

News release

For immediate use: Tuesday, 10th October

NHS Tayside continues to face significant financial challenges

The Auditor General has reported to the Scottish Parliament for a third consecutive year on NHS Tayside's progress with addressing significant financial difficulties, and the high risk that the board will not achieve financial balance in 2017/18.

NHS Tayside has a five-year transformation programme in place to address its financial challenges, and it plans to achieve financial balance by 2018/19. Caroline Gardner, Auditor General, has found that the board continued to experience significant financial issues in 2016/17.

The board delivered £45.5 million of efficiency savings in 2016/17. While this is a significant sum, and nearly double the savings achieved in the previous year, it was £1.3 million below target.

In 2016/17, the board received £13.2 million in loan funding, known as brokerage, from the Scottish Government to cover cost pressures related to prescribing, pay and use of agency staff, and allow it to break even.

This brings the total brokerage received by the board over the last five years to £37.5 million. Of this, £33.2 million is still to be repaid but the Scottish Government has suspended repayments and it's not yet been confirmed when they will resume.

The board recognises that its cost base remains too high and further significant savings are needed in future. It has identified that to be financially sustainable in the long term, it must save £205.8 million over the next five years. This includes the suspended brokerage repayments.

A funding gap of £49.8 million is currently projected for 2017/18. The board plans to achieve efficiency savings of £45.8 million, with the balance of £4 million provided via further loan funding. There is a risk that more financial support will be needed, and the 2017/18 savings also include £5 million which have yet to be identified or are high risk.

An independent Advisory and Assurance Group established by the Scottish Government to scrutinise the progress of the transformation plan has reported that the pace and scale of change needs to increase if the proposals are to be successful. The Auditor General agrees with the group's findings.

Caroline Gardner said: "NHS Tayside continues to face an extremely challenging position which will make it difficult to achieve financial balance in the future.

"Some of the changes required to address these challenges will take time to fully implement. It's important that the board put in place a realistic action plan, accompanied by the capacity and resources required to deliver it."

The Auditor General reports on the overall financial health and performance of the NHS in Scotland later this month.

For further information contact Kirsty Gibbins on 0131 6251658 or kgibbins@audit-scotland.gov.uk

Notes to editors

1. The Auditor General has prepared this reports on the 2016/17 accounts of NHS Tayside 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. The independent audit opinion on the 2016/17 accounts is unqualified. This means that they show a true and fair picture, follow accounting standards and the income and expenditure for the year is lawful.
3. The NHS Tayside accounts for 2016/17 reported that 11,815 whole time equivalent staff worked for the board in 2017. In terms of headcount, that number is 13,765.
4. NHS Scotland has a series of national targets, known as the Local Delivery Plan (LDP) standards, which contribute towards delivery of the Scottish Government's Purpose and National Outcomes and NHS Scotland's Quality Ambitions. NHS Tayside's performance against the 16 non-financial LDP standards was variable in 2016/17. Eight of the 16 standards were categorised as being met or exceeded and eight as not being met as at March 2017 - see Appendix 1 for details. NHS Tayside is not an outlier when it comes to service delivery and performs better than other boards in some areas.
5. The independent Advisory and Assurance Group (AAG) produced a staging report in June 2017. The Scottish Government subsequently set up a Transformation Support Team with specific expertise in workforce, planning, and finance to work alongside NHS Tayside's Executive Team. The AAG produced a follow-up report on progress in September 2017 and will report again in December 2017.
6. 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
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