission to increase residential rehabilitation placements
- £3 million allocated to Corra Foundation through an Improvement Fund to provide residential rehabilitation services
- £6.45 million of Scottish Government managed funds through a Capacity Fund to increase provision of residential rehabilitation
- £1.2 million of additional funding from the alcohol and drugs budget for other residential rehabilitation activity.

## Data on the cost-effectiveness of services are lacking

**113.** In our 2022 briefing, we recommended that the Scottish Government assess the cost-effectiveness of funding of drug and alcohol services and the level of investment in prevention needed to achieve maximum benefit. The Scottish Government has not undertaken an evaluation exercise because of time and resources limitations but is discussing with PHS how such an evaluation could be progressed. The Scottish Government commissioned PHS to publish its 2023 evaluation of the impact of minimum unit pricing for alcohol in Scotland. The report indicated that it had reduced the number of hospital admissions wholly attributable to alcohol by an estimated 411, with an estimated saving of £407,000.<sup>38</sup>

**114.** The Scottish Government notes that cost-effectiveness of services should not be the only criterion for allocating funding, as higher-cost treatments may be the most appropriate services for some people. Given the complexity of alcohol and drug services and the funding arrangements, assessing cost-effectiveness, particularly of preventative measures, will be difficult. However, public sector finances face increasing challenges and risks and uncertainty over longer-term alcohol and drug funding. Therefore, it is essential that the available funding is used in the most effective way and delivers value for money. The Scottish Government should undertake an evaluation of the costs and effectiveness of alcohol and drug services as it plans for the ongoing funding and sustainability of alcohol and drug services after the National Mission ends in 2026.

**115.** Research exploring the effectiveness of residential rehabilitation shows how it can improve outcomes relating to substance use, health and quality of life.<sup>39</sup> The Scottish Government has commissioned further research from PHS to capture and report on outcomes following a placement. This will increase understanding of the wider impact of residential rehabilitation intervention. However, it is recognised that positive outcomes depend on a variety of factors, such as the preparatory work and aftercare provided to a person. Appropriate support in the community is needed to maximise the benefits of residential rehabilitation treatment.

### **A requirement for ADPs to spend reserves and delays in Scottish Government projects mean that not all the available funding is spent each year**

**116.** Reserves are sums of money that can be spent in future years if they are not used during the year the funding was provided. ADPs have built up reserves in recent years due to underspending from unfilled vacancies, delays in commissioning services, and reduced spending on services during the Covid-19 pandemic.

**117.** ADPs reported reserve balances of £31 million in 2020/21 and almost £25 million in October 2023. Late funding announcements and lead-in times for setting up and recruiting to new services are the main reasons for ADPs underspending against their budgets and building up reserves. In June 2022, the Scottish Government brought in two-part funding. ADPs initially received 70 per cent of their annual allocation. To receive the remaining 30 per cent, ADPs had to submit spending forecasts demonstrating that they had plans to use existing reserves and their full allocation.

**118.** In 2022/23, ADPs were allocated £50.3 million of additional funding, including £20 million of Programme for Government funding and £30.3 million of National Mission funding. Because ADPs had to use their reserves first, only £32.8 million of the £50.3 million available funding was transferred to NHS boards: £12 million of this allocated

funding was carried forward to 2023/24 for the Scottish Government's delivery of the cross-government action plan, with the remaining unspent monies carried forward for future use in tackling alcohol and drug harm. In 2023/24, the Scottish Government spent only £5.3 million of the £12 million. Activities related to a Stabilisation Capacity Fund, trauma training, and a concessionary travel pilot were all delayed in 2023/24.

## **ADP funding prioritises National Mission outcomes and people at greatest risk of harm, leaving limited capacity to fund services in a different way**

**119.** National Mission spending focuses on achieving six outcomes and progress is reported annually. The DDTF's final report concluded that access to residential rehabilitation across Scotland is inconsistent. Therefore, £100 million of the £250 million National Mission funding is committed to providing more residential rehabilitation placements.

**120.** The DDTF report identified medication assisted treatment as a priority and developed MAT standards. The Scottish Government allocates £10.3 million annually to ADPs to support the implementation of MAT standards.

**121.** The Scottish Government's focus on harm reduction for people at greatest risk is evidenced by the ongoing rollout of naloxone – a treatment that can reverse the effects of opiate overdose. Naloxone is now carried by all frontline police officers and other first responders such as the ambulance service and Scottish Fire and Rescue service. The Scottish Government is providing £0.5 million to extend a peer-to-peer training programme across the prison service. It has also allocated £0.3 million to [Community Pharmacy Scotland](#) to set up a national service in which naloxone is held at all community pharmacies for use in an emergency.

**122.** At a local level, we were told that ADP funding focuses on NHS treatment services to reduce alcohol and drug harm for people in crisis. This leaves little funding for community-based and preventative services that focus on longer-term recovery support and developing employability and other life skills. We highlight monitoring of recovery and preventing recurring substance use problems as one of the areas people face barriers accessing in [Exhibit 4 \(page 29\)](#).

**123.** We heard about some good practice in allocating funding to a more preventative approach. Analysis carried out by Glasgow City Council's Children's services found that for many children, including those in families affected by alcohol and drug use, being placed in care was expensive and outcomes were poor. Between 2016 and 2024, funding to provide intensive support to vulnerable families increased from £2.7 million to £8.7 million and led to a 56 per cent decrease in the number of children going into care. The council estimates that this

reduction in care placements has saved £24.6 million in care placement costs and a further £70 million savings for associated costs of keeping children in care.

## Funding uncertainty prevents longer-term service planning

**124.** Annual and short-term funding create significant challenges for service planners, providers and users. For ADPs, uncertainty over their budgets is detrimental to longer-term service planning. ADPs also told us that the late issuing of funding letters by the Scottish Government means that they need to make commissioning decisions before they know their annual budgets. Under the [Verity House Agreement](#), the Scottish Government and local government committed to no ring-fencing of funding or directing how funding should be used, unless there is mutual agreement for doing this in certain circumstances. They are continuing to discuss the scope for multi-year funding settlements.

**125.** A consequence of short-term contracts for service providers is that they cannot offer permanent or longer-term contracts to staff, who then seek permanent posts in other services. Service providers told us that longer-term funding would be a 'game changer'.

**126.** North Ayrshire ADP is trying to offer longer-term contracts to service providers and provide more consistent services. Turning Point Scotland secured five-year funding from North Ayrshire ADP to provide alcohol and drug recovery services, allowing longer-term planning and giving staff greater job security. However, longer-term contracts carry risks for the ADP if its funding is reduced in future.

**127.** ADPs highlighted further challenges arising from how services are funded. Corra Foundation currently provides short-term funding to third sector partners to deliver new services. ADPs told us that they felt an expectation to recommission these services but don't have enough resources to do so. ADPs received National Mission funding to pilot the rollout of Buvidal, a long-lasting prescribed medication to treat opioid dependence. Once this funding ended, ADPs were expected to provide ongoing funding for Buvidal that would normally be met from NHS boards' prescribing budgets.

## Sustainability of alcohol and drug services is at risk

**128.** ADPs currently benefit from an additional £30.3 million of National Mission funding each year but it is due to end in 2026. This includes:

- £11 million for programmes to deliver the outcomes set out in the National Mission outcomes framework
- £10.3 million for implementing MAT standards
- £5 million for residential rehabilitation placements

- £3.5 million for a whole family approach framework to provide support to the families of people using alcohol and drug services
- £0.5 million to develop engagement with people with lived and living experience.

**129.** Significant concerns have been raised by stakeholders about the sustainability of services when the National Mission ends in 2026. This includes ADPs facing the challenges of deciding which services to renew and which new services to commission, whether Corra Foundation-funded services will continue, and affordability of increased residential rehabilitation capacity.

**130.** Based on the £113 million ADPs received in 2023/24, the loss of National Mission funding would see their funding reduce by around 26 per cent to £83 million. Services that ADPs have commissioned through the National Mission funding may not be sustained if it comes to an end and no alternative funding is available.

**131.** We have highlighted increasing financial pressures and sustainability risks for [councils](#), the [NHS](#), and integration authorities in our [Integration Joint Boards: Finance and performance report 2024](#). These reflect several of the same challenges that alcohol and drug treatment services are facing. This includes inflationary pressures and expected reductions in funding, the impact of the cost-of-living crisis on demand for services, workforce capacity issues, and increased ringfencing which reduces financial flexibility.

**132.** While we have yet to see significant impact from the Scottish Government's increased funding of alcohol and drug services, any reduction in funding could lead to improvements in services being reversed. The Scottish Government has committed to moving £17 million of Programme for Government funding into core allocations from 2024/25 to provide some assurance to ADPs. It is still considering where further increases to core budgets would be appropriate.

# Endnotes

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- 3 [Alcohol-specific deaths in the UK: registered in 2022](#), Office for National Statistics, April 2024.
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- 16 [Evaluating the impact of minimum unit pricing for alcohol in Scotland: A synthesis of the evidence](#), Public Health Scotland, June 2023.
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- 24 [Alcohol and Drug Partnerships \(ADP\) 2022/23 Annual Survey](#), Scottish Government, September 2023.

- 25** [Urgent Action Required on Alcohol Treatment](#), Alcohol Focus Scotland, October 2023.
- 26** [Estimated Prevalence of Opioid Dependence in Scotland 2014/15 to 2019/20](#), Public Health Scotland, March 2024.
- 27** [The National Drug-Related Deaths Database \(Scotland\) Report: Analysis of Deaths Registered in 2019 and 2020](#), Public Health Scotland, October 2024.
- 28** [How well do policymakers address stigma surrounding substance use disorders: lessons from a qualitative review of Scottish Alcohol and Drug Partnerships' strategic plans](#), *Frontiers in Public Health*, June 2023.
- 29** [National drug and alcohol treatment waiting times – 1 October 2023 to 31 December 2023](#), Public Health Scotland, March 2024.
- 30** [National drug and alcohol treatment waiting times – 1 April 2024 to 30 June 2024](#), Public Health Scotland, September 2024.
- 31** [Pathways into, through and out of Residential Rehabilitation in Scotland: Results from the Residential Rehabilitation Providers Survey](#), Scottish Government, November 2021.
- 32** [Evaluation of the Scottish Government Residential Rehabilitation programme: Baseline report](#), Public Health Scotland, February 2024.
- 33** [Evaluation of the National Mission on Drug Deaths Frontline staff survey 2023](#), Public Health Scotland, May 2024.
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- 35** [Pathways into, through and out of Residential Rehabilitation in Scotland: Results from the Residential Rehabilitation Providers Survey](#), Scottish Government, November 2021.
- 36** [Dual Housing Support Fund – Residential Rehab](#), Scottish Government, July 2022.
- 37** [Recovery Housing in Scotland: Mapping and capacity survey of providers 2022/23](#), Scottish Government, August 2024.
- 38** [Evaluating the impact of minimum unit pricing for alcohol in Scotland: Final report](#), Public Health Scotland, June 2023.
- 39** [Evaluation of the Scottish Government Residential Rehabilitation programme: Baseline report](#), Public Health Scotland, February 2024.

# Appendix

## Drug and alcohol services briefing 2022: Recommendations follow-up

| Scottish Government should implement the following:   | Progress   |
|---|--|
| <p>An overarching plan showing how the aims and actions of the Rights, Respect, and Recovery (RRR) strategy, the National Mission (NM) and Drug Deaths Taskforce (DDTF) link together and report annually on progress.</p>  | <p>A National Mission Plan 2022–2026 was published in 2022 and complements the RRR strategy. Progress is reported on annually through the NM annual report and the annual progress monitoring report. Scottish Government has an internal working document that links RRR and the NM for the purposes of strategic planning.</p>                                       |
| <p>An overall plan showing how evaluation activities link to actions and inform prioritising funding for evidence-based approaches.</p>   | <p>The NM strategy was informed by the evidence-based strategies identified by the DDTF. Evaluation activity includes grant management within the Drug Policy Division and quarterly reporting of progress against the cross-government plan.</p> <p>Public health Scotland (PHS) has finalised an evaluation framework to evaluate the impact of the NM on drugs.</p> |
| <p>Set out in one place the overall funding for drug and alcohol services and support, with a breakdown of the main funding streams and how much is going to alcohol and drug partnerships (ADPs) and other agencies. Report spending against budgets annually, including any underspending and redirection of funding.</p> | <p>NM annual reports include a finance section which quantifies overall investment and explains the funding streams used, and where the money is spent. Underspending is disclosed where it exceeds £1 million.</p>  |
| <p>Use the information above, along with the existing monitoring and evaluation framework and national database, to assess the cost-effectiveness of funding of drug and alcohol services and the level of investment in prevention needed to achieve maximum benefit.</p>  | <p>An internal cost benefit analysis has not been undertaken because of time and resource implications.</p> <p>Scottish Government is in discussion with PHS about whether some cost benefit analysis could be conducted.</p>  |
| <p>Demonstrate what impact drug and alcohol policy and investment is having on improving outcomes using clear measures and public reporting. Current data gaps and time lags in reporting will need to be addressed to achieve this.</p>  | <p>A statistical measure of progress is reported through the NM annual monitoring report.</p> <p>Progress is based on the NM Outcomes Framework: Monitoring Metrics.</p>   |



# Alcohol and drug services



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# Fiscal sustainability and reform in Scotland



AUDITOR GENERAL 

Prepared by Audit Scotland  
November 2024

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## Accessibility

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## Audit team

The core audit team consisted of:  
Fiona Diggle, Thomas Charman, Kerry Macleod, Kirstin Scott and Richard Robinson, under the direction of Carole Grant.

# Key messages

- 1** The Auditor General has previously reported that the Scottish Government needs to change its approach to public spending and public service delivery models to be financially sustainable. The Scottish Government continues to take short-term decisions, reacting to events rather than making fundamental changes to how public money is spent. This approach has so far been effective in balancing the budget, but risks disrupting services at short notice and restricting progress towards better long-term outcomes for people. The gap between the Scottish Government's spending and funding is forecast to continue to grow in coming years.
- 2** Fiscal pressures have placed considerable strain on the Scottish Government's management of its budget. In the last three years, the Scottish Government's decisions about pay have led to additional financial pressures. For 2024/25, the pay deals agreed and anticipated have, in part, been met by delaying spending and drawing down one-off sources of funding, including £460 million of ScotWind revenues. The Scottish Government does not know how this higher spending will be funded in the future.
- 3** The Scottish Government has identified a growing gap between its medium-term funding and spending position, but it has not yet set out a clear vision of how it will change public service delivery models to better support sustainable public finances and services. It does not yet have a good enough understanding of its cost base or made progress against audit recommendations to improve its future responses to crisis events.

- 4** The Scottish Government has not provided the necessary leadership to public sector bodies to help deliver a programme of reform. It has not yet fully established effective governance arrangements for reform, and it is unclear what additional funding is required.
  - 5** The fiscal context remains uncertain. While the recent UK Autumn Budget provided additional funding for the Scottish budget, it is still unclear whether this will be sufficient to bridge the affordability gap in Scottish public finances. Reform across the public sector is still required.
  - 6** The Scottish Government has not been sufficiently transparent with the Scottish Parliament or the public about the current fiscal situation. There has not been enough communication of medium-term risks and what choices the Scottish Government needs to make to balance its budget. The Medium-Term Financial Strategy, the Health and Social Care Portfolio Medium-Term Financial Framework and the Infrastructure Investment Plan pipeline reset have all been delayed. The absence of these documents makes scrutiny of the current uncertain financial situation more difficult. The Scottish Government has committed to publishing a Fiscal Sustainability Delivery Plan alongside the Medium-Term Financial Strategy in 2025.
-

# Recommendations

## **The Scottish Government should do the following:**

Given the ongoing fiscal risks and uncertainty, the Scottish Government should publish its financial and infrastructure medium-term strategies at the earliest opportunity.

The Scottish Government has committed to publishing a Fiscal Sustainability Delivery Plan alongside the next Medium-Term Financial Strategy. This should be fully transparent about the scale of the risks to the affordability of public services and options for how the Scottish Government can manage them.

Reform will play an important role in making services affordable. The Scottish Government should:

- As part of its public service reform programme update in summer 2025 set out a clearer vision of what reform will achieve, including:
  - how reform will contribute to its objective of fiscally sustainable public services
  - commentary on the costs involved in making the changes required
  - clear milestones and timescales for delivery
  - the likely impact on services and people.
- Before the end of 2024/25 embed the new governance arrangements to deliver this vision and to support greater collective action on public service reform.
- In time for the 2026/27 budget, improve the quality of information collected from its directorates and public bodies on savings, costs and progress on reform, and integrate these into wider information collection processes. This will help understand the progress and demonstrate the impact of reform.
- By September 2025, review and update the mandate letters it issued in September 2023, and use these to maximise the effect of portfolio spending towards reform and government priorities. If the Scottish Government chooses not to publish mandate letters, then this information should be included in other publications.
- Build equalities and human rights into its decisions about public service reform to understand how financial decisions will affect different groups in society and minimise the negative impacts on people's lives. The Scottish Government should be able to report significant progress on this by the end of 2025.

# Background

1. In November 2022, the Auditor General reported on the urgency and severity of the financial challenge facing the Scottish Government. In September and November 2023, the Auditor General published two further briefings setting out the difficulties facing the Scottish Government's [capital programme](#) and the [public sector workforce](#). The Auditor General [has stated that](#) the Scottish Government must develop a clear plan for how the design and delivery of public services will be transformed.

2. In the **Medium-Term Financial Strategy (MTFS)** published in May 2023, the Scottish Government acknowledged the fiscal pressures it faces and set out a strategy for achieving fiscal sustainability. This strategy consists of three pillars of activity that the Scottish Government said will underpin its medium-term approach to managing public finances:

- **Focus spending on achieving the Scottish Government's critical missions.** The Scottish Government will focus its spending on the programmes that have the greatest impact on achieving its three missions of equality, opportunity and community.<sup>1</sup> Reforming public services is a key component of this pillar. Other work on spending includes developing the Scottish Government's pay strategy, major health reforms and the New Deal with Local Government.
- **Support sustainable, inclusive economic growth and generation of tax revenues.** The Scottish Government aims to promote sustainable and inclusive economic growth. This will provide additional funding for public services through the growth of the tax base and increased tax revenues.
- **Maintain and develop a strategic approach to tax.** The Scottish Government has stated that it will publish a longer-term tax strategy alongside the draft 2025/26 budget in December 2024, and is considering reforms to council tax and other local taxes.

3. In the May 2023 MTFS, the Scottish Government noted that, in the short term, it would focus on spending decisions, as this is the most immediate lever through which they can affect fiscal sustainability.

## What this audit covers

4. This performance audit focuses on the Scottish Government's overall approach to achieving fiscal sustainability, with public service reform as a key component. Other elements of fiscal sustainability, including



**A medium-term financial strategy** is a document where the Scottish Government sets out its expectations and broad financial plans/projections for at least the next five years.

economic growth and tax, are covered in other audit products and may be subject to further audit in the future as events develop. For example, the Auditor General published a briefing paper on the [National Strategy for Economic Transformation](#) in February this year, and an audit on the [Scottish National Investment Bank](#) is planned for 2025.

**5.** This audit assesses how well the Scottish Government is making sure that its spending on public services is affordable and effective. It considers three main audit questions:

- How well do the Scottish Government's arrangements for governance and financial management support its aims to achieve fiscal sustainability and reform?
- How effectively is the Scottish Government progressing its fiscal sustainability and reform activity?
- How well does the Scottish Government understand the impact of its reform programme on services and the people who use them?

**6.** The audit covers the Scottish Government's overarching arrangements for fiscal sustainability and reform, and we do not comment on specific reform activity within individual public bodies, for example, in the local government sector. For more information on this topic, please refer to the Accounts Commission's recent report on [transformation in councils](#).

**7.** Similarly, the report does not make judgements about the progress or approach of individual reform workstreams, such as establishing a National Care Service, developing a Single Scottish Estate or the implementation of the new Oracle Cloud system. The Auditor General will report on the implementation of Oracle Cloud during 2025. Please refer to the recent section 22 report on [the 2023/24 audit of the Scottish Government Consolidated Accounts](#) for more information.

**8.** More information on these and other planned outputs is available via the [Audit Scotland work programme](#).

**9.** During the drafting of this audit, the UK Autumn Budget on 30 October led to additional funding being allocated to the Scottish Government. The UK Government has stated that the Scottish Government will receive an additional £1.5 billion this financial year and an additional £3.4 billion next year through the Barnett formula.<sup>2</sup> The full implications of this funding will not be known until the 2025/26 Scottish Budget is published in December. In addition, the medium-term position will become clearer in early to mid 2025 following the announcement of the UK Spending Review in the spring, and following the publication of the Scottish Government's MTFs and new Fiscal Sustainability Delivery Plan.

**10.** Audit Scotland will continue to monitor how the Scottish Government's fiscal position develops, through both financial and performance audit work.



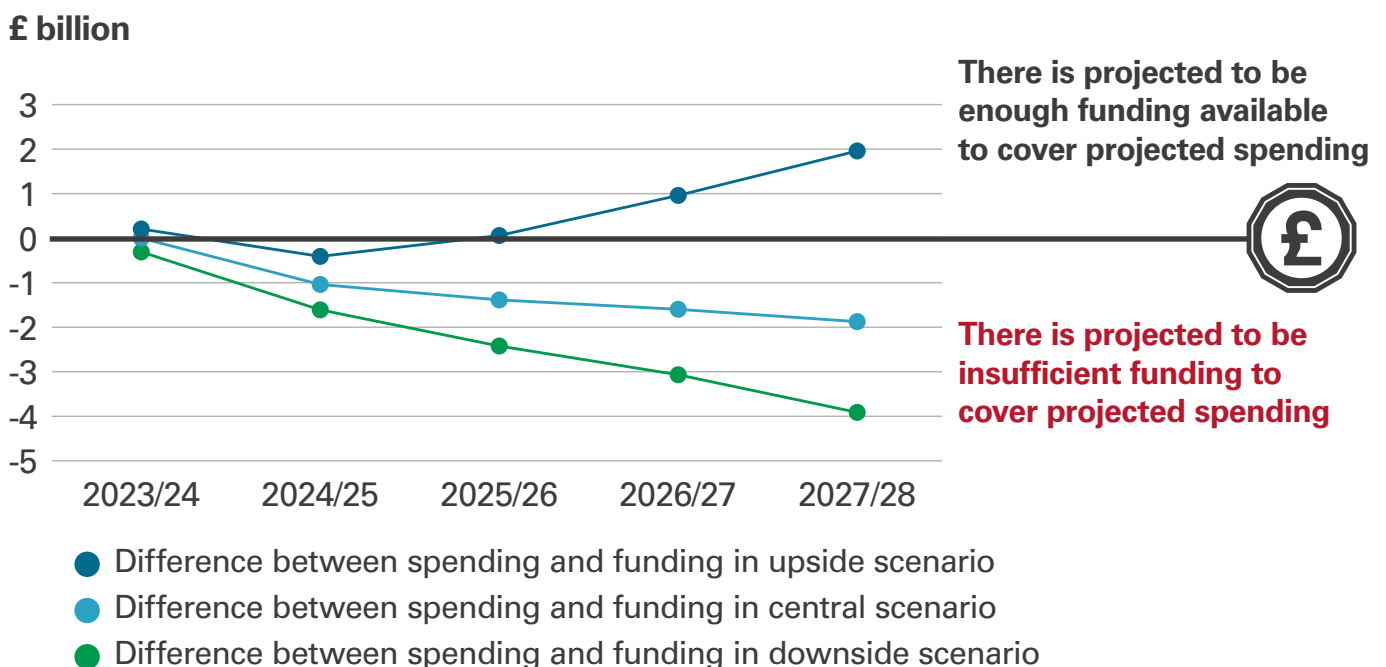
# 1. The Scottish Government's leadership on fiscal sustainability

## The Scottish Government cannot afford its current spending choices

**11.** The Scottish Government's last MTFs, published in May 2023, forecast that without corrective action, there would be a gap between spending and funding of £1 billion this year (2024/25), rising to £1.9 billion by 2027/28 ([Exhibit 1](#)). The Scottish Government's recent internal forecasts show a similar trend.

### Exhibit 1.

#### The Scottish Government predicts budget shortfalls over the coming years



Note: The scenarios are illustrative and based on Scottish Government analysis.



Source: Scotland's Fiscal Outlook: The Scottish Government's Medium-Term Financial Strategy, Scottish Government, May 2023

**12.** Since the Scotland Acts of 2012 and 2016, the Scottish budget has become increasingly complex and faces a variety of spending and funding pressures. The Scottish Government must manage its financial position closely. This includes planning for the changes that will affect the budget across current and future years, alongside responding to unexpected events.

**13.** [Exhibit 2](#) highlights some of the pressures facing the Scottish Government's budget in broad terms. Audit Scotland has set out the risks and opportunities arising from the operation of the fiscal framework in more detail within its [Scotland's New Financial Powers: Operation of the Fiscal Framework](#) papers.

## Exhibit 2.

### The Scottish Government's budget is facing a range of pressures over the short to long term

| Time period  | Implications for the Scottish Government  |
|--|---|
| <b>UK fiscal environment</b><br>              | Changes to UK Government funding must be managed throughout the financial year  |
|  | Lack of a UK Government spending review means the Scottish Government does not know what funding it will receive over the medium term   |
|  | Devolved public sector funding is projected to grow at a slower rate than spending over the longer term   |
|  | Management of the financial impact of UK Government budget decisions in areas of tax and spending that are devolved   |
| <b>Demands on the Scottish Government</b><br> | Health spending to increase as result of an ageing population   |
|  | A relatively larger public sector workforce in Scotland than in the rest of the UK  |
|  | Rising costs and increased demand for public services as a result of the recovery from Covid-19 and the cost-of-living crisis   |
|  | Scottish Government budget decisions in areas of tax and spending that are devolved (eg, funding of a council tax freeze, social security spending and more generous pay deals) |

Source: Audit Scotland analysis

## There are growing demands on public spending

**14.** The Auditor General has previously highlighted that the Scottish Government risks overspending against its budget because of its spending and tax choices. This risk is exacerbated by rising costs and increased demand for services. These risks remain in 2024/25, particularly given the increase in public sector workforce costs. Policy commitments made by the Scottish Government such as its funding of a council tax freeze, social security spending and more generous pay deals in Scotland have also contributed to the pressures it is experiencing in 2024/25.

**15.** The Scottish Government's 2023 MTFS states that increased spending over the medium term is due primarily to growing costs associated with health and social care and social justice. This includes spending on social security, which will vary depending on the number of people who are eligible for and choose to use the benefits. The Scottish Fiscal Commission forecasts that spending on social security will increase from £6.3 billion in 2024/25 to £8.0 billion in 2028/29.<sup>3</sup> By the end of 2028/29, the Scottish Fiscal Commission expects the Scottish Government will spend £1.5 billion more on social security than it receives from the UK Government.

**16.** The spending pressures the Scottish Government and the wider devolved public sector face are expected to worsen in the long term. The Scottish Fiscal Commission has projected that total spending on devolved public services would increase by 123 per cent in today's prices to £120 billion by 2072/73 if public services are maintained at their current levels ([Exhibit 3, page 11](#)). The total funding the devolved public sector receives is projected to grow at a slightly slower rate, increasing to £117 billion in today's prices.

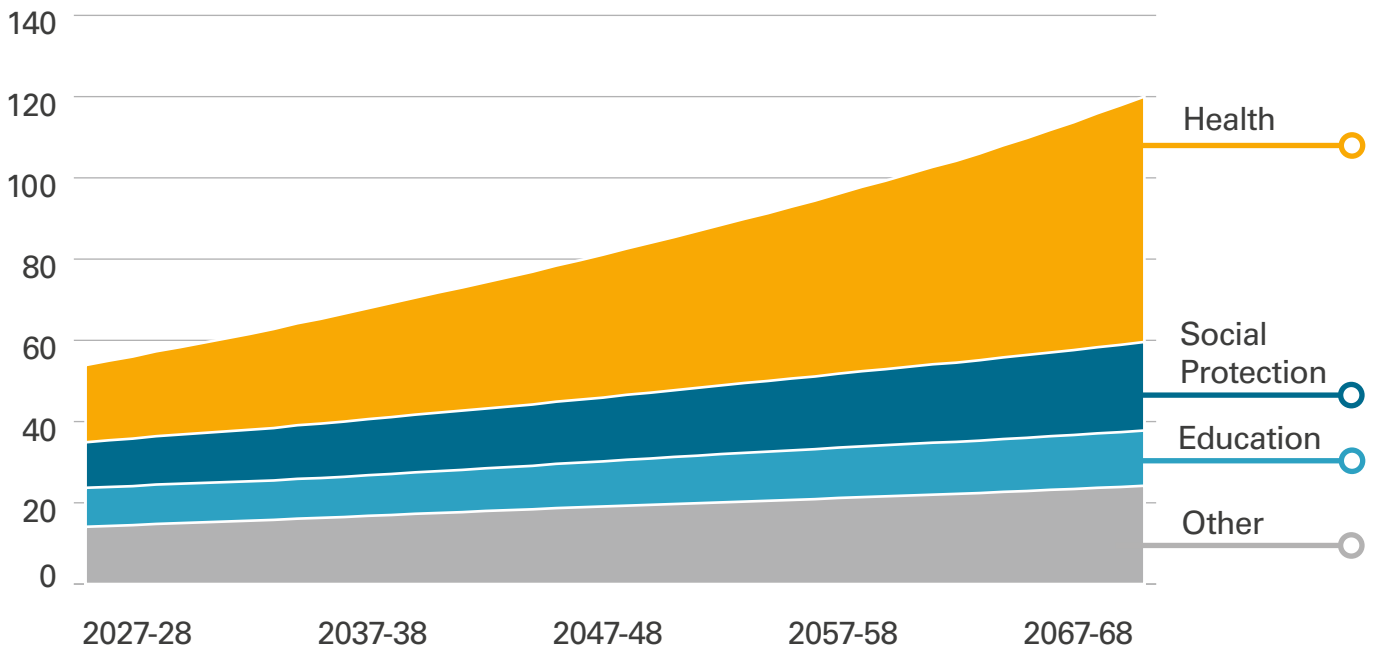
**17.** The longer-term increases in Scottish Government spending that are projected are driven largely by changes in spending on health. Over the course of the next 50 years, health is expected to take up an increasing share, growing from 35 to 50 per cent of devolved public spending.<sup>4</sup> While the Scottish Fiscal Commission expects spending on health to grow in the rest of the UK, it expects the amount the Scottish Government spends on health will not be fully covered by Barnett consequential, due to differences in the demographic projections for Scotland and England.

**18.** The Scottish Government's target of achieving net zero by 2045 is also placing pressure on its finances, and will continue to do so in the medium and long term. The Scottish Fiscal Commission estimates that, in order to meet its climate objectives, the Scottish Government will need to invest an average of £1.14 billion of additional capital spending annually until 2049/50.<sup>5</sup> However, the Scottish Fiscal Commission has also forecast that the capital funding that the Scottish Government receives will have fallen by 20 per cent in real terms by 2028/29.<sup>6</sup> This will place significant pressure on other areas of capital spending.

## Exhibit 3.

### Spending on the devolved Scottish public sector is forecast to increase significantly over the long term

£ billion, 2022/23 prices



Source: Fiscal sustainability report, Scottish Fiscal Commission, March 2023

## The UK fiscal outlook shapes the Scottish funding position

**19.** The Scottish budget has increased markedly since devolution, with the Scotland Acts of 2012 and 2016 bringing additional spending and tax powers. The powers included in the Scottish Government's **Fiscal Framework** give the Scottish Government more opportunity to prioritise and target its activities to achieve its objectives in devolved areas. With these enhanced powers, the Scottish Government also has enhanced responsibilities to effectively manage the uncertainty and volatility in its budgets arising from its new powers. It must also consider the impact of external events and its own spending choices, and ensure that money is spent effectively.

**20.** In 2018, in [Scotland's new financial powers: operation of the fiscal framework](#), the previous Auditor General highlighted that: 'Increasingly the Scottish Government will need to understand where it is most able to quickly alter spending, and understand what options are available to it in responding to budget fluctuations.'



**The fiscal framework** is an agreement between the UK and Scottish Governments setting out the Scottish Government's financial arrangements.

Fiscal means relating to government revenue (including tax) and spending.

**21.** The Block Grant from the UK Government was equivalent to almost 80 per cent of Scottish Government resource funding when the 2024/25 Budget was set (excluding Block Grant Adjustments for tax and social security).<sup>7</sup> This means that the UK fiscal outlook has a significant impact on Scottish Government funding.

**22.** The UK fiscal context is challenging. In her October 2024 budget speech, the Chancellor of the Exchequer stated that 'the scale of the challenges that are facing our public services... [mean] there will still be difficult choices in the next phase of the Spending Review.'<sup>8</sup>

**23.** Budget decisions the UK Government makes in areas of tax and spending that are devolved to the Scottish Parliament directly affect the funding available to the Scottish budget. The Scottish Government must manage the impact of these decisions, especially if they exacerbate its existing medium-to long-term fiscal position.

**24.** The timing of UK budgetary information is another pressure the Scottish Government must manage:

- The funding that the Scottish Government receives from the UK Government is not finalised until near the end of the financial year once the UK Supplementary Estimates are known, usually in February. This means that the Scottish Government has to manage the potential impacts of changes to its funding throughout the entirety of the financial year.
- The last **UK Government spending review** was in 2021. This means that it is unclear what funding the Scottish Government will receive beyond 2025/26. This has impacted on the ability of the Scottish Government to plan its budgets several years in advance.

## It is unclear how decisions to meet financial pressures are consistently and publicly set out or reflect reform ambitions

**25.** The pressures set out above must be managed when the Scottish Government sets its budget, during the financial year and over the medium term. Financial pressures are already impacting on the quality or level of services and affecting the long-term objectives of the Scottish Government.

**26.** The Scottish Government is having to make increasingly difficult decisions. This includes scaling back or stopping spending on some programmes entirely. As a part of the process to achieve a balanced draft budget in 2024/25, this included:

- Reducing resource funding for higher education by £48.5 million (a 6 per cent reduction)
- Cancelling certain employability schemes, such as the Workplace Equality Fund and the Flexible Workforce Development Fund, to save £31 million (a 23 per cent reduction).



### The UK Government

sets out its spending plans for its departments and the funding for the devolved administrations for multiple years at spending reviews. The last spending review was published in 2021, and covered spending plans up to and including 2024/25.

**27.** The long-term impact of these changes and other reductions in spending has not been consistently and publicly set out. This restricts the Scottish Parliament's ability to understand and fully scrutinise the budget bill that the Scottish Government puts forward for its approval.

**28.** During the process of developing the 2024/25 Scottish Budget, no **portfolio accountable officer** was able to provide assurance that they would be able to fund their existing commitments with the initial allocations provided to them.

**29.** Accountable officers were eventually able to provide these assurances as funding was finalised, and after identifying savings and reprioritising spending within their portfolios. Accountable officers also implemented efficiency targets.

**30.** Relevant discussions take place between the Permanent Secretary and Scottish ministers. The Cabinet makes final decisions on the Scottish budget, which is then presented to the Scottish Parliament.

**31.** It is not clear how activity to reform services, and the savings and costs involved, is taken into account when making decisions on the budget.

## The Scottish Government regularly makes large in-year changes to its budget to break even

**32.** The Scottish Government does not know where it can flex its budget easily to accommodate short-term fluctuations or longer-term commitments. In the short term, much of the Scottish Government's budget is fixed and committed, and there are limits to what can be changed without significant disruption. Much of the public spending incorporated in the Scottish budget is for areas such as staff costs that are difficult to change quickly.

**33.** It is unclear how the changes the Scottish Government is making to its budget in-year reflect its stated priorities. In [Scotland's public finances: challenges and risks](#), the Auditor General highlighted that reducing budgets in an unmanaged way could significantly affect the quality of services provided, how accessible services are and on people's long-term outcomes.

**34.** The Scottish Government made significant in-year changes to its budget due to fiscal pressures in 2022/23 and 2023/24. For example, during the 2022/23 financial year, following periods of high inflation, the cost-of-living crisis and the cost of public sector pay deals, the Scottish Government identified £1.2 billion of in-year savings and spending reductions through an Emergency Budget Review process.

**35.** In both years, the Scottish Government used savings (which were primarily identified by portfolios) alongside additional Barnett consequentials from the UK Government to fund increases in other areas of the budget. As [Exhibit 4 \(page 14\)](#) shows, the funding areas that saw the most significant increases are the same in both years.







**The Scottish Government** is organised into a number of portfolios, each of which has responsibility for a different policy area.



**Accountable officers** are officials within the Scottish Government and public bodies who are responsible for the finances and performance of their portfolio.

## Exhibit 4.

### Examples of in-year reductions and increases in funding in 2022/23 and 2023/24

| Funding decreases in 2022/23    | Funding increases in 2022/23   |
|--|---|
| <ul style="list-style-type: none"> <li>• Energy and energy efficiency</li> <li>• Housing and building standards</li> <li>• Agricultural support</li> <li>• Scottish Water</li> <li>• Enterprise, trade and investment</li> </ul>     | <ul style="list-style-type: none"> <li>• Health and social care</li> <li>• Local government pay awards</li> <li>• Police and fire service pensions</li> <li>• Ukrainian refugee resettlement</li> <li>• Social security benefits</li> </ul> |
| Funding decreases in 2023/24    | Funding increases in 2023/24   |
| <ul style="list-style-type: none"> <li>• Energy efficiency and decarbonisation</li> <li>• Active travel, low-carbon and other transport</li> <li>• Ferry services</li> <li>• Scottish Funding Council</li> <li>• Learning</li> </ul> | <ul style="list-style-type: none"> <li>• Health and social care</li> <li>• Local government pay awards</li> <li>• Police and fire service pensions</li> <li>• Ukrainian refugee resettlement</li> <li>• Social security benefits</li> </ul> |

Source: Audit Scotland analysis of Scottish Government budget revision documentation

### In-year budget changes include short-term fixes that will not address ongoing pressures







**36.** In addition to the large additional pay costs the Scottish Government managed in 2022/23 and 2023/24, further in-year pressures have materialised in 2024/25. The Scottish Government's pay policy for 2024/25 was not published alongside the Scottish budget; it was unclear what assumptions it made about pay costs when the budget was set, and it is unclear what plans the Scottish Government made to manage the budget under different scenarios for pay.

**37.** The pay policy published in May 2024 set out that, even if Scotland were to receive additional Barnett consequentials as a result of UK pay deals, because the public sector workforce is relatively larger and better paid than in the rest of the UK, the cost of matching a UK pay deal in Scotland would not be fully covered by the consequentials it would receive. Additional spending on pay deals would need to be covered by cutting spending in other areas, re-designing services, reducing headcounts or increasing taxes or charges.

**38.** In Parliament on 3 September 2024, the Cabinet Secretary for Finance and Local Government identified that pay deals could be as much as £800 million more than budgeted for 2024/25 and set out over £900 million of savings and other measures that are to be utilised to balance the budget this year. These are set out in [Exhibit 5](#).

## Exhibit 5.

### Savings and additional funding used to balance the 2024/25 budget

| Category   | Detail   | Total   |
|--|--|---|
| <b>Savings</b>   |  |    |
|  <b>Savings already announced</b>     | <ul style="list-style-type: none"> <li>Ending the pilot which removed peak train fares</li> <li>No concessionary fares for asylum seekers pilot</li> <li>Agreement with Local Government that they can draw on existing programmes to fund the pay deal</li> </ul> | <b>£65m</b>   |
|  <b>New savings</b>                 | Includes savings and reprofiling of spending spread across eight portfolios  | <b>£188m</b>  |
|  <b>Emergency spending controls</b> | Targeting savings in recruitment, overtime, travel and marketing on top of the circa £40 million already identified  | <b>£60m</b>   |
|  <b>Winter fuel payments</b>        | Diverting funding previously planned for universal winter fuel payments for pensioners   | <b>£160m</b>  |
| <b>Allocation of additional spending</b>   |  |  |
|  <b>ScotWind</b>                    | Revenue from leasing designated areas of the seabed for offshore wind farms. The first round of leasing generated £756 million   | <b>£460m</b>  |
| <b>Total</b>   |  | <b>£933m</b>  |

Source: [Pre-Budget Fiscal Update](#), Scottish Government, September 2024



**39.** This approach contains some significant risks to the long-term sustainability of the budget:

- Due to changes in UK Government policy on the Winter Fuel Payment, £160 million of funding provided to the Scottish Government to deliver this benefit that will now be used to balance the budget will eventually need to be returned to the UK Government. The Scottish Government has the option to defer this repayment until a later date, but has not yet taken a decision on this.
- The ScotWind balance is one-off funding that cannot be used to cover the impact of this year's pay deals in future years. The Cabinet Secretary for Finance has stated that her intention is to minimise the drawdown on this funding. If the Scottish Government decides to draw down the full amount of funding before the end of the financial year, then the ScotWind fund will be empty.
- Delaying spending increases funding pressures in future years.

**40.** The Scottish Government has not set out how the recurring pressures will be met. It is unclear how the additional £1.5 billion of UK Government funding from the Autumn Budget will be used to manage the Scottish budget this year. More information is expected as part of the Spring Budget Revision in early 2025.

## **The Scottish Government has set out an overarching approach to fiscal balance, but the detail and medium-term plans to support this are missing**

**41.** The Scottish Government had planned to publish an MTFS in 2024. This was initially delayed as a result of the appointment of the new First Minister in May 2024. Following the announcement of the UK general election, the new publication date would have been within the UK pre-election period, and the Scottish Government assessed that deferring the publication of the MTFS was appropriate, in line with the Civil Service Code and pre-election guidance.<sup>9</sup> As a result of these delays, the Scottish Government has not published a medium-term assessment of its finances since May 2023. Since then, Scotland's public finances and services have come under even greater pressure. The absence of up to date information on the fiscal position makes scrutiny more challenging and prolongs key decision-making processes, which increases uncertainty.

**42.** The Cabinet Secretary for Finance and Local Government has committed to further updates on the timing of the 2025 MTFS once the UK Government announces the publication of its multi-year spending review.<sup>10</sup> Given the risk to the medium-term position, it is vital that the Scottish Government produces a clear medium-term financial plan as soon as possible.

**43.** Alongside the MTFS, the Scottish Government's Infrastructure Investment Plan pipeline reset, a key document for scrutinising the prioritisation of capital spending in the budget, is also delayed. Later than

planned publications of pay policies in recent years has also meant that information on planned pay growth has not been available at the point of budget approval. Capital spending and pay are large and important parts of the Scottish Government's spending power, and the absence of this information during the budget scrutiny stages negatively affects budget transparency and oversight.

**44.** The Scottish Government has informed us that it plans to publish a separate, more detailed Health and Social Care Portfolio Medium-Term Financial Framework. As the Auditor General set out in [the Scottish Government's workforce challenges](#), the NHS and its workforce are a substantial part of the overall Scottish budget, and therefore a key part of the path to affordable services. It will be important, however, that the information and assumptions included in this document are consistent with the planned overall MTFS.

**45.** As set out in [paragraph 2](#), in the latest MTFS, published in May 2023, the Scottish Government set out three pillars of activity that will underpin its medium-term approach to managing public finances. The pillars comprise of focusing spending on achieving the Scottish Government's missions, sustainable, inclusive economic growth, and a strategic approach to tax.

**46.** The three-pillar strategy sets out a broad direction of travel, but does not provide specific details about how each area of activity will contribute to fiscal sustainability or how long it will take. This makes it difficult to judge if this approach is likely to be enough to close the gap between funding and spending and support the delivery of sustainable public services.

**47.** The Scottish Government committed in late October 2024 to publishing a five-year Fiscal Sustainability Delivery Plan alongside the next MTFS. It is intended that this will provide clarity and transparency on progress on delivery against the objectives that are set out in the MTFS.

## **The Scottish Government will have more clarity on future funding following the UK Government spending review next year**

**48.** The Scottish Government published multi-year portfolio spending plans in the Resource Spending Review in 2022. However, inflationary pressures over the course of 2022/23 changed expectations of spending and funding significantly. The Scottish Government had committed to publishing multi-year spending allocations alongside its 2024/25 Budget, but ultimately it did not do so.

**49.** A multi-year budget would allow for a more strategic approach to managing fiscal pressures and provide greater scope for the Scottish public sector to plan their finances and delivery of services over the medium term.

**50.** Following the UK General Election in June 2024, the UK Government has stated plans to publish its next spending review in spring 2025.

This will set out funding settlements for the UK Government's own departments and the devolved administrations for at least the next three years. The Chancellor of the Exchequer has also stated that spending reviews will be conducted at least every two years in future.

**51.** This will provide greater certainty for the Scottish Government around the levels of funding it will receive from the UK Government in future years, and will allow it to set multi-year budget settlements with greater confidence. In her update to Parliament in September 2024, the Cabinet Secretary for Finance and Local Government indicated that the Scottish Government is considering establishing a more regular rhythm for its own spending reviews.

### **To date, efforts to improve fiscal sustainability have not reduced fiscal risks, meaning future budget decisions will be increasingly difficult**

**52.** In April 2023, the then-Deputy First Minister and Cabinet Secretary for Finance committed to managing Scottish public finances on to a sustainable and balanced trajectory by 2026.<sup>11</sup> It is unclear what is meant by a sustainable trajectory in this context; however, fiscal risks remain high, and there is no evidence that the fiscal gap set out in [Exhibit 1](#) is narrowing.

**53.** The Scottish Government has a clear understanding of the risks to fiscal sustainability it faces over different timescales; however, it is not clear how it will achieve fiscal sustainability over the medium term. Corporate risk registers continue to identify risks to fiscal sustainability and score them highly, despite the range of actions the Scottish Government is taking.

**54.** The Scottish Government is continuing to develop how it manages risk in this area, including:

- Accountable officers must give assurances to the Permanent Secretary that their portfolio's spending is affordable.
- Portfolio assurance meetings are to focus more on fiscal sustainability.
- Accountable officers are asked to give assurance that they can manage their commitments over several years.
- An assessment of fiscal risks is discussed by the executive team, the corporate board, and the Cabinet.

**55.** These are reasonable steps, but these changes are adjustments and additions to processes that primarily focus on short-term pressures, and in light of the scale of the medium-term fiscal challenge, they are not enough.

**56.** Progress towards fiscal sustainability may require a more radical approach than has been seen to date. Failure to make sufficient progress with reform and other measures aimed at achieving fiscal sustainability will significantly affect the Scottish Government's ability to achieve its goals, improve outcomes and continue to deliver public services. In addition, it may be increasingly difficult to balance the budget.

## 2. Progress on public service reform

### The need for public service reform was recognised 13 years ago but there has not been enough progress

**57.** The Scottish Government, the Scottish Parliament and the bodies that hold them to account have had a shared consensus for over a decade that reform of public services is needed to deliver better outcomes for the people of Scotland. The Christie Commission reported on the future delivery of public services in 2011,<sup>12</sup> and the Scottish Government set out its priorities for reform in a response later that year.<sup>13</sup> Reflecting on the report in 2021, the Auditor General said: 'Unlike many reports, it has shown remarkable longevity. Its ongoing relevance reflects that fact that the need for change persists.'<sup>14</sup> This continues to be the case 13 years after the original report was published. The Scottish Government is working on pathfinder projects and pilot projects with local authorities, but the timelines for scaling up these projects across the country is unclear.

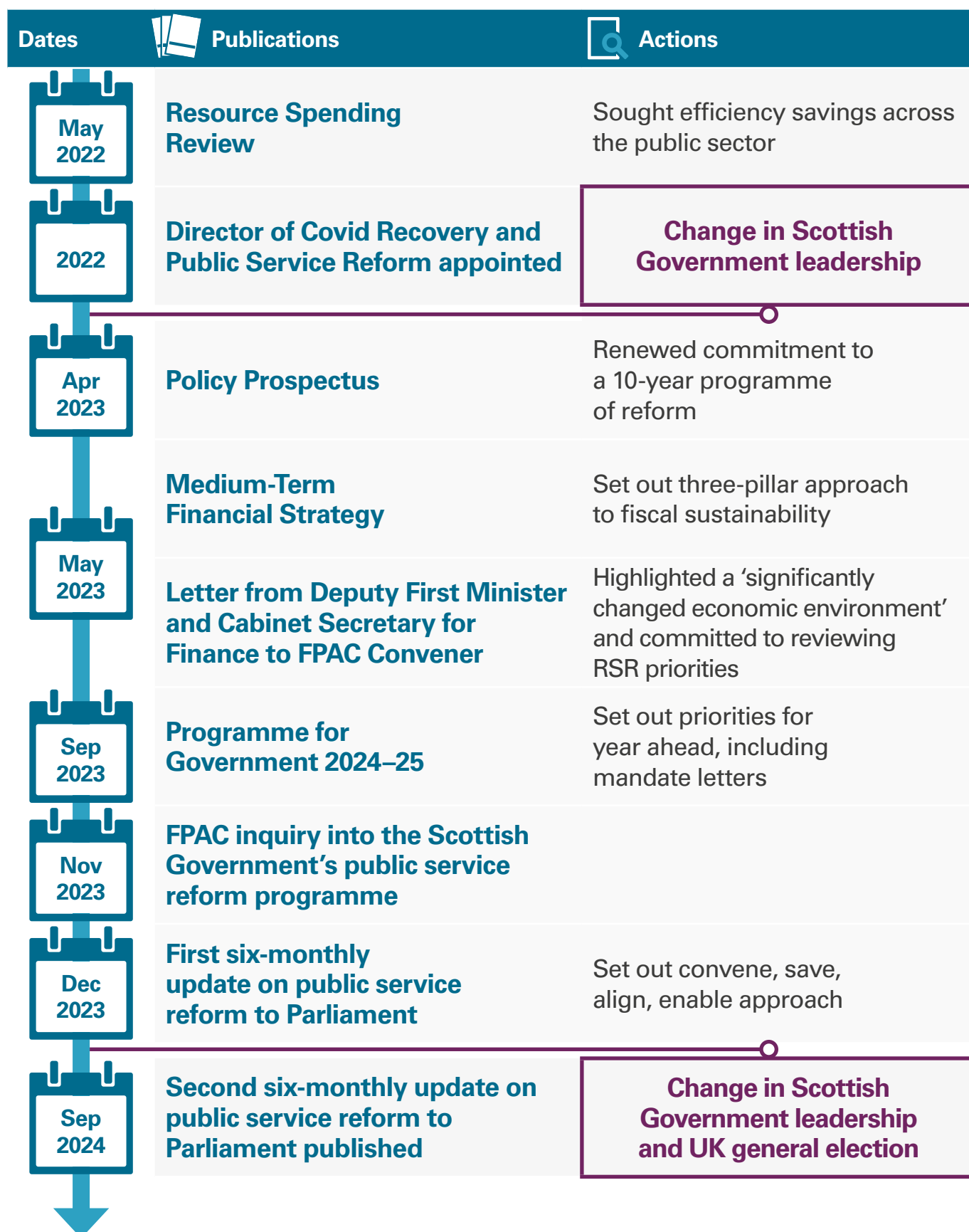
**58.** Since the Covid-19 pandemic, the need for public sector reform has become more urgent. The Scottish Government set out three approaches to reform over the period, in the Resource Spending Review, the 2023 MTFs and in the December 2023 update to the Scottish Parliament ([Exhibit 6, page 20](#)). The December 2023 update pulled together the existing work established by the previous two approaches.

**59.** The change in emphasis across these approaches makes it difficult to determine the baseline for reform and to understand when the Scottish Government expects to achieve fiscal sustainability, or delivery milestones towards that goal. Parliamentary committees have over a number of years highlighted the need to set timescales for reform and explain the implications of any delays. The convener of the Finance and Public Administration Committee previously highlighted the challenges of scrutinising a 'rolling' programme, as it is hard to grasp and analyse.<sup>15</sup>

**60.** In the past, the Auditor General has identified a gap between the Scottish Government's ambitions to reform the public sector and its ability to make changes on the ground, for example in social care and education reform.<sup>16</sup> The Scottish Government has not stated explicitly how it will close this gap in future reforms.

## Exhibit 6.

### Timeline for Scottish Government public service reform



Note: FPAC, Finance and Public Administration Committee.

Source: Audit Scotland

## **The Scottish Government's current approach to public service reform aims to balance sustainable services and improving outcomes, but it is difficult to see what activities are being prioritised**

**61.** Reform that leads to more efficient services being delivered in ways which cost less or deliver better outcomes is one way to achieve a more sustainable level of public spending. Reforming public services is central to achieving the first pillar of the Scottish Government's approach to achieving fiscal sustainability. The Scottish Government has set ambitions for reform that aim to balance outcomes and fiscal need. It has identified ways to create an environment where longer-term reform and reducing preventable demand for services is possible.

**62.** The Scottish Government's aim is that reform will make services fiscally sustainable and improve outcomes. The aim of the Scottish Government's public service reform (PSR) programme is to:

- ensure public services remain fiscally sustainable by reducing costs and long-term demand through investment in prevention
- improve outcomes, which will improve lives and reduce demand
- reduce inequalities of outcome among communities in Scotland.






**63.** The Scottish Government's current PSR programme has over 30 elements, covering a range of different types of reform, from large-scale changes to budgets and taxes, to providing individual services more efficiently, as set out in [Exhibit 7 \(page 22\)](#).

**64.** Despite the different scale of the reforms set out, the levels of resource and effort being invested in each one, the extent of the change that will ultimately be delivered, or how these work towards the objectives set out [\(paragraph 62\)](#), are not clear.

## Exhibit 7.

### Examples of reform that the Scottish Government are considering

We have mapped PSR reforms into five categories.

| Types of reform   | Summary   | Examples of coverage of the PSR programme   |
|---|---|---|
|  <b>Fiscal reform</b>                            | Budgetary reform at governmental level including revenue-raising, reform and spending changes.                      | Implement the commitments of the Verity House Agreement; work with public bodies who can charge for services to recover costs; consider investment and disinvestment. |
|  <b>Structural reform</b>                        | Changes to portfolios and public bodies, which may include reclassification/alignment/merger of bodies or function. | Reform of the education and skills system; the National Care Service.   |
|  <b>System reform and efficiencies</b>         | Changing how public bodies use their assets and resources.  | Single Scottish Estate; introduction of new shared systems (eg, Oracle Cloud).  |
|  <b>Process and service delivery reform</b>    | Changing how public bodies provide services.  | Commercial Value for Money work, aiming to ensure value for money from grants.  |
|  <b>Outcomes-based and policy-based reform</b> | Changing how multiple services and interventions are delivered together.  | The Promise to people who are care experienced; pilots in different cities and regions, for example the No Wrong Door project in Glasgow to support families.         |

Note: Audit Scotland analysis of Scottish Government reform update.

Source: [Scottish Government response to the Finance and Public Administration Committee Pre-Budget Scrutiny Report](#), 19 December 2023





**65.** As set out below in [paragraph 71](#), some of the key foundations for good reform are missing or incomplete. These include appropriate governance and accountability structures, as well as a clear vision of, and leadership on, reform. Without these, reform is progressing more slowly than planned.

**66.** In December 2023, the Scottish Government presented a new set of four workstreams to deliver public service reform over the next three years. These aim to create a shared programme of work for the public sector by bringing resources together to identify where savings can be made, and removing barriers to reform.

**67.** In principle, this approach is appropriate. Under the workstreams, however, are over 30 activities which vary in scale (ranging from developing the monitoring framework for PSR to establishing the National Care Service). However, progress against each activity is not always set out consistently, and in many cases there is no detail on costs or timelines. This makes it harder to judge whether the approach set out is adequate. A short summary is provided in [Exhibit 8](#).

## Exhibit 8.

### Progress against PSR workstreams

| Workstream  | Aim  | Progress   |
|---|--|--|
| <b>Convening</b><br> | Agree a vision across the public sector for achieving sustainable public services and put in place the governance, partnerships and engagement that are needed to progress reform.   | Work has progressed in several areas, but a lack of capacity has been highlighted as a risk to further progress in three of the five areas of activity.  |
| <b>Saving</b><br>    | Identify where quantifiable savings can be made, setting out targets for reducing or avoiding costs through efficiencies and supporting a longer-term approach to reformed services. | Two activities out of eight have been completed, and £80 million of direct savings identified for 2024/25. However, other areas of activity show little progress.  |
| <b>Enabling</b><br>  | Create the conditions for reform and removing barriers to changing how services are provided.  | There are 16 activities. Up to £25 million of cashable savings are projected for 2024/25 from different activities in this workstream (such as the Commercial Value for Money Programme and Single Scottish Estate).<br><br>Other activities are in progress but are constrained by capacity limitations.                                  |
| <b>Aligning</b><br>  | Ensure consistency across large-scale reforms within the public sector.  | Covers a range of public service reforms, including the National Care Service, care and wellbeing portfolio, The Promise, education and skills reform, and the Vision for Justice. The Align workstream focuses on the prevention of future costs, but the overall scale of the costs the Scottish Government expects to avoid is unclear. |



**68.** The Scottish Government updated the Scottish Parliament's Finance and Public Administration Committee on its progress in September 2024. It will continue to provide updates every six months.

## **The Scottish Government does not know what savings will result from reform, or what reform efforts will cost**

**69.** The Scottish Government required all portfolios to lay out their savings and reform plans by the end of the financial year.<sup>17</sup> These plans contain different levels of detail and estimates of how reform will affect costs and budgets. Together they do not provide the information needed to estimate how much reform will save.

**70.** The Scottish Government has contacted public bodies three times since January 2023 to assess their ability to carry out reform. These requests did not generate concrete information on the quantity, quality or anticipated impact of public bodies' collective work on reform. Furthermore, the information did not establish how far these reforms would help the public sector meet the challenge of fiscal sustainability. As part of the August 2023 responses, public bodies set out the support that they would require from the Scottish Government to overcome barriers to reform. A summary of this support is set out in [Exhibit 9 \(page 25\)](#). There is no evidence that specific action has been taken to remove these barriers.

## Exhibit 9.

### Examples of support that public bodies requested from the Scottish Government to remove barriers to reform, August 2023

|   |  |
|---|--|
|    | A budget for digitalisation  |
|    | A funded voluntary redundancy programme  |
|    | Clarity on the aims of reform and Scottish Government approaches and responses to independent reviews    |
|    | Clarity on what resources are available in the short and medium term                                     |
|    | Certainty about medium-term capital funding  |
|   | Better coordination of funding from different funding sources with different reporting requirements      |
|  | Certainty about progress on reform, how long it will take, how it will be managed and who is responsible |
|  | More consultation on future pay settlements, recognising what smaller bodies can afford                  |

Note: Some public bodies also identified issues specific to their own sectors, which have not been included here.

Source: Audit Scotland analysis of public body responses

## The Scottish Government's governance arrangements for reform were ineffective and have recently changed

**71.** The governance structures have not been effective to date in driving forward the reform agenda. The Director General Communities is responsible for putting the PSR programme into place successfully, supported by the Public Service Reform Strategy and Governance Unit made up of 5.8 full-time equivalent civil servants. Under the governance arrangements set up in 2023, Director General Communities was supported in this role by:

- an action group made up of Scottish Government directors from across different portfolios involved in the reform programme. The terms of reference for this group described it as 'a key decision-making forum'

- a steering group, made up of non-executive directors, chief executives of public bodies and academics, provides advice on how to progress the PSR programme but does not make decisions.

**72.** While Director General Communities is responsible for the programme, moving individual reforms forward is dependent on decisions made, and funding identified, by other directorates. The Action Group should have helped make sure that the PSR programme corresponded with decisions made by individual portfolios. However, in practice this group did not make these decisions and the forum was used more for sharing information across portfolios. The key governance forums for the PSR programme did not regularly discuss the progress of individual workstreams and it was not a standing item on their agendas. This was a gap in the scrutiny and governance of the programme.

**73.** In spring 2024, key stakeholders in PSR agreed that a more formal governance arrangement was required, and plans for a PSR board were developed. The Scottish Government's plan is that this board will drive the delivery of PSR and will have the authority to direct existing PSR work and establish new areas of work that are required to carry out PSR. To do so, it will be able to draw on resources from across government. Accountable officers within portfolios will retain responsibility for delivering specific programmes. The first meeting of this group was delayed, and it met for the first time in September 2024.

**74.** These changes should strengthen the governance structures for carrying out reform, although it is too early to say if they will be enough to speed up progress on the programme and provide greater collective leadership.

## The Scottish Government is not providing effective leadership on reform

**75.** Scottish Government accountable officers play a critical role in delivering reform. The Scottish Government has not allocated or identified funding to support portfolios or public bodies to cover the costs of delivering reform. For example, it has not created an enabling fund of resources to support change. Instead, portfolios must manage this work alongside existing spending commitments and pressures, and teams must design and implement reform alongside their day-to-day duties.

**76.** The lack of detail in the plans developed by the Scottish Government to date, the limited resource dedicated to the PSR programme and the issues with the governance of the programme set out in [paragraph 70](#) mean that portfolios' plans for reform vary widely in their approach.

**77.** The Scottish Government has said that it does not want to implement a top-down approach to reforming public services but instead wants to agree a vision of reform across the public sector. In December 2023, it committed to agreeing on a shared approach by March 2024, working with local government and with the wider public and third sector to align, enable and deliver savings.

**78.** This commitment has not been met, and so far there is no evidence of a clear shared approach across the public sector. The Scottish Government did not provide any detail on what this agreement would look like. Although a shared vision and approach does not, in and of itself, lead to change, it is an important step to clarify expectations. Recent audit reports, such as the Auditor General and Accounts Commission's report on [Tackling digital exclusion](#), have highlighted the need for clearer leadership and focus.

## The Scottish Government's difficulties in managing cross-cutting issues are longstanding

**79.** Reforming public services, as opposed to making savings and cutting services, will require **cross-sector** working over several years. This is crucial to address the Scottish Government's priorities of eradicating child poverty, growing Scotland's economy, tackling the climate emergency and improving public services, which all require investment in prevention and different parts of the public sector working closely together.

**80.** In our view, the Scottish Government structures are not designed to support cross-sector working. For example, the PSR team proposed a cross-government 'spend to save' challenge fund for the 2024/25 Budget. This was aimed at investing money in projects which would save money in the future. There was no money allocated to this, meaning that finding that funding would have required Cabinet Secretaries and accountable officers to forgo funding for their portfolios. There is therefore no central fund set aside to provide additional support to cover the costs of reform.

**81.** In [Scotland's financial response to Covid-19](#), the Auditor General and the Accounts Commission recommended that the Scottish Government learn the lessons from the challenges of responding to Covid-19 and develop robust processes to improve the public sector response to future crises or other cross-cutting issues. The Scottish Government has yet to make any significant progress on this recommendation.

**82.** In 2021, the Scottish Leaders Forum considered the barriers to the cross-sector working required to implement the National Performance Framework. The group noted: '(the) current system of accountability does little to encourage cross-organisational working and holding individuals to account for their role in ensuring their organisation contributes to the performance of a collection of organisations'.<sup>18</sup>

**83.** Most recently, as part of the Scottish Government's work on health and social care reform, including the Care and Wellbeing portfolio, there is an acknowledgement that long-term and cross-sector investment is needed to improve the wider factors that affect health. The Auditor General reported in [NHS in Scotland 2023](#), however, that there was a high risk that the immediate priorities of the Care and Wellbeing portfolio will not be successfully delivered because of a lack of strategic direction on the scope of the reform work and its priorities.



### Cross-sector

In some instances, important government priorities such as climate change, public health and reducing child poverty cut across portfolios. Achieving these priorities will require portfolios, public bodies, local government and other partners to work together.

## To overcome these issues, the Scottish Government must show greater leadership and strategic direction

**84.** A clear vision and strategic direction for reform from senior levels of the Scottish Government will help portfolios and public bodies work together and provide them with assurance that they are working towards the same goals and objectives.

**85.** In 2023, the First Minister issued mandate letters to each Cabinet Secretary. Approaches such as these mandate letters, published alongside the Programme for Government, are positive steps in improving strategic direction. The mandate letters set out:

- the aims of the government
- the objectives for each portfolio for the financial year (2023/24)
- the priorities to the end of the parliamentary term.

**86.** The Scottish Government should strengthen this approach by expanding it to clearly link to the National Performance Framework and include details on how spending changes in portfolios affect existing and new priorities.

# 3. Impact of the reform programme

## The Scottish Government has not yet developed a programme monitoring framework

**87.** Two of the three objectives of the reform programme are aimed at improving outcomes. The Scottish Government has not established an approach for monitoring how reform will affect outcomes. As a result, the impact on outcomes is not currently considered or monitored as part of the reform process.

**88.** The PSR team is developing a performance monitoring framework for the programme, but to date progress has been slow because of capacity constraints. Until metrics for ways of monitoring reform are in place it will not be possible to measure its progress or assess the impact of reform on services or different groups in society.

**89.** The plan for the intended framework does not include details about monitoring how reform affects equalities and human rights. Discussions with the Scottish Government suggest that these issues are currently considered as part of the impact assessment process within individual reform workstreams, but it is not clear how they will align with and be considered through the framework for monitoring reform. It is essential that equalities and human rights issues are integrated into metrics for the PSR programme.

**90.** Work is under way across the Scottish Government to better understand and improve the data underpinning the impact of policy on outcomes, equalities and human rights in Scotland. The Scottish Government should prioritise this work by dedicating appropriate levels of resource and spending towards improving its data. This will require a whole system approach.

## Integrating human rights and equalities considerations will help the Scottish Government make better decisions about reform

**91.** Each year, the Scottish Government publishes an Equality and Fairer Scotland Budget Statement alongside the budget. This sets out the impact of the budget on each protected characteristic and area of socio-economic disadvantage. However, for the 2024/25 Budget, more information could have been provided on the impact of changing or reduced spending on **different groups of users**.



### The Welsh Government







publishes a Strategic Integrated Impact Assessment as part of its annual budget. In 2024/25, this included an analysis of where the Welsh Government had chosen to reduce or reprioritise spending, and how these changes might impact different groups.

**92.** The evidence reviewed as part of this audit suggests that the Scottish Government is not considering equalities and human rights when making decisions about its PSR programme. Under [the Equality Act 2010](#), public bodies must evaluate any new or changing policies, procedures and decisions, to redress the unequal impact of a policy or decision. It is therefore important that the Scottish Government understands how the financial decisions it takes as part of its PSR programme will affect different groups in society, to minimise the negative impacts of changes to public spending on people's outcomes. These decisions have the potential to advance equalities and human rights and successfully improve outcomes in Scotland.

**93.** In 2019, the Scottish Government's Equality and Human Rights Budget Advisory Group (EHRBAG) published [informal guidance for policy makers](#) to help bodies consider equalities and human rights issues in their decision-making. The guidance sets out six key questions to ask when making decisions about raising revenue and spending, and decisions about maintaining or reforming policy or introducing new policy ([Exhibit 10](#)).

## Exhibit 10.

### Six key questions to ask when making budget decisions

|           |   |   |
|-----------|---|---|
| <b>1.</b> | What outcome is the policy and associated budget decision aiming to achieve?                                      |  |
| <b>2.</b> | What do you know about existing inequalities of outcome in relation to the budget area?                           |  |
| <b>3.</b> | How will your budget decisions impact different people and places?  |  |
| <b>4.</b> | How will your budget decisions contribute to the realisation of human rights?                                     |  |
| <b>5.</b> | Could the budget be used differently to better address existing inequalities of outcome and advance human rights? |  |
| <b>6.</b> | How will the impact of budget decisions be evaluated?   |  |

**94.** Taking an equality and human rights-based approach helps to deliver better outcomes for everyone. The Scottish Government should incorporate this approach into its overall PSR programme as soon as possible, to ensure the results are used to inform decisions about changes to policies and services. This work should be clearly aligned to the new National Performance Framework.

**95.** An example of good practice in relation to equalities impacts in recent years can be seen in the approach the Scottish Government took in its Emergency Budget Review in November 2022 ([Case study 1](#)). This highlighted that reducing or delaying spending has negative effects on outcomes and set these out clearly. This supports better decision-making and scrutiny.

**96.** A similar approach was taken in September 2024 with the Scottish Government's Pre-Budget Fiscal Statement and accompanying Equality and Fairer Scotland Impact Assessment.

## Case study 1. Considering the impact of changes to spending on equalities

### Scottish Government Emergency Budget Review: summary of evidence on equality and fairness

The Scottish Government's Emergency Budget Review (November 2022) considered the impact of in-year changes to the 2022/23 Scottish Budget on equalities in Scotland, following a period of unprecedented change. This work sets out the reprioritisation of resources at a portfolio level and considers the impact of changes to budgets in-year on services, workforces and people.

For example, £65 million was saved in primary care by reducing the planned growth rate for the Primary Care Improvement Fund. In practice, this meant the planned increases in community links and mental health worker numbers did not take place during 2022/23.

A summary of the equality and fairness evidence states that the support these workers provide on debt, social isolation and housing is crucial to the recovery from the Covid-19 pandemic, given its long-term impact on unemployment, mental health and health inequalities.

It also notes that the reprioritisation of funding for general dental services and community optometry and audiology will delay developments in services for people with sensory impairment, affecting mainly older people with low vision, hearing loss or both.

Source: [Emergency Budget Review: Summary of evidence on equality and fairness](#), Scottish Government, 2022





**97.** The Scottish Human Rights Commission has noted that the Scottish Government has a legal obligation to maximise its available resources in order to fulfil its human rights commitments. When considering budget decisions from a human rights perspective, this means ensuring that existing resources are being used efficiently and effectively without discrimination, while also ensuring that the government makes the necessary effort to generate additional resources.<sup>19</sup>

### **The Scottish Government does not have good quality data about the public sector workforce or estates, making it harder to understand the impact of future reform**

**98.** Data is a vital tool that can help public bodies tackle complex and longstanding issues. It can help target resources to where they will have the most impact and help improve planning. Audit Scotland has previously identified that radical action is needed on improving public sector data,<sup>20</sup> and this is equally relevant for reform.

**99.** In 2023, the Auditor General identified that the Scottish Government needed better data on the size, cost and skillset of the workforce, and on all publicly owned buildings.<sup>21</sup> He recommended that the Scottish Government:

- work with its public bodies to produce an overall analysis of current workforce costs in Scotland, as a priority. This should reflect public bodies' workforce plans
- collect information on the condition, occupancy and cost of the wider public estate and ensure that this information is recorded consistently and regularly by its public bodies.

**100.** The Scottish Government is still collecting this information. We note that the Scottish Government published information on the corporate costs of public bodies on 15 November 2024. Without the baseline information set out above however, the Scottish Government will find it difficult to understand how reform activity will affect costs and the ability of public bodies to carry out reform, and understand changes to productivity in the public sector. The impact of these recommendations will be considered in the next Audit Scotland impact monitoring and evaluation report, which will publish in May 2025.

### **The Scottish Government's reporting to Parliament and the public on the progress and implications of reform and fiscal sustainability has been insufficient**

**101.** The Scottish Government has not set out information on the changes that will need to be made to public services in a clear or consistent way to Parliament and the public. This includes the timelines and progress of its reform work. To date, the information it has provided

publicly has been limited. As part of its 2023/24 pre-budget scrutiny, the Finance and Public Administration Committee asked the Scottish Government to provide:

- a clear vision and strategic purpose for the programme, including what it wants to achieve and how it will provide leadership and oversight to support public bodies to achieve this vision
- the financial strategy to accompany the reform programme that the then-Deputy First Minister committed to in March 2023<sup>22</sup>
- details of each workstream under the programme, milestones for their delivery and clear measurements of success
- an explanation of how the programme will impact delivery of the national outcomes.<sup>23</sup>

**102.** The Scottish Government provided the first of its six-monthly updates on the progress of the PSR programme to Parliament in December 2023. This set out details about the planned approach for reform alongside key actions for each of the four workstreams in years 1-3. This did not fully meet the request made by the Finance and Public Administration Committee, however, as detailed information on costs, savings and timelines for measuring impact were not included. Members wanted to see more evidence of action.

**103.** Reporting to Parliament and the public is essential for supporting scrutiny and improving the transparency of public finances. Without an up-to-date picture of the financial management of the medium-term position, it will be even more challenging for the Scottish Government to deal with ongoing pressures. It also remains unclear to the public what progress the Scottish Government has made to date with its reform programme. [Scotland's Open Budget Survey 2023](#) (July 2024) by the Scottish Human Rights Commission compares the openness of Scotland's budgetary processes with those of over 100 countries. The research shows that the Scottish Government has made some progress in making the budget process more transparent over the last four years, but is still failing to reach standards considered adequate by international best practice.

**104.** The Scottish Government's pre-budget fiscal update in September 2024 announced significant in-year reductions to balance the 2024/25 Budget.<sup>24</sup> The Scottish Parliament Information Centre (SPICe) notes this is the third year in a row where the Scottish Government has made in-year changes to the budget passed by Parliament just a few months previously.<sup>25</sup> This raises important accountability questions for Parliament, as it is being asked to scrutinise, debate and vote on a budget which is going to be subject to significant in-year changes beyond the typical in-year revisions made in the past. SPICe have asked that the Scottish Government present next year's budget alongside the latest in-year position for 2024/25. The Scottish Government published an [additional disclosure](#) of prior year

comparative information for the 2024/25 Budget in January 2024, and updated it to reflect the final financial position for 2023/24 in March 2024. We would like to see the continuation of this information being published as this will improve transparency and scrutiny for stakeholders.

**105.** The type of reform the Scottish Government wants to achieve over the longer term will require significant investment, and it needs to be realistic about how these costs will be met. In practice, this may require reducing investment or redirecting spending away from existing commitments and towards its reform priorities. Whatever it decides, it will need to be clear and open with the public and Parliament about what funding reform will mean for public services in Scotland in the short term.

# Endnotes

- 1 The Scottish Government has since set out an updated set of four priorities that replace the three critical missions in its 2024/25 Programme for Government. These four priorities are eradicating child poverty, growing the economy, tackling the climate emergency, and improving public services.
- 2 [Press release: A Budget to fix the foundations and deliver change for Scotland](#), Scotland Office, 30 October 2024.
- 3 [Scotland's economic and fiscal forecasts](#), The Scottish Fiscal Commission, December 2023 – revised version, April 2024.
- 4 [Fiscal sustainability report](#), The Scottish Fiscal Commission, March 2023.
- 5 [Fiscal sustainability perspectives: climate change](#), The Scottish Fiscal Commission, March 2024.
- 6 [Scotland's economic and fiscal forecasts, The Scottish Fiscal Commission](#), December 2023 – revised version, April 2024.
- 7 [Core Block Grant from UK Government as a share of the IFRS16-Adjusted Total Funding \(Resource\) set out in the 2024/25 Scottish Budget](#).
- 8 [Autumn Budget 2024 speech](#), Chancellor of the Exchequer, 30 October.
- 9 [Deferral of Strategic Policies during the UK Election Period – Letter of 28 May 2024 to Finance and Public Administration Committee Convener](#), Permanent Secretary, 28 May 2024.
- 10 [Letter to Finance and Public Administration Committee Convener](#), Cabinet Secretary for Finance and Local Government, 2 September 2024.
- 11 [Equality, opportunity, community: New leadership – A fresh start](#), Deputy First Minister and Cabinet Secretary for Finance, 18 April 2023.
- 12 [Commission on the future delivery of public services](#), Scottish Government, June 2011.
- 13 [Renewing Scotland's public services: Priorities for reform in response to the Christie Commission](#), Scottish Government, September 2011.
- 14 [Christie 10 years on](#), Auditor General for Scotland, September 2021.
- 15 [Official report of meeting](#), Finance and Public Administration Committee, 10 January 2023.
- 16 For example, please see audits on [Self-directed support](#) (2017) and [Improving outcomes for young people through school education](#) (2021).
- 17 [Pre-Budget Scrutiny 2024–25 – Scottish Government response to Committee report](#), Scottish Government, 19 December 2023.
- 18 [Leadership, collective responsibility and delivering the national outcomes](#), Scottish Leaders Forum, 31 March 2022.
- 19 [Tax policy and the Budget – a Framework for Tax](#), Scottish Human Rights Commission, October 2021.
- 20 [Radical action needed on data](#), Audit Scotland, November 2022.

- 21** [Scottish Government workforce challenges](#), Audit Scotland, November 2023; and [Investing in Scotland's infrastructure](#), Audit Scotland, September 2023.
- 22** The Cabinet Secretary for Finance responded to the Committee's budget report in [February 2024](#). In the response, she clarified that the previous Deputy First Minister had been referring specifically to the planned health and social care medium term financial framework (HSC MTFF). This was planned for publication in Spring 2024, but has been delayed.
- 23** [Pre-budget scrutiny 2023–24: Scotland's public finances in 2023–24 and the impact of the cost of living and public service reform](#), Scottish Government, 3 November 2022.
- 24** [Letter to Finance and Public Administration Committee Convener](#), Cabinet Secretary for Finance and Local Government, 3 September 2024.
- 25** [Filling in fiscal cracks...again](#), The Scottish Parliament Information Centre, 3 September 2024.

# Fiscal sustainability and reform in Scotland



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# **Public service reform in Scotland: how do we turn rhetoric into reality?**



2024

## Executive summary

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Scotland's public services are facing unprecedented leadership challenges filled with dilemmas, invidious choices, and uncertain outcomes. We know from our experience of Christie<sup>1</sup> that a commitment to addressing inequalities and delivering sustainable people-centred public services based around effective local collaborative leadership by many public sector leaders will not necessarily be matched in practice by large scale improvements in services and outcomes within communities.

As demand increases and budgets are put under ever greater pressure, it becomes even harder for public sector leaders to improve public services, make the shift towards prevention, and work collaboratively with others to achieve positive shared outcomes.

The environment within which public sector leaders operate also often conspires against these things.

If we are to transform Scotland's positive rhetoric of public service reform into true reality on the ground, a number of important changes are needed:

- a radical shift towards more collaborative leadership models supported by decluttered and redesigned accountability structures
- greater trust placed in public sector leaders to make change at local level supported by more effective accountability models for local public service leadership, performance, and the achievement of improved outcomes
- a radical shift from tactical to strategic public service reform driven across both spheres of government (national and local), supported by a clear national plan or roadmap for delivering improved national and local outcomes
- a change of culture that recognises the value of innovation and actively manages uncertainty, risk, and potential 'failure'
- governance and accountability models (including how external scrutiny operates) that positively reward and reinforce behaviours and outcomes that align with agreed public service reform values and ambitions (prevention, place, partnership, performance)
- a step change in levels of public and third sector engagement in the planning and delivery of public service reform
- major improvements to better promote what is working and share good practice

<sup>1</sup> [The Christie Commission report on the future delivery of public services, June 2011](#)



# Introduction

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It is widely accepted that we are living in the most challenging context for public service delivery in living memory. We are facing leadership challenges the scale of which will call for the very best from public sector leaders as they seek to shape and negotiate a turbulent and challenging future.

We can anticipate a future filled with intractable dilemmas, invidious choices, and inevitable pain and protest. Some of this is already manifesting itself as public concerns about proposed cuts to local services and increasing public frustration with aspects of NHS and social care performance become more visible and widespread. Public sector leaders are themselves becoming more vocal about the tensions they are managing, with many now talking openly about the personal anguish and in some cases despair they are feeling.

A shift towards prevention and reducing failure demand is key to delivering more sustainable public services. Yet, because of issues such as the ongoing impact of Covid-19, a cost-of-living crisis, static or reducing budgets, and pre-existing service demand pressures, public services are finding it almost impossible to pivot towards prevention in the ways that they know are needed.

The financial imperative for reform becomes ever greater by the day, but the immediate pressure to 'balance the books' is contributing to short-term thinking and service responses which are inhibiting Three Horizon<sup>2</sup> system change and transformation. The demands of Horizon 1 (i.e. the here and now) are too often crowding out Horizon 2 (innovation) and Horizon 3 (system transition).

This message is reinforced by the March 2023 Scottish Fiscal Commission Fiscal Sustainability Report<sup>3</sup> which concluded that "*the Scottish Government will face significant challenges in funding the future provision of devolved public services in Scotland*".

In this context, a number of complex and inter-related issues need to be addressed if we are to deliver large scale transformation and reform of public services. These include:

- Leadership (political and managerial), organisational culture, and behaviour
- Governance and accountability, and incentives for change
- Delivering Christie: community voice and engagement, prevention, place, partnership leadership, and performance
- Driving system change and transition

<sup>2</sup> [A Three Horizons model of long term change, International Futures Forum](#)

<sup>3</sup> [Fiscal Sustainability Report – March 2023, Scottish Fiscal Commission](#)

These issues formed the basis for the jointly convened Royal Society of Edinburgh/Audit Scotland roundtable discussion on public service reform. This event brought together a range of key national academic and policy experts and public sector leaders with the aim of generating fresh and useful insights into the current state of public service reform in Scotland at a time when there is widespread recognition that past approaches to delivering large scale system change have been largely unsuccessful.

Rather than describing the known problems which have already been well rehearsed elsewhere, the discussion focused was on what can we do now to make the change that we all recognise is needed.

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## **Christie and 'place'**

The 2011 Christie Commission report set out a series of public service reforms which aimed to address the 'systematic defects' and 'fragmented' system that hampers joint working to deliver better outcomes.

The principles have evolved into what has become known as the '4 Ps' – people, partnership, prevention, and performance.

A key area of focus for Christie was an emphasis on 'place'. The report stressed the importance of empowering local public sector leaders and empower local communities so that they have more control over decisions that affect their lives.

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## Part 1: Scene setting and context. Leadership, organisational culture, and governance

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The first part of the discussion opened with comments on how the framing of leadership, organisational culture, and behaviour are at the heart of creating a clearer and more compelling narrative about the need for public service reform and the positive benefits that can flow from it.

### **The need for a shift towards more collaborative leadership and decluttered accountability structures**

Participants suggested that current public sector leadership models in Scotland are too focused on how well individuals lead their own organisation, or work in their particular sector (e.g. local government, NHS, police and fire). This mentality is fostering competition rather than collaboration and producing winners and losers in different parts of the public sector. It was felt that an unintended consequence of these leadership models is that they 'protect' and reinforce existing models of public service delivery, especially in the health service, inhibiting the scope for organisations to pivot towards alternatives which might focus more effectively on prevention and deliver better shared outcomes.

Several speakers highlighted the complex web of public bodies and accountabilities in Scotland (a governance structure they termed 'organisational and accountability spaghetti') which was felt to be getting in the way of public bodies and their partners best meeting the needs of local communities. To further unpack this idea, participants posed several questions for consideration: How are decisions about change made? How can timely decisions be made when there are complex, multi-layered structures of accountability such as councils, NHS boards, government, local, regional, and national agencies that must all agree on a course of action?

Overall, it was felt that models of accountability and incentives are not designed in ways which encouraging collaboration, partnership working, and shared models of success. This needs to change.

### **The importance of trust and accountable local public service leadership**

The important role of parliamentary and political oversight of public services and how this interacts with operational leadership and accountability for service performance and delivery was discussed. The overlapping roles and accountabilities of the Scottish Parliament, Scottish Ministers, the Scottish Government, Accountable Officers, NDPBs, and agencies were noted. In this context, the extent to which accountability truly rests with public bodies and their boards was questioned. It was stressed that this is not an abstract governance question, but one which has important, real-world consequences. For example, when significant delivery failures arise which generate media or parliamentary interest, how Scottish Ministers or the Scottish Government choose to respond directly influences the future actions and behaviours of leaders at all levels across the public sector.

To this end, a provocative question was posed: if national public sector delivery organisations cannot be separated from politicians under their accountability, is public sector reform hogtied from the outset?

It was argued that current accountability arrangements also work against services being redesigned in ways which are more person-centred, given their starting point is generally 'the service' rather than the person that service is intended to serve.

### **The need to recognise the value of innovation and active manage uncertainty, risk, and potential 'failure'**

Speakers noted that oftentimes, solutions are lost and we miss the opportunity to deliver time-critical change because of risk aversion and fear of failure. Speakers referenced *'the terror of error'* as a deterrent to innovation and suggested that this diminishes the boldness and drive of leaders at a time when this is needed more than ever. It was suggested that, at present, we are largely avoiding rather than actively managing risk and this needs to change if the system is to learn from its mistakes and continuously improve.

Shifting into more positive territory, participants reflected on how during the Covid-19 pandemic, public bodies (councils, health boards, and Integration Joint Boards (IJBs)) and their partners in the third sector and within local communities truly "disobeyed boundaries" and delivered service changes and transformations at a pace and scale that would have been unimaginable in normal times (for example, implementing new services in days or weeks, rather than months or even years). It was felt that, whilst the unprecedented additional funding available during this time was a contributing factor, other aspects were equally important. These included a collective recognition that innovation was essential, a shared acceptance that high levels of risk and uncertainty would have to be lived with (*'No one knew what the answers were or whether some of the things we had to do would work'* - roundtable participant), and that pragmatic decisions had to be made about loosening governance and accountability arrangements.

Whilst caution was expressed about mythologising this difficult period, given the policy and delivery failures during that time which are now becoming apparent, there was a consensus that the positive lessons from this period should continue to be applied. However, the concern raised by several participants was that, rather than 'building back better', we are now seeing organisations revert to type and focusing on their own survival rather than the common good.

### **The need for a shift from tactical to strategic public service reform**

There was a belief amongst roundtable participants that, to date, Scotland has taken a tactical approach to public service reform. Whilst some examples of successful reform were cited (e.g. the creation of new national Police and Fire and Rescue Services), these have largely been sector-specific whilst reform that has been designed to address more complex, cross-cutting issues (e.g. closing the poverty-related attainment gap, shifting care from hospital to community-based settings, tackling homelessness) has generally been less successful.

It was suggested that this tactical approach to public service reform will be insufficient to address the range and scale of challenges facing Scotland if it truly wants to be a prosperous, healthy, and successful country. A more radical and holistic approach to public service reform, backed by a clear plan for how change will actually be delivered, is now needed. Whilst recognising the significant and real financial pressures facing central and local government, the participants felt that the public resources available in Scotland remain significant (over £16b annually) and that better ways of deploying them are needed. This will require difficult choices to be made, such as deciding whether to pause or halt some existing and possibly well-liked public services, or radically changing how and where services are delivered in future.

However, for that to happen, politicians and the public need to be provided with a compelling narrative for change that captures their attention and gives them hope for the future, whilst at the same time being honest about the scale of the challenges that lie ahead. It was felt that at present, reform is in danger of being seen as simply a euphemism for service cuts and so a more positive narrative and vision is needed. Additionally, the public needs to be more actively involved in the choices and decisions that lie ahead.

### **The importance of engaging with the public and the third sector on the planning and delivery of public service reform**

The need to think beyond the public sector when planning and delivering activities designed to improve outcomes within communities was highlighted. It was noted that, during the Covid-19 pandemic, third sector organisations were as vital as local authorities in delivering public services, displaying an agility and understanding of local communities that Scottish Government lacked. Despite its central role in delivering the national pandemic response, the roundtable noted the widespread feelings of lack of parity of esteem between the third sector and local government partners and highlighted longstanding concerns about how late and short-term funding of third sector bodies can impact on the viability and sustainability of some critical charitable and advocacy organisations.

## **Prevention**

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This part of the discussion focused on why prevention is important and why we seem to find it so hard to make the shift to preventative models, with some glimmers of hope of good and exciting things that are already happening across Scotland highlighted by roundtable participants.

### **Scotland's positive policy context and commitment to prevention is not being matched by our performance**

Roundtable participants acknowledged the long-standing policy commitment in Scotland to place prevention at the heart of public service reform, most famously articulated by Christie. However, the consensus was that Scotland has not capitalised on this ambition. Despite notable population –health- based interventions, such as

minimum alcohol pricing, it was felt that much prevention-based activity, although worthwhile, is tertiary or secondary (i.e. concerned with early detection and minimising negative health or social impacts) with too little emphasis on primary interventions (i.e. avoiding disease or negative social impacts before they occur). This was thought to be limiting and diluting the overall impact of preventive work across the public sector.

A major concern shared by participants that many key indicators of population health and well-being are now moving in the wrong direction (e.g. life expectancy and wider health outcomes, levels of inequality). One speaker cited evidence from Public Health Scotland (PHS)<sup>4</sup> which showed that, at a time of shrinking population, the level of disease in Scotland is projected to increase by 21% by 2043. This sobering statistic should be seen as a call to arms towards a refocused, cross-government approach to prevention if we are to address the root causes of the issues which determine positive health and economic and wider social outcomes for individuals and communities across Scotland.

### **The need for a clearer national plan or roadmap for delivering improved long-term change**

The lack of a clear overarching plan or set of measures which would help Scotland track progress on its prevention journey was seen as a particular problem. Participants felt that, whilst the National Performance Framework (NPF) had historically been seen as a vehicle for measuring progress, it had not gained sufficient traction across the public sector. The absence of clear and consistent incentives for public sector leaders to make the shift towards more preventative service models which will deliver better long-term outcomes was highlighted, given the heavy emphasis that most public sector performance reporting and accountability arrangements place on core service performance and simply “doing what we have always done well or better”.

The social and economic benefits of addressing failure demand were highlighted. For example, a study from the British Medical Journal<sup>5</sup> calculated that for every pound spent on preventative work in health and social care, the return on investment was £14. Furthermore, the return on investment is even better when the intervention is further upstream (i.e. primary prevention like vaccination and immunisation). Similar research by the IPPR<sup>6</sup> on the positive benefits of investing in preventative approaches to addressing the root causes of poverty in Scotland was also noted. The absence of effective accounting for preventative spend in current budget setting and financial reporting processes was seen as an important gap in our current understanding of how resources are allocated and deployed across the public sector. Recent work from Demos<sup>7</sup> on PDEL (Preventative Departmental Expenditure Limits), which would create a new government expenditure category for this purpose, was highlighted. This would allow for auditable definitions of prevention.

<sup>4</sup> [Putting prevention at the heart of public health, Paul Johnston, January 2024](#)

<sup>5</sup> [Return on investment of public health interventions: a systematic review, BMJ.](#)

<sup>6</sup> [Tipping the scales. The social and economic harm of poverty in Scotland, IPPR, 2023.](#)

<sup>7</sup> [Revenue, capital, prevention: A new public spending framework for the future, Demos, 2023.](#)

## The need to better promote what is working and share good practice

Participants expressed frustration at the lack of visibility of important projects which are making a dramatic difference to peoples' lives in positive ways. The 'hidden' nature of much of the positive preventative work which is taking place across Scotland was seen as unhelpful in engendering political and community support for a more preventative approach to service delivery. The example of HMYOI Polmont was cited. Previously, there were hundreds of under 18s in prison and now there are less than ten. Speakers noted the impact of effective work within communities which is preventing young people entering the prison system with the likelihood that many lives will be improved as a result. It was stressed that this new way of working, in common with many others, was introduced not through changes to laws, but through a long-term vision for change and hope, supported by strong leadership within the community justice system.

The roundtable questioned '*why we aren't spreading the good stuff in Scotland*'? It was felt that, despite the existence of many bodies with direct or indirect responsibility for highlighting and sharing good practice, the overall architecture for supporting system change in Scotland is fragmented and incoherent.

## Delivering Christie: community voice and performance management

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This part of the discussion focused on how public bodies need to work differently with individuals and communities to give them more control over their lives, particularly in relation to the planning and delivery of services in their local area.

### **Progress is being made in delivering Christie, but not quickly enough and we may be overlooking lessons learned during Covid-19**

The starting point for this part of the discussion was the Christie Commission quote: "*Scottish Government should work together in an urgent, sustained, and coherent programme to reform and improve Scotland's public services... ensure that public services are built around people and communities...capacity and skills to work to build up their autonomy and resilience*".

The roundtable acknowledged that there are some exceptional public sector and community leaders in Scotland, and that Scotland has strong shared values as a nation (we want to tackle poverty, address health inequalities), both of which are important assets we need to capitalise on.

The discussion led the roundtable to reflect further on some of the positive developments that took place during the Covid-19 period. Speakers shared findings from a listening exercise<sup>8</sup> conducted by the Scottish Covid-19 inquiry that sought

<sup>8</sup> [Let's Be Heard – Sharing Scotland's COVID Experience](#)

better to understand peoples' experiences of working in public services or grassroots community organisations. That exercise highlighted that there was a 'lot of Christie' taking place at that time and many of the traditional defensiveness or power relationships ossified in the pre-pandemic public sector structures were broken down and '*people just made stuff happen*.' However, as discussed earlier, it was noted that in many cases, peoples' ways of working have now shifted back to 'how things were' pre-Covid.

Participants shared multiple examples of exciting projects that are taking place across Scotland where agents of the state are enabling communities and individuals to do for themselves what they increasingly accept the state and public bodies cannot do well. The roundtable reflected on what they saw as an increasingly common set of assumptions amongst those responsible for planning, overseeing, or delivering public services, namely: that government needs to ask itself some fundamental questions about where its role should begin and end in providing services, as many communities and third sector bodies may be better placed to meet the needs of local communities. It was suggested that giving communities more voice and agency could lead to better problem-solving and more efficient spending.

### **We need to change governance and accountability models to reward and reinforce different models of behaviour**

It was suggested that part of the failure to implement Christie has been an assumption that if we rely on the innate goodwill of public servants, good things will inevitably follow. It was argued that whilst the vast majority of people that work in public services are interested in making things better, these people are surrounded by a very strong network of drivers (e.g. culture, policies, performance reporting obligations, financial constraints) which make improvement difficult. These drivers must be dismantled or redesigned coherently, underlain by a sense of urgency and a commitment to sustained action, and in ways that more directly reflect the Scottish Government's reform ambitions around sustainable, person-centred public services.

One speaker highlighted the work of Julia Unwin on kindness<sup>9</sup> and the importance it places on putting relationships between public service organisations and individuals and communities, at the heart of one's practice. They noted Unwin's work differentiates between a rational and a relational lexicon of public service delivery. Rational lexicon includes things like scrutiny, value for money, risk, and performance targets. Relational lexicon sees the whole person and focuses on the total outcome of the intervention. This prompted a useful discussion within the roundtable on the extent to which public servants currently feel sufficiently empowered to respond flexibly to the needs of individuals within the procedures and bureaucracies within which they operate.

### **Is there an 'implementation gap' or a problem with policymaking?**

The roundtable spent some time discussing Scotland's widely recognised 'implementation gap', wherein bold and progressive policy ambitions in key areas such as improving the nation's health, addressing long-standing issues associated

<sup>9</sup> [Kindness, emotions and human relationships: The blind spot in public policy, Julia Unwin CBE, 2018.](#)



with inequality, and improving the country's economic performance (which appear to have widespread political and managerial support) regularly fail to be delivered effectively on the ground. Whilst many factors impact on the effectiveness of policy implementation (e.g. resources, leadership, effective management, and good governance), the roundtable suggested that the regularly reported critique of Scotland's implementation gap' potentially masks an underlying problem of policy design, given that truly effective policy design should enable the ambitions underpinning any policy goals to be delivered in practice.

## **Part 2: Further thoughts and next steps.**

### **The need for change**

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The roundtable reflected on the various factors which have contributed to Scotland's failure to deliver the hopes and ambitions of Christie 10-years on.<sup>10</sup> Whilst everyone recognised the risk of the same group coming together in another 10 years, once again bemoaning Scotland's failure to have made the changes needed to deliver improved and sustainable public services, the roundtable nevertheless felt a sense of hope for the future.

That hope was fuelled partly by a recognition that the need for change is more pressing now than it was at the time of Christie. Financial projections suggest the Scottish Government's £1.5 billion budget gap for 2024/25 could rise to £1.8 billion by 2028/29. This alone is forcing the Scottish Government, public bodies, and local government to start thinking more radically about public service reform and transformation. Alongside that hope was a pragmatic recognition that affecting positive change in such difficult and challenging circumstances is not a guarantee, even if the appetite for change is there. Although there appears to be an increasingly wide range of leaders across the public sector committed to collaborative leadership, reform, and transformation, the 'can do' culture displayed during the Covid-19 pandemic is dissipating and many public sector leaders are struggling to balance the books and 'keep the show on the road'.

#### **The importance of trust**

In that context, the roundtable spent some time discussing the importance of building trust based on open and strong relationships at both national and local levels, if there is any prospect of transformational change being delivered. During the discussion, there was widespread recognition that, despite the existence of the Verity House Agreement between COSLA and the Scottish Government, there still appears to be much work to do in building mutual trust and confidence between national and local government. This is likely to be a consequence of longstanding frustration on the part of local government about perceptions of parity of esteem between the two different spheres of government (local and national) and concerns about how well the views and concerns of local government are reflected in Scottish Government policymaking.

<sup>10</sup> [Christie's clarion call can't wait another 10 years, Stephen Boyle, Auditor General for Scotland, September 2021.](#)

This sits alongside frustration across the local government community about the impact of Scottish Government ring-fenced funding on the autonomy of councils and their ability to direct resources towards local needs and priorities. From the Scottish Government perspective, the apparent lack of trust was considered to reflect a longstanding sense of frustration with local government's perceived ineffectiveness in delivering national policy commitments following the 2007 Concordat between the Scottish Government and COSLA. The feeling being that this has impacted directly on public perceptions of the competence and effectiveness of the Scottish Government.

### **Political appetite for reform**

The unprecedented challenges facing local and national politicians at this time was discussed by the roundtable, alongside the important responsibility placed on public sector leaders to help them negotiate the difficult path that lies ahead as we collectively strive to deliver improved public services.

Alongside the need for a more positive and compelling narrative around public service reform and transformation, the roundtable highlighted the need for national and local politicians to 'hold their nerve' and be daring in their commitment to realising the ambitions of Christie and the Scottish Government's own reform agenda. The roundtable recognised that achieving that vision of addressing inequality, supporting a stable transition to net zero, and delivering sustainable person-centred public services will take time and there are likely to be many setbacks and potential blind alleys on the way. The historic tendency of seeking to jump from one 'silver bullet' solution to the next must be avoided.

In an environment of 'retail politics' and a public that is increasingly sceptical of politicians' ability to improve their daily lives, this risk of deferring to the path of least resistance is greater now than ever before. It was felt that, in that context, the need for a shared vision for reform which is owned both politically and managerially becomes even more important, as does the onus on public sector leaders to deliver the change they have committed to. It was felt that we need to move beyond where we already are, with a generalised ethical and emotional buy-in to reform Scotland, to a place where there is clear and well-coordinated collective mobilisation towards reform based on a shared and agreed programme of change.

The importance of public engagement was also discussed, with one speaker highlighting the high levels of political literacy found in Nordic countries. They noted that this is accompanied by a trust in taxation because of an overall understanding and interest in the role and work of government. To this end, speakers reiterated the importance of having a persuasive narrative, the effective framing of issues framing of issues, and the need to capitalise on windows of opportunity as they arise.

### **The scope or need for structural change**

The roundtable discussed the issue of structural reform and what role, if any, it might play in helping to deliver more sustainable public services. In doing so, it recognised that at present, there appears to be little appetite politically for change of this kind. Instead, public service reform is framed more around voluntary collaboration across sectoral and organisational boundaries. Unsurprisingly, given the contentious nature

of this topic, a range of views emerged with no clear consensus on this matter. There was recognition that, if one were to start with a blank sheet of paper, one would not design the complex and at times overlapping network of public bodies that currently exists in Scotland. Whilst this clearly implies that, in the long term, structural change might create efficiencies, differing views were expressed on whether the scale of these benefits would outweigh the short to medium-term negative impacts (cost, service disruption, loss of expertise and institutional memory, etc.), even if there were a consensus on the ideal structure and political will for change – neither of which are currently in place.

Alongside disagreements amongst the roundtable concerning the merits or otherwise of structural change, there were differing views on the extent to which efficiency should be at the centre of future reform activity. The roundtable concluded that, given the financial pressures facing public services, efficiency must certainly be a factor driving change and reform, every pound of public money needs to be used wisely more than ever. However, we also need to focus on doing better things and making a shift towards more person-centred, prevention-based public services. Seeking efficiencies in the name of perpetuating the status quo would not be right, particularly if this means propping up fundamentally flawed services.

The potential impact of the Scottish Government's no compulsory redundancy policy was discussed briefly. The roundtable recognised the rationale for this policy and its perceived importance within government. However, its impact on the budget choices available to public bodies and the constraints it places on the scope for radical organisational redesign was noted. This is at a time when, as the Auditor General has reported,<sup>11</sup> the Scottish Government faces significant staffing cost pressures and is committing to limiting workforce growth as part of its Medium-Term Financial Strategy (MTFS).

### **Verity House Agreement**

Following on from the earlier discussion about the apparent lack of trust between national and local government, the roundtable briefly discussed the Verity House Agreement (VHA)<sup>12</sup> and in doing so, acknowledged the significance of its commitment across both spheres of government to tackle poverty, transform the economy through a just transition to net zero, and deliver sustainable, person-centred public services.

Whilst the symbolic value of those shared commitments was welcomed by the roundtable, it was felt that, without a shared and agreed programme of change underpinning the commitments, it was not clear how they would be delivered. As one speaker put it: *'hope is not a method of actually achieving something'*.

### **Audit and accountability**

Given the earlier discussions about the negative impacts current public sector accountability regimes are seen to be having on the behaviours of public bodies, the roundtable spent some time discussing and exploring what this might mean for

<sup>11</sup> [The Scottish Government's workforce challenges, Auditor General for Scotland, October 2023.](#)

<sup>12</sup> [New Deal with Local Government: A Partnership Agreement, June 2023, Verity House Agreement, Scottish Government and COSLA](#)

the role of external scrutiny, such as audit and inspection. Difficult questions were posed by the roundtable about how external scrutiny might need to change if it is to play a more active role in assessing and reporting on the progress that public bodies individually and collectively are making towards delivering key public service reform outcomes centred on place, partnership, prevention and progress towards longer-term outcomes.

The rationale for, and importance of, current audit arrangements reflecting the formal accountability arrangements that flow from the Scottish Parliament into the Scottish Government and outwards to individual accountable officers and their respective management responsibilities, was highlighted. It was noted that this inevitably reinforces individual rather than collective responsibility and generally focuses on individual organisation or single sector (e.g. NHS, colleges, police, fire, prisons) performance.

The need to balance this 'traditional' model of audit and accountability with new and complementary approaches which focus more on place, partnership, prevention, and longer-term outcomes was recognised, and examples were cited where this is already happening (e.g. whole-system audit work on health and social care).

### **The need for new and different models of scrutiny**

Balancing the demands of the here and now (*'People care about how well hospitals, GPs, and schools are performing. It matters to them and their families'* - roundtable participant) with a stronger focus on how well public bodies are planning for the future was seen as a critical component of any revised auditing regime. Currently, shifting towards more preventative service models presents a challenge for external scrutiny given the finite resources available for audit and inspection. However, demonstrating a clear shift towards new models of scrutiny which more explicitly and consistently focus on place, partnership, prevention, and performance is something that the Auditor General is committed to.

The extent to which audit and inspection inhibits change out of a fear of 'getting caught out' was discussed, referencing Onora O'Neill's Reith Lecture<sup>13</sup> on this topic. The importance of audit and inspection being balanced in its reporting, highlighting the good as well as the bad, was stressed. The feeling amongst the roundtable was that scrutiny bodies must work to understand and accept the potential for failure, given a complex and uncertain operating environment. It was felt that if innovation is to be supported, scrutiny bodies need to adopt a different attitude towards risk and learning. This led to a wider discussion about the environment within which 'scrutiny' operates, including the Parliament and media where there continues to be an undue focus on failure rather than success and a general view that when things go wrong, 'heads must roll'.

<sup>13</sup> [Without Trust we cannot stand. Reith Lecture 2002, Baroness Onora O'Neill](#)

<sup>14</sup> [NHS Scotland Health Boards and Special Health Boards – Blueprint for Good Governance, Scottish Government, 2019](#)

It was suggested that delivering fundamental changes in the way in which audit and inspection operates (i.e. culture, focus, and the adoption of more innovative scrutiny approaches) would require more changes to be made to the wider governance and accountability landscape which applies to local government bodies, health boards, IJBs, and NDPBs and agencies.

## Next steps

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The RSE and Audit Scotland will use the findings of this roundtable discussion to inform their respective programmes of research/policy commentary, influencing, and audit, reporting on Scotland's progress in delivering system-wide change and reform which delivers more sustainable, person-centred, public services in line with the ambitions set out in the 2011 Christie report.

## Appendix 1: Roundtable attendees

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**Present:** Stephen Boyle, Antony Clark, Sarah Davidson, Professor Jim Gallagher FRSE, Professor Ima Jackson FRSE, Professor Michael Keating FRSE, Karyn McCluskey FRSE, Peter Reekie FRSE, Lorraine Sanda, Professor Nick Watson FRSE

**Staff present:** Gwynneth Redemann (RSE Policy Advice Officer)

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### Stephen Boyle

The Auditor General is appointed by the Crown, on the recommendation of the Scottish Parliament. The independent post was created under the Scotland Act 1998 to help ensure that public money is spent properly, efficiently and effectively.

Stephen Boyle started his term as Auditor General in July 2020, and he is also the accountable officer for Audit Scotland. He is committed to public services that improve the lives of Scotland's people. He has over 20 years' experience in audit, governance and financial management, and is a qualified accountant and a fellow of the Chartered Institute of Public Finance and Accountancy.

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### Antony Clark

Antony is Audit Scotland's Executive Director of Performance Audit and Best Value. He is responsible for Audit Scotland's programme of performance audits and its cross-sectoral leadership on public service reform. Prior to joining Audit Scotland in 2003 Antony worked for the Audit Commission and held a number of senior leadership roles in local government in the North of England and worked for the Nursing Board in London.

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### Sarah Davidson CBE

Sarah is Chief Executive, Carnegie UK. Prior to joining Carnegie UK in August 2019, Sarah had a 25-year career in civil service, latterly as Director General in the Scottish Government. She is a Trustee of the Scottish Chamber Orchestra and of St Mary's Music School in Edinburgh, a Fellow of the RSA, and was appointed a CB in the 2019 New Year's Honours List.

Sarah is also an Honorary Professor at the Centre for Public Policy, Glasgow University.

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### Professor Jim Gallagher FRSE

Jim is a visiting Professor in Glasgow University School of Law, and honorary professor at the Institute of Legal and Constitutional Research at the University of St Andrews.

### **Professor Ima Jackson FRSE**

Ima is a Professor of Community Engagement in Research, Social Policy and Infrastructure Development at Glasgow Caledonian University. She is currently design leading the development of a new community led accountability organisation- The Anti Racism Observatory for Scotland. Ima was Co-chair of the First Minister's National Advisory Council on Women and Girls and Chair of the Centre for Contemporary Art (CCA) Glasgow

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### **Professor Michael Keating FRSE**

Michael is Emeritus Professor of Politics at the University of Aberdeen and Honorary Professor at the University of Edinburgh. Michael has taught in universities in Scotland, England and Canada and at the European University Institute in Florence. A graduate of the University of Oxford, he was also the first PhD to graduate from what is now Glasgow Caledonian University (1975).

He is a fellow of the British Academy, Academy of Social Sciences and European Academy. His research has covered comparative European politics, public policy and territorial politics and from 2013 to 2020 he was founding Director of the Centre on Constitutional Change in Edinburgh.

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### **Karyn McCluskey FRSE**

Karyn is Chief Executive, Community Justice Scotland who prior to taking up her current role spent 21 years with the police and helped establish the Violence Reduction Unit in 2003 with a Public Health approach to preventing violence, which is replicated in the UK and internationally. Karyn is a Non-Executive Director at Scottish Professional Football League and a Fellow of the Faculty of Public Health.

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### **Peter Reekie FRSE**

Peter is Chief Executive, Scottish Futures Trust. Peter has worked across the private and public sectors as a civil engineer and programme manager, an infrastructure financier and consultant in the big-4 and a public sector leader. He has been at the Scottish Futures Trust, a public sector centre of infrastructure expertise since its inception in 2008 becoming CEO in 2018.

### **Lorraine Sanda MBE**

Lorraine is Strategic Director of People, Clackmannanshire Council and has previously held a number of senior civil service roles in the UK and abroad, including the Foreign Office, Scottish Government (Learning Directorate), and Diplomatic Service (FCO).

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### **Professor Nick Watson FRSE**

Nick is Chair of Disability Research and Director of Centre for Disability Research at the University of Glasgow. He was a co-Director of What Works Scotland and has written on co-production in the delivery of public services, child poverty, evaluation and integration of services.





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