

News release

For immediate release

'Urgent need' for NHS Tayside to set out financial plans

Urgent action is needed to address NHS Tayside's financial position amid ongoing changes to the make-up of its leadership team, says the Auditor General.

Caroline Gardner's fourth consecutive report on the health board notes its worsening financial position and significant challenges to meeting its financial and performance targets.

Service redesign is critical to reducing Tayside's expensive operating model and high staff costs, says Ms Gardner. But she found little evidence that the situation has improved.

NHS Tayside has needed £50.2m of Scottish Government loans since 2012/13, £45.9 million of which has not been repaid. A further £12.7 million of brokerage was received in 2017/18, and the Auditor General says more will be required.

The board's poor financial position has been compounded by the mismanagement of eHealth and endowment fund monies in previous years.

And its performance is also deteriorating. Just seven national standards out of 20 were met or exceeded this year, compared to nine in 2016/17.

Meanwhile, the board continues to face significant leadership challenges. A new Chief Executive has been appointed - the third person to hold the top post in the space of a year. And a recruitment exercise is underway to appoint a new health board Chair before the end of the 2018/19 financial year.

Ms Gardner's report also notes a number of mistakes relating to the departure of Tayside's former Chief Executive, who left the organisation in July with a £90k settlement package.

Ms Gardner said: "NHS Tayside financial position has been unsustainable since 2013 and urgent action is needed to turn around the organisation.

"The Cabinet Secretary's announcement that all outstanding loans will be written-off at the end of 2018-19 reduces the pressure on Tayside to make repayments. But it does not address the underlying financial problems.

"Changing the ways services are delivered will be critical in reducing NHS Tayside's operating model and comparatively high staff costs.

"However, to date there is limited evidence of this happening, increasing the need for effective leadership to drive home the board's plans for change."

For further information contact Patrick McFall Tel: 0131 625 1663 pmcfall@audit-scotland.gov.uk or media@audit-scotland.gov.uk

Notes to editors:

1. The Auditor General has prepared the report on NHS Tayside's audited accounts for 2017/18 under Section 22 of the Public Finance and Accountability (Scotland) Act 2000. This allows the Auditor General to bring to the Parliament and the public's attention matters of public interest related to the financial statements of public bodies.
 2. Interim NHS Tayside Chief Executive Malcolm Wright is due to stand down in December 2018. Grant Archibald was announced as the new NHS Chief Executive on 28 November.
 3. The health board paid its former Chief Executive, Lesley McLay, for six months' notice instead of the three in her contract. And it mistakenly agreed a payment of over £19k in pension contributions to cover her notice period - a sum it is now looking to recover.
 4. Section 22 reports are submitted to Scottish Ministers for laying in the Parliament along with the accounts of the relevant body. While there are statutory deadlines for these reports, the actual timing of publication is determined by when the report is laid in the Scottish Parliament by Scottish Ministers.
 5. Audit Scotland has prepared this report for the Auditor General for Scotland. All Audit Scotland reports published since 2000 are available at www.audit-scotland.gov.uk
- The Auditor General appoints auditors to Scotland's central government and NHS bodies; examines how public bodies spend public money; helps them to manage their finances to the highest standards; and checks whether they achieve value for money. The Auditor General is independent and is not subject to the control of the Scottish Government or the Scottish Parliament
 - Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act, 2000. It provides services to the Auditor General for Scotland and the Accounts Commission for Scotland.