

NHS Tayside

2023/24 Annual Audit Report



Prepared for the Board of NHS Tayside and the Auditor General for Scotland
27 June 2024

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Key messages

2023/24 annual report and accounts

- 1 Audit opinions on the annual report and accounts are unmodified.
- 2 The 2023/24 annual report and accounts were certified on 27 June 2024, in line with the agreed audit timetable.

Financial management

- 3 NHS Tayside has effective and appropriate arrangements to secure sound financial management.
- 4 NHS Tayside required brokerage funding of £16.1 million to achieve financial balance for 2023/24, with the impact of pay inflation contributing to an increase of £67.9 million in employee expenditure during the year.
- 5 The board delivered savings of £40.9 million during 2023/24, but only £10.3 million of these were targeted savings identified at the start of the year, and only 36 per cent of all savings represented recurring savings. NHS Tayside need to improve the delivery of targeted savings plans and achieve a higher level of recurring savings to help it achieve financial balance.
- 6 NHS Tayside has appropriate financial control arrangements in place. Control weaknesses within NHS National Services Scotland resulted in the service auditor issuing qualified opinions on specific controls but mitigating controls meant that no change in our audit approach was required.

Financial sustainability

- 7 NHS Tayside is facing unprecedented financial challenges during 2024/25 and, based on the projected financial position of the board over the next 3 years, we have concluded that NHS Tayside's position is not financially sustainable in the medium term.
- 8 The reduction in capital funding and the Scottish Government's request to focus on maintaining the existing estate presents a range of short-term and longer-term risks for NHS Tayside. However, the Scottish Government Health Capital Finance Team has confirmed that additional capital funding will be provided to cover the Carseview PFI end of contract costs.

Vision, leadership and governance

- 9** NHS Tayside does not currently have a long-term strategic plan to support the delivery of its vision but intends to publish its 10-year strategy by March 2025.
- 10** The NHS Tayside Annual Delivery Plan 2024-2027 aims to deliver the sustainable changes and reform needed to position the board's services for the longer term. The board has also developed an Anchor Strategy which supports the delivery plan and sets out ways that it can use its position to address health inequalities and provide a positive contribution to the local area.
- 11** Management should focus on the long-term actions required to deliver sustainable changes and reform, as well as the more immediate actions to address the board's financial and performance challenges.
- 12** NHS Tayside and the three Tayside IJBs have approved a Mental Health and Learning Disability Whole System Change Programme which is intended to deliver transformational change in mental health services over the next 3 years.

Use of resources to improve outcomes

- 13** NHS Tayside has appropriate arrangements for monitoring and reporting performance.
- 14** Service performance reporting identifies that only 4 out of 15 national measures are on track. Performance against key waiting time standards has deteriorated since Covid-19, partly due to increasing levels of demand, in line with the overall NHS Scotland position. Performance against 3 of NHS Tayside's 5 remobilisation measures has also deteriorated since 2022/23.
- 15** NHS Tayside has an appropriate best value framework and improvements are being made to ensure all relevant reports adequately cover Best Value characteristics.

Introduction

1. This report summarises the findings from the 2023/24 annual audit of NHS Tayside and will be published on Audit Scotland's website: www.audit-scotland.gov.uk in due course.
2. The scope of the audit was set out in an annual plan presented to the March 2024 meeting of the Audit and Risk Committee. This annual audit report comprises the significant matters arising from the audit of NHS Tayside's annual report and accounts and conclusions on the following wider scope areas, as set out in the [Code of Audit Practice](#).
3. We would like to thank directors and staff, particularly those in finance, for their cooperation and assistance during the course of the audit.

Responsibilities and reporting

4. NHS Tayside has responsibility for ensuring the proper financial stewardship of public funds. This includes preparing the annual report and accounts in accordance with the accounts direction from Scottish Ministers. NHS Tayside is also responsible for establishing appropriate and effective arrangements for governance, propriety, and regularity.
5. The responsibilities of the independent appointed auditor are established by the Public Finance and Accountability (Scotland) Act 2000; the [Code of Audit Practice 2021](#) and supplementary guidance and International Standards on Auditing in the UK.
6. This report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers, and dates for implementation. Weaknesses or risks identified in this report are only those which have come to our attention during our audit work and may not be all that exist. Communicating these does not absolve management of its responsibility to address the issues we raise and to maintain adequate systems of control.

Auditor independence

7. We confirm that we comply with the Financial Reporting Council's Ethical Standard and that we have not undertaken any non-audit related services. We can also confirm that we have not undertaken any non-audit related services and therefore the 2023/24 audit fee of £243,950, as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity or our independence.

1. Audit of 2023/24 annual report and accounts

Public bodies are required to prepare an annual report and accounts comprising financial statements and other related reports. These are the principal means of accounting for the stewardship of public funds.

Audit opinions on the annual report and accounts are unmodified.

The 2023/24 annual report and accounts were certified on 27 June 2024, in line with the agreed audit timetable.

Audit opinions on the annual report and accounts are unmodified

8. The Board approved the annual report and accounts for NHS Tayside and its group for the year ended 31 March 2024 on 27 June 2024. The independent auditor's report included the following audit opinions on the annual report and accounts:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- expenditure and income were in accordance with applicable enactments and guidance.
- the audited part of the remuneration and staff report was prepared in accordance with the financial reporting framework
- the performance report and governance statement were consistent with the financial statements and properly prepared in accordance with the relevant legislation and directions made by Scottish Ministers.

The 2023/24 annual report and accounts were certified on 27 June 2024, in line with the agreed audit timetable

9. We received the unaudited annual report and accounts on 3 May 2024, in line with the agreed audit timetable. The accounts and working papers presented for audit were of a good standard and management and finance staff

provided excellent support to the team during the audit process. This helped ensure that the final accounts audit was completed in line with the audit timetable, with the 2023/24 annual report and accounts certified on 27 June 2024.

Good practice – Decluttering of annual report and accounts

During 2023/24 finance staff and external audit worked together to identify non-material accounting policies, notes and disclosures within the annual report and accounts that could be removed to ensure a clearer focus on the key transactions and balances relevant to the financial affairs of NHS Tayside and its group. This resulted in the removal or truncating of a range of accounting policies for non-material account areas and the removal of a number of disclosure notes for non-material account areas including intangible assets, inventories and assets classified as held for sale. We will continue to work with officers to further streamline the annual report and accounts and improve the readability for users of the accounts.

Our audit approach and testing was informed by the overall materiality level of £43 million

10. The concept of materiality is applied by auditors to determine whether misstatements identified during the audit could reasonably be expected to influence the economic decisions of users of the financial statements, and impact the opinion set out in the independent auditor's report. Auditors set a monetary threshold when considering materiality, although some issues may be considered material by their nature and it is ultimately a matter of the auditor's professional judgement.

11. Our initial assessment of materiality was carried out during the planning phase of the audit and was based on the group financial results reported in the audited 2022/23 annual report and accounts. These materiality levels were reported in our annual audit plan to the March 2024 meeting of the Audit and Risk Committee.

12. On receipt of the unaudited 2023/24 annual report and accounts we recalculated our materiality levels based on the group financial results for the year ended 31 March 2024. These are detailed in [Exhibit 1](#).

Exhibit 1

Materiality levels for the 2023/24 audit

Materiality level	Amount
<p>Overall materiality: This is the figure we calculate to assess the overall impact of audit adjustments on the financial statements. It has been set based on our assessment of the needs of the users of the financial statements and the nature of NHS Tayside's operations.</p>	£43.0 million
<p>Performance materiality: This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality, this could indicate that further audit procedures are required. Using our professional judgement, we have assessed performance materiality at 65 per cent of overall materiality.</p>	£28.0 million
<p>Reporting threshold: We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount.</p>	£0.5 million

Source: Audit Scotland

Our audit identified and addressed the risks of material misstatement

13. [Exhibit 2](#) sets out the significant and non-significant risks of material misstatement to the financial statements. It also summarises the further audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

Exhibit 2**Significant and non-significant risks of material misstatement**

Nature of risk	Audit Response	Conclusion
Significant risks of material misstatement		
<p>1. Risk of material misstatement due to fraud caused by management override of controls</p> <p>As stated in ISA (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<ul style="list-style-type: none"> • Detailed testing of transactions and journals with a focus on significant risk areas, including year-end and post-close down entries. • Review of significant accounting estimates. • Assessment of any changes to the methods and underlying assumptions used to prepare significant accounting estimates compared to the prior year. • Focussed testing of accruals and prepayments. • Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. • Evaluate significant transactions outside the normal course of business. 	<p>We used data analytics to consider all journals and substantively tested a sample of higher risk year end journals and a smaller sample of in year journals.</p> <p>We tested significant estimates including non-current assets valuations; clinical and medical negligence claims; accruals and PFI liabilities.</p> <p>We did not identify any issues with the methods and underlying assumptions used to prepare significant accounting estimates.</p> <p>We tested a sample of accruals, prepayments and post year-end payments. The only issues identified related to the 'receivables classification errors' shown at issue 3 in Exhibit 3. We did not consider these to be an attempt by management to manipulate the reported financial position.</p> <p>Our inquiries of officers of potentially inappropriate or unusual activity relating to the processing of journal entries, and other adjustments, confirmed that these were valid transactions.</p> <p>We did not identify any significant transactions outside the normal course of business.</p> <p>Our testing detailed above did not identify any instances of management override of controls.</p>

Nature of risk	Audit Response	Conclusion
Other risks of material misstatement		
<p>2. Accounting for service concession arrangements</p> <p>The 2023/24 Government Financial Reporting Manual (FReM) has changed the accounting treatment for indexation linked payments in liabilities for service concession arrangements.</p> <p>NHS Tayside must remeasure if there is a change in future lease payments resulting from a change in an index / rate used to determine those payments and ensure that the financial statements accurately reflect the impact of the revised IFRS 16 accounting arrangements.</p>	<ul style="list-style-type: none"> Assessed NHS Tayside's arrangements for adopting the new accounting requirements. Reviewed detailed working papers to support the evaluation and assessed the conclusions reached by NHS Tayside. Assessed the adequacy of NHS Tayside's financial statements disclosures regarding service concession arrangements. 	<p>We concluded that NHS Tayside has appropriate arrangements in place to apply the IFRS16 accounting requirements to the five service concession arrangements.</p> <p>Our review of the working papers, including the source data from the underlying financial models, confirmed that the IFRS16 accounting requirements have been correctly applied to the five service concession arrangements.</p> <p>We are satisfied that NHS Tayside's financial statements include adequate disclosures regarding its five service concession arrangements.</p>
<p>3. Carseview PFI scheme – accounting for end of contract arrangements</p> <p>The existing contract for Carseview PFI scheme expires on 17 June 2026. A number of options are available to NHS Tayside at the end of the contract and a decision has to be taken by 17 June 2024 (23rd anniversary of contract commencement</p>	<ul style="list-style-type: none"> Review proposed accounting treatment with a view to agreeing the correct treatment prior to NHS Tayside submitting the 2023/24 Annual Report and Accounts for audit. 	<p>The NHS Tayside Board approved the proposal to purchase the equipment and ground lease at the end of the contract on 29 February 2024 and Scottish Government approval for this decision was obtained on 7 May 2024. The contractor was notified of the decision on 11 June 2024.</p> <p>This decision has been treated as a non-adjusting post-balance sheet event and the additional financial obligation created by this decision is not reflected in the audited annual report and accounts. This has therefore been reported as an</p>

Nature of risk	Audit Response	Conclusion
<p>date) as to which option will be exercised.</p> <p>The proposed option is that NHS Tayside will purchase the equipment and ground lease at the end of the contract but this remains subject to Scottish Government approval.</p>		<p>unadjusted error – see issue 1 in Exhibit 3.</p>

Source: Audit Scotland

We reported the significant findings from the audit prior to the annual report and accounts being approved and certified

14. Under International Standard on Auditing (UK) 260, we are required to communicate significant findings from the audit, including our view about the qualitative aspects of the body's accounting practices, to those charged with governance prior to the audited annual report and accounts being approved and certified.

15. The Code of Audit Practice also requires us to highlight key audit matters which are defined in ISA (UK) 701 as those matters judged to be of most significance.

16. The significant findings are summarised in [Exhibit 3](#). Our audit also identified other presentation and disclosure issues which were discussed with management. These were all adjusted in the audited annual report and accounts, and none were significant enough to require to be separately reported under ISA 260.

Exhibit 3**Significant findings and key audit matters from the audit of the annual report and accounts**

Issue	Resolution
<p>1. Carseview PFI scheme end of agreement arrangements</p> <p>The existing contract for Carseview PFI scheme expires on 17 June 2026. A number of options were available to NHS Tayside at the end of the contract and a decision required to be taken by 17 June 2024 (23rd anniversary of contract commencement date) as to which option would be exercised.</p> <p>The NHS Tayside Board approved the proposal to purchase the equipment and ground lease at the end of the contract on 29 February 2024 and Scottish Government approval for this decision was obtained on 7 May 2024. The contractor was notified of the decision on 11 June 2024.</p> <p>This decision has been treated as a non-adjusting post-balance sheet event and the additional financial obligation created by this decision is not included in the audited annual report and accounts.</p>	<p>We agreed that the issue could be treated as a non-adjusting post-balance sheet event and disclosed in <i>Note 15. Events After The End Of The Reporting Year</i>. Management has included this disclosure in the audited Annual Report and Accounts.</p> <p>As the additional financial obligation created by the decision to purchase the equipment and ground lease at the end of the contract has not been included in the audited annual report and accounts, this is reported as an unadjusted error.</p> <p><i>(N.B. The exact value of the final payment due to the contractor is deemed commercially sensitive and so has not been disclosed within this report. The maximum value of the payment is well below our materiality threshold, representing less than 5 per cent of materiality)</i></p>
<p>2. National Treatment Centre Tayside</p> <p>The annual report and accounts include an asset under construction balance of £12.1 million for the amounts spent up to 31 March 2024 on the National Treatment Centre Tayside development at Perth Royal Infirmary.</p> <p>Following the announcement by the Scottish Government in December 2023 that it would not be directly funding development costs for any new projects over the next two years, the National Treatment Centre Tayside has been paused.</p> <p>Given this announcement there is a risk that this project may not be completed and the carrying value of the asset under construction will require to be written down.</p>	<p>Management confirmed that this project is currently paused but advised that it is expected to restart when the freeze on capital funding ends in 2026/27. Given this they do not believe that the carrying value of the asset under construction requires to be written down.</p> <p>We have accepted based on the current Scottish Government position that there is sufficient likelihood that the project will still be completed, and the asset under construction will be brought into operational use. Therefore, there is no requirement for the carrying value to be reviewed or written down at present. However, management should keep this under review to ensure that any future funding decisions impacting on the</p>

Issue	Resolution
	<p>project are reflected in the carrying value of the asset.</p> <p>This was judged to be a key audit matter.</p> <p>Recommendation 1</p>
<p>3. Receivables classification errors</p> <p>Our audit of the receivables balances in the unaudited accounts identified a number of classification errors in relation to prepayments and accrued income as detailed below:</p> <ul style="list-style-type: none"> • Drug rebates due to the board of £5.6 million had been incorrectly classified as prepayments (£4.4 million) and accrued income (£1.2 million) rather than other receivables. • Due to the issue above in relation to drug rebates, additional testing was carried out which identified further errors with £2.5 million of accrued income incorrectly classified as prepayments. • The split of accrued income between short and long term was incorrect resulting in the short-term balance being understated by £0.2 million and the long-term balance being overstated by the same value. 	<p>Management has corrected these misstatements in the audited financial statements.</p> <p>As these were classification errors between different receivables lines, they had a nil impact on the overall receivables figure in the Statement of Financial Position.</p> <p>Recommendation 2</p>
<p>4. Remuneration and staff report - opening CETV disclosure</p> <p>The Remuneration and Staff Report discloses pension information including the opening CETV calculation at the start of each financial year. In accordance with the guidance this should exclude the impact of inflation meaning that the movement disclosed will be less than the difference between the opening and closing balances.</p> <p>Due to the manner that this information was presented within the CETV calculator, NHS Boards incorrectly disclosed the opening CETV balance adjusted for inflation.</p>	<p>We raised this with management who have amended the disclosures in the Remuneration and Staff Report.</p>

Issue	Resolution
<p>This is a common issue that has been identified across the majority of NHS accounts and impacted on the current and prior year opening CETV disclosures.</p>	

Source: Audit Scotland

We did not identify any material misstatements within the financial statements

17. It is our responsibility to request that all misstatements, other than those below our reporting threshold, are corrected but the final decision on making the correction lies with those charged with governance.

18. The only misstatements above our reporting threshold that we identified during our audit were for the Carseview PFI scheme end of agreement arrangements (issue 1 in [Exhibit 3](#)) and the receivables classification errors (issue 3 in [Exhibit 3](#)). Management adjusted for the receivables classification errors but chose not to make an adjustment for the Carseview PFI scheme end of agreement arrangements so this is reported as an unadjusted error.

19. The value of the errors identified during our audit were below our performance materiality level. We concluded that the Carseview PFI scheme end of agreement arrangements was an isolated issue which was identified in its entirety, so no further audit testing was required. We conducted further testing of receivables balances to obtain satisfactory assurance that there was no risk of a material error in the untested population.

Prior year recommendations have been progressed but five have still to be fully addressed

20. Our 2022/23 annual audit report included seven recommendations for improvement. NHS Tayside has made progress in implementing these but five recommendations have still to be fully addressed. For the actions not yet fully implemented, revised responses and timescales have been agreed with management, and are set out in [Appendix 1](#).

Good practice – External Reports Recommendations Tracker

The tracker is a standing item on the agenda for each Audit and Risk Committee meeting. It is used to ensure that actions agreed by management to address internal and external audit recommendations are being implemented. The tracker provides ARC members with updates on the progress made in implementing these recommendations during the course of the year and allows any delays in their implementation to be flagged for discussion.

2. Financial management

Financial management means having sound budgetary processes, and the ability to understand the financial environment and whether internal controls are operating effectively.

NHS Tayside has effective and appropriate arrangements to secure sound financial management.

NHS Tayside required brokerage funding of £16.1 million to achieve financial balance for 2023/24, with the impact of pay inflation contributing to an increase of £67.9 million in employee expenditure during the year.

The board delivered savings of £40.9 million during 2023/24, but only £10.3 million of these were targeted savings identified at the start of the year, and only 36 per cent of all savings represented recurring savings. NHS Tayside needs to improve the delivery of targeted savings plans and achieve a higher level of recurring savings to help it achieve financial balance.

NHS Tayside has appropriate financial control arrangements in place. Control weaknesses within NHS National Services Scotland resulted in the service auditor issuing qualified opinions on specific controls but mitigating controls meant that no change in our audit approach was required.

NHS Tayside has effective and appropriate arrangements to secure sound financial management

21. The Board approved a draft Three Year Revenue Financial Plan 2023/24 to 2025/26 in April 2023. This noted that due to the scale of the financial challenge facing NHS Tayside it was not in a position to deliver a balanced financial plan for 2023/24 at that stage, with the plan identifying a budget gap of £57 million for 2023/24 after the delivery of a £30 million savings plan.

22. During 2023/24 budget monitoring reports were taken to each meeting of the Performance and Resources Committee and the Board to report on any budget revisions during the year, expenditure against the phased budget, and the projected outturn for the year. The reports also highlighted any other key issues for Board members attention including the progress in the delivery of the

savings plan, risks to the delivery of the financial plan and the requirement for brokerage funding as discussed at paragraphs [24.](#) and [25.](#) .

23. Based on our review of the 2023/24 budget setting process, and the arrangements in place to monitor and report on the financial position throughout the year, we have concluded that NHS Tayside has effective and appropriate arrangements to secure sound financial management.

NHS Tayside required brokerage funding of £16.1 million to achieve financial balance for 2023/24

24. The Scottish Government Health and Social Care Directorate (SGHSCD) sets annual resource limits and cash requirements. In each year, NHS Boards have 1 per cent flexibility on their annual resource budget to allow scope to marginally under or over-spend. If boards have an overspend of more than 1 per cent of their annual resource budget then they require to seek brokerage funding from the SGHSCD to achieve financial balance. SGHSCD brokerage funding is normally expected to be repaid within a three-year period but NHS Tayside has agreed with the Scottish Government that the board needs to focus on returning to financial balance before considering a recovery plan to repay brokerage.

25. [Exhibit 4](#) shows that NHS Tayside required to obtain additional brokerage funding of £16.1 million to achieve a surplus of £0.2 million against its final revenue resource limit for 2023/24. This was a significantly better financial outturn position than the £57.2 million overspend projected in the draft Three Year Revenue Financial Plan 2023/24, paragraph [21.](#) . This improved final outturn was in part due to the receipt of £30.4 million of additional financial support from the Scottish Government during 2023/24, including funding allocations through the New Medicines Fund (£7.8 million of non-recurring funding) and NRAC Parity and Sustainability funds (£8.6 million of recurring funding), as well as the action taken by management to manage down the in-year overspend.

Exhibit 4**NHS Tayside required brokerage funding of £16.1 million to achieve financial balance for 2023/24**

Performance against resource limits set by the Scottish Government Health and Social Care Directorate	Resource Limit £m	Actual £m	Under / (Over) £m
<i>Original Core Revenue Resource Limit</i>	1,155.8	1,171.7	(15.9)
<i>Brokerage funding received from SGHSCD</i>	16.1	0.0	16.1
Final Core revenue resource limit	1,171.9	1,171.7	0.2
Non-core revenue resource limit	56.5	56.5	0.0
Total revenue resource limit	1,228.4	1,228.2	0.2
Core capital resource limit	28.7	28.7	0.0
Non-core capital resource limit	0.8	0.8	0.0
Total capital resource limit	29.6	29.6	0.0
Cash requirement	1,281.7	1,281.7	0.0

Source: NHS Tayside annual report and accounts 2023/24

The impact of pay inflation contributed to an increase of £67.9 million in employee expenditure during the year

26. The 2023/24 pay awards resulted in an average 6.5 per cent consolidated pay increase for agenda for change staff (with a further one off non-consolidated payment to these staff), a 6 per cent consolidated pay increase for medical and dental staff, and a 12.4 per cent consolidated pay increase for junior doctors and dentists in training

27. These pay awards contributed towards NHS Tayside's employee expenditure increasing by £67.9 million (9 per cent) to £820.7 million in 2023/24. The consolidated pay increases will also continue to impact on staff costs for future years.

NHS Tayside has made progress in reducing agency staff costs

28. In both our 2021/22 and 2022/23 Annual Audit Reports we highlighted the high levels of agency expenditure in the wake of the Covid-19 pandemic with

annual expenditure increasing from £11.6 million in 2020/21 to £26.6 million in 2022/23.

29. While overall employee expenditure increased in 2023/24 due to pay inflation, as explained at paragraphs [26.](#) and [27.](#), agency staff and directly engaged staff costs decreased by £2.2 million (8 per cent) from £26.6 million in 2022/23 to £24.4 million in 2023/24. This reduction was achieved through a range of actions taken by NHS Tayside to tackle the ongoing sector-wide challenges of reducing the use of agency staff and recruiting and retaining specialist staff.

NHS Tayside has confirmed that it manages all employee secondments in line with local and national policies

30. Many secondments of staff are organised between boards to support the right staff being in place across Scotland to provide health services. The remuneration report shows that during 2023/24, 675 whole time equivalent (WTE) staff were seconded into NHS Tayside and 159 WTE staff were seconded out. These staff remain on the payroll and are included in the staff costs and WTE numbers for their employing board and recharges are paid between the boards to meet their costs. Staff cost expenditure of £13.8 million for outward secondees is included in Note 3 of the accounts, with the same amount included as income in Note 4 for the amounts reimbursed.

31. Audit Scotland has identified an emerging issue across Scottish health boards, with staff employed by boards who have been seconded to the Scottish Government for an extended period, including senior staff whose substantive posts with the boards have been filled on a permanent basis. In 2023/24 NHS Tayside's outward secondees included 8.15 WTE secondees to the Scottish Government, costing £1.0 million. One of these individuals was a senior employee who had been seconded since 2018 (although their secondment will end when they leave their post at the end of June 2024). Under a secondment agreement the outward secondees' employment contract remains with the employer body. Secondments should generally be short term arrangements where the secondees' substantive post with the employer body is not filled on a permanent basis due to the expectation that they will return to that post at the end of the secondment. The agreement should also be reviewed whenever it is extended to ensure that the employee's status remains appropriate. Management confirmed that NHS Tayside manages all employee secondments in line with local and national policies and regularly reviews individuals on secondment to ensure they remain informed with regards to their secondment status and employment position with the board.

The board delivered cash releasing savings of £40.9 million during 2023/24, but only £10.3 million of these were targeted savings identified at the start of the year, and only 36 per cent of all savings represented recurring savings

32. As detailed at paragraph [25.](#), the board's final outturn position for 2023/24 was significantly better than the £57 million overspend projected for 2023/24 in the draft Three Year Revenue Financial Plan. Key to this was the delivery of cash releasing savings of £40.9 million, £10.9 million in excess of the original savings target for the year, see [Exhibit 5](#) on page [21](#).

33. While the board delivered additional savings during 2023/24, this was due to significant savings being achieved through local corporate flexibility and other savings and cost reductions, as only £10.3 million (34 per cent) of the targeted savings of £30 million were actually delivered. In addition, of the £40.9 million of savings delivered during the year, only 14.6 million (36 per cent) of these represented recurring savings, although this was broadly in-line with the financial plan which set out planned recurring savings of £14.1 million (34 per cent). This reliance on unplanned and non-recurring savings further increases the pressure to find savings in future years.

Recommendation 3

NHS Tayside should focus on improving the delivery of targeted savings plans and achieving a higher level of recurring savings to help it achieve financial balance.

Exhibit 5

The board delivered cash releasing savings of £40.9 million during 2023/24, but only £10.3 million of these were targeted savings identified at the start of the year, and only 36 per cent of all savings represented recurring savings

Workstream	Targeted savings £m	Actual savings delivered £m	Under / (Over) delivery £m	Level of recurring savings £m
1. Bed model / Upper Quartile	4.0	0.0	4.0	0.0
2. Planned Care	1.6	1.6	0.0	0.0
3. Perth Royal Infirmary Model	5.0	0.0	5.0	0.0
4. Covid-19	2.5	2.5	0.0	0.0
5. Supplementary	4.0	1.0	3.0	1.0
6. Secondary Care Prescribing	6.9	4.5	2.4	4.5
7. Admin / Senior Manager Review	2.0	0.0	2.0	0.0
8. Digital	2.0	0.0	2.0	0.0
9. Property Rationalisation	2.0	0.7	1.3	0.7
Total workstream savings	30.0	10.3	19.7	6.2
Other Savings / Cost Reductions		5.0	(5.0)	3.4
Local Corporate Flexibility		25.6	(25.6)	5.0
Total savings position	30.0	40.9	(10.9)	14.6

Note: The above table only shows the cash releasing savings achieved through each workstream. These workstreams also achieved other efficiencies during the year which freed up capacity to absorb increased activity / demand. This was particularly relevant to unscheduled medicine in workstreams 1 and 3.

Source: NHS Tayside Finance Report (May 2024)

The Tayside IJBs delivered within their delegated resource in 2023/24 but two of them required to use reserves to achieve financial balance

34. NHS Tayside delegates responsibility for a specified range of health and social care services to the three IJBs in its area: Angus IJB, Dundee City IJB and Perth and Kinross IJB and passes the budgets associated with these services to the IJBs. The budget is amended throughout the year to reflect additional funding received by the board for IJB services.

35. NHS Tayside's total contribution to IJBs for 2023/24 was £595 million as shown in [Exhibit 6](#). Angus IJB reported a £4.1 million operational surplus for the year while the other two IJBs reported operational deficits which had to be funded through the use of reserves.

Exhibit 6

The Tayside IJBs delivered within their delegated resource in 2023/24 but two required to use reserves to achieve financial balance

Integration Joint Board	NHS Tayside funding contribution £m	Operational surplus / (deficit) £m	In-year use of / (contribution to) IJB reserves £m	Reported surplus / (deficit) £m
Angus IJB	157	4.1	(4.1)	0.0
Dundee City IJB	232	(3.7)	3.7	0.0
Perth and Kinross IJB	206	(4.8)	4.8	0.0
Totals	595	(4.4)	4.4	0.0

Source: NHS Tayside Finance Report (May 2024)

The key financial controls operated effectively during 2023/24 but a robust staff validation control has still to be implemented

36. As required by Audit Scotland's Code of Audit Practice, as part of our audit we identified and evaluated the key internal controls in the accounting systems significant to the production of NHS Tayside's financial statements. Our objective was to gain assurance that NHS Tayside has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements.

37. We concluded that the key controls in the main financial systems were operating as specified, with the exception of a robust staff validation control. We first recommended in 2020/21 that this control be implemented. It is an

important control to prevent overpayments being made in situations where payroll have not been notified of staff departures or changes in an employee's hours or role (e.g. an acting up period coming to an end). A key aspect of this control should be to obtain (and retain as an audit trail) positive confirmation from line managers that the payroll information for their staff is correct, rather than management assuming a nil return represents confirmation that the details are correct. Management has agreed to implement this control for 2024/25 as shown in the follow-up of prior year recommendations table at [Appendix 1](#).

38. We adapted our approach to auditing payroll to reflect this control weakness and undertook our own staff verification testing of a sample of 30 employees from across the organisation. This did not identify any issues with the validity of the employees selected for testing or the information held by payroll for these individuals.

Control weaknesses within NHS National Services Scotland resulted in the service auditor issuing qualified opinions on specific controls but mitigating controls meant that no change in our audit approach was required

39. The NHS in Scotland procures several service audits each year to provide assurance on the controls operating within the shared systems.

40. NHS Ayrshire & Arran procures a Type II service audit of the National Single Instance (NSI) eFinancials services. The service auditor assurance reporting in relation to the NSI eFinancials was unqualified. The assurance gap identified last year for the IT general controls, system backup and disaster recovery remains. This continues to be a risk for NHS Scotland that needs to be addressed, but it did not impact on our 2023/24 audit.

41. NHS National Services Scotland procures service audits covering Practitioner and Counter Fraud Services (primary care payments), payroll and the national IT services contract that supports the associated systems.

42. For the Practitioner and Counter Fraud Services the Type II service audit resulted in a qualified opinion on the controls relating to dental payments as the controls associated with the objective: *“Controls provide reasonable assurance that: GDS payments are made completely and accurately based on authorised claims to the valid contractors; GDS payments are made only once; and Verification is performed in accordance with Scottish Government Guidance”*, did not operate effectively during the year.

43. For the national IT services contract the Type II service audit also resulted in a qualified opinion on the controls relating to access to the systems as the controls associated with the objective: *“Controls provide reasonable assurance that logical access to applications, operating systems and databases is restricted to authorised individuals”* did not operate effectively during the year.

44. Having considered these qualifications in context of other mitigating controls at both NHS National Services Scotland and NHS Tayside, and our assessment of materiality, we are content that no change in our audit approach was required.

Internal audit resourcing challenges resulted in revisions to the 2023/24 internal audit annual plan but these revisions did not impact upon our external audit

45. The board's internal audit function is carried out by FTF Audit and Management Services (FTF). The 2023/24 internal audit annual plan was approved by the Audit and Risk Committee in June 2023.

46. During 2023/24 FTF faced significant resourcing challenges due to sickness absence and delays in staff recruitment. Due to the extent of these staffing pressures, internal audit engaged with the Director of Finance in late 2023 to agree changes to the originally approved audit plan to prioritise completion of the highest risk audits to ensure adequate year-end assurance could be provided through the outputs of the Internal Control Evaluation and Annual Report, and through completion of individual audits. These changes to the plan were also discussed with us to ensure they would not impact upon the 2023/24 external audit. The revisions to the 2023/24 internal audit plan were approved electronically in February 2024 and formally approved by the Audit and Risk Committee in March 2024.

47. Internal Audit's draft annual report was considered by the June 2024 meeting of the Audit and Risk Committee and set out the Chief Auditor's conclusion as to the adequacy and effectiveness of the board's system of internal control: "The Board has adequate and effective internal controls in place" and "The Accountable Officer has implemented a governance framework in line with required guidance sufficient to discharge the responsibilities of this role."

48. Internal Audit's annual report included 7 recommendations, with 1 classed as a significant risk relating to the implementation of the Board Development Plan. Management has now to agree actions and target dates to address these recommendations. The progress in addressing these recommendations will be monitored and reported by Internal Audit during 2024/25.

Standards of conduct for prevention and detection of fraud and error are appropriate

49. In the public sector there are specific fraud risks, including those relating to tax receipts, welfare benefits, grants and other claims made by individuals and organisations. Public sector bodies are responsible for implementing effective systems of internal control, including internal audit, which safeguard public

assets and prevent and detect fraud, error and irregularities, bribery and corruption.

50. NHS Tayside is responsible for having arrangements to prevent and detect fraud, error and irregularities, bribery and corruption. It is also responsible for ensuring that its affairs are managed in accordance with proper standards of conduct by putting effective arrangements in place. Our conclusion is that NHS Tayside has adequate arrangements in place to prevent and detect fraud or other irregularities. This is based on our review of:

- control arrangements
- overall policies and procedures, including codes of conduct for members and officers
- internal audit reports
- Counter Fraud Service reports
- post payment verification reporting.

National Fraud Initiative

51. The National Fraud Initiative (NFI) is a counter-fraud data-matching exercise across the UK public sector which aims to prevent and detect fraud. We reviewed the arrangements in place at NHS Tayside and found that these were working well. We confirmed that the requested data was provided on time and data matches were investigated promptly.

3. Financial sustainability

Financial sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

NHS Tayside is facing unprecedented financial challenges during 2024/25 and, based on the projected financial position of the board over the next 3 years, we have concluded that NHS Tayside's position is not financially sustainable in the medium term.

The reduction in capital funding and the Scottish Government's request to focus on maintaining the existing estate presents a range of short-term and longer-term risks for NHS Tayside. However, the Scottish Government Health Capital Finance Team has confirmed that additional capital funding will be provided to cover the Carseview PFI end of contract costs.

Significant changes are needed to ensure financial sustainability of Scotland's health service

52. As highlighted in Audit Scotland's [NHS in Scotland 2023](#) report, significant changes are needed to ensure the financial sustainability of Scotland's health service. Growing demand, operational challenges and increasing costs have added to the financial pressures the NHS was already facing.

53. The report contains a series of recommendations for the Scottish Government (alongside the health sector) to address financial sustainability risks. These include the need to:

- Develop a new long-term vision for the wider health system by 2025 that sets out national priorities and recognises the interdependencies in the healthcare system. This should enable the necessary reforms that will ensure the future sustainability of health services.
- Improve understanding of new financial support arrangements and how these impact on the NHS Scotland Support and Intervention Framework.
- Develop and publish a national NHS capital investment strategy in 2024.
- Publish a revised Medium-Term Financial Framework (MTFF) for health and social care, following publication of its wider Medium-Term Financial Strategy (MTFS) in 2024.

NHS Tayside is facing unprecedented financial challenges during 2024/25

54. As discussed at paragraphs [24.](#) and [25.](#), NHS Tayside required brokerage funding of £16.1 million (equivalent to around 1.4 per cent of NHS Tayside's annual core revenue resource limit) to achieve financial balance for 2023/24.

55. As reported in our 2022/23 Annual Audit Report, NHS Tayside also needed to use additional financial flexibility of £9.6 million to achieve a surplus of £0.1 million against its final revenue resource limit for 2022/23. This financial flexibility required the board to deliver an overall breakeven position over the three-year period to 2024/25.

56. Brokerage funding is normally expected to be repaid within a three-year period but NHS Tayside has agreed with the Scottish Government that the board needs to focus on returning to financial balance before considering a recovery plan to repay brokerage. This agreement reflects the unprecedented financial challenges that NHS Tayside is facing during 2024/25.

Based on the projected financial position of the board over the next 3 years we have concluded that NHS Tayside's position is not financially sustainable in the medium term

57. NHS Tayside submitted its three-year Financial Plan 2024/25-2026/27 to the Scottish Government in March 2024. This recognised the need for a recovery plan to repay the brokerage required in 2023/24 set in the current challenging financial environment over the coming years.

58. The plan identified an initial funding gap of £83.0 million for 2024/25 which reduced to £75.2 million following confirmation of New Medicines Fund money of £7.8 million. It also assumed the requirement for a further £17.2 million of brokerage funding during 2024/25 which reflects the cap set by the Scottish Government for the maximum additional funding available for the board for the year. To achieve this financial position NHS Tayside has identified savings of £37.6 million and also anticipates additional planned care funding of £3.9 million, but this still leaves a further £16.5 million of savings to be identified and delivered during the year.

59. Even if NHS Tayside achieves the savings set out for 2024/25 within its Financial Plan 2024/25-2026/27, by the end of the year it will owe £42.9 million comprising £33.3 million of brokerage funding during 2023/24 and 2024/25, and £9.6 million relating to the financial flexibility used in 2022/23, as set out at paragraph [55.](#)

60. The Financial Plan 2024/25-2026/27 also identifies future funding gaps before savings of £55.2 million for 2025/26 and £53.8 million for 2026/27.

61. NHS Tayside remains at escalation stage 2 on the NHS Board Performance Escalation Framework for finance. Management has advised that the board continues to liaise with the Scottish Government to deliver a sustainable financial position over the next three years. However, based on the projected funding gaps over the next three years, we have concluded that NHS Tayside's position is not financially sustainable in the medium term.

The reduction in capital funding and the Scottish Government's request to focus on maintaining the existing estate presents a range of short-term and longer-term risks for NHS Tayside

62. We reported in our 2022/23 Annual Audit Report that NHS Tayside's 5-year capital plan for 2023/24 to 2027/28 included £338 million of expenditure and that the successful management and delivery of the projects in the 5-year capital plan would be key to the board delivering sustainable services in the future. However, we also highlighted the risk that the anticipated level of capital funding from the Scottish Government for future years may not be available.

63. The Scottish Government issued a letter to all boards in December 2023 which set out that the capital funding available over the next three to five years would be less than previously indicated. It instructed boards to immediately stop any project development spend as there would be no funding for development costs of any new projects in the next two years and advised that capital budgets should instead be directed towards maintaining the existing estate. This reduction in overall capital funding, and the instruction for boards to focus on maintenance of the existing estate, impacted on the development of NHS Tayside's draft Five Year Capital Plan 2024/25-2028/29.

64. The draft Five Year Capital Plan 2024/25-2028/29 sets out projects totalling £187 million over the 5-year period, including expenditure of £33 million during 2024/25. The plan is to be funded primarily through the board's annual capital resource allocations (core CRL funding of £173 million and non-core CRL funding of £4 million) with the remainder being revenue funding earmarked for non-added value capital spend (£10 million). However, this includes funding for projects totalling around £62 million which is currently categorised as 'additional funding requests.'

65. Reflecting the Scottish Government's instructions the planned capital programme focuses on maintenance of NHS Tayside's existing estate, including:

- The national radiotherapy replacement programme (£10.2 million across the full 5-year capital plan)
- Upgrades to the electrical infrastructure at Ninewells Hospital and Perth Royal Infirmary (£52.1 million across the full 5-year capital plan)
- Endoscopy decontamination replacement programme (£7.9 million between 2024/25 to 2026/27)

66. The previously planned investment in the following projects which was included in NHS Tayside's 5-year capital plan covering the period 2023/24 to 2027/28 has been paused and is not included within the 2024/25-2028/29 capital plan:

- A new national treatment and diagnostic centre to improve access to elective care (£129 million between 2023/24 to 2027/28 included in 2023/24-2027/28 capital plan)
- Thrombectomy imaging facilities (£13 million between 2023/24 to 2025/26 included in 2023/24-2027/28 capital plan)
- Cancer centre expenditure (£27 million between 2024/25 to 2027/28 included in 2023/24-2027/28 capital plan)
- Shaping critical care expenditure (£21 million between 2024/25 to 2027/28 included in 2023/24-2027/28 capital plan)

67. NHS Tayside has already identified some potential adverse consequences of the reduced capital programme, including additional revenue costs to maintain an ageing estate, the pay costs of the staff supporting capital projects reverting to revenue, and the ability to maintain service delivery levels in the ageing estate. The reduction in capital spending is also likely to have a longer-term impact across the health sector on the ability of boards to deliver sustainable services in the future.

Recommendation 4

NHS Tayside should assess the potential longer-term impacts of the reduced capital allocations on service performance and the delivery of its wider objectives, including areas such as climate change.

The Scottish Government Health Capital Finance Team has confirmed that additional capital funding will be provided to cover the Carseview PFI end of contract costs

68. As highlighted at point 1 in [Exhibit 3](#), the existing contract for Carseview PFI scheme expires on 17 June 2026. A number of options were available to NHS Tayside at the end of the contract and a decision required to be taken by 17 June 2024 (23rd anniversary of contract commencement date) as to which option would be exercised. The NHS Tayside Board approved the proposal to purchase the equipment and ground lease at the end of the contract on 29 February and Scottish Government approval for this decision was obtained on 7 May 2024. The contractor was notified of the decision on 11 June 2024.

69. The Scottish Government Health Capital Finance Team has confirmed that additional capital funding, over and above the core formula capital allocation, will be provided to cover the Carseview PFI end of contract costs, although the capital funding requirements for non-medical equipment following the handover of the facility will be funded through the core formula capital in 2026/27.

4. Vision, leadership and governance

Public sector bodies must have a clear vision and strategy and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation.

NHS Tayside does not currently have a long-term strategic plan to support the delivery of its vision but intends to publish its 10-year strategy by March 2025.

The NHS Tayside Annual Delivery Plan 2024-2027 aims to deliver the sustainable changes and reform needed to position the board's services for the longer term. The board has also developed an Anchor Strategy which supports the delivery plan and sets out ways that it can use its position to address health inequalities and provide a positive contribution to the local area.

Management should focus on the long-term actions required to deliver sustainable changes and reform, as well as the more immediate actions to address the board's financial and performance challenges.

NHS Tayside and the three Tayside IJBs have approved a Mental Health and Learning Disability Whole System Change Programme which is intended to deliver transformational change in mental health services over the next 3 years.

NHS Tayside does not currently have a long-term strategic plan to support the delivery of its vision but intends to publish its 10-year strategy by March 2025

70. Our 2022/23 Annual Audit Report highlighted that NHS Tayside needed to develop a long-term strategic plan to support the delivery of its vision.

71. The report 'NHS Tayside Strategy Development' was presented to the April 2024 meeting of the Board. This acknowledged that while there are many strategies in existence across the board there is currently no overarching strategy for NHS Tayside as a whole. It highlighted the requirement to develop an overarching strategy to:

- Set out a clear and compelling vision for the future of healthcare in Tayside.
- Provide a focus for the direction of travel towards a collective vision.
- Identify the key challenges that the system of healthcare faces now and into the future.
- Consider the strengths and assets at the disposal of the system.
- Consider the health needs of our population within the context of financial, workforce and environmental sustainability.
- Consider the work already undertaken by our Health and Social Care Partnerships in their Strategic Commissioning Plans.
- Consider the work already undertaken by our Local Authority partners and outlined in their Local Outcome Improvement Plans.

72. The report also explained that in January 2024 the Chief Executive requested the commencement of work to develop an organisational strategy for NHS Tayside, which will set out a vision, corporate objectives, and key priorities. The intention is to publish a 10-year strategy for NHS Tayside by March 2025.

The NHS Tayside Annual Delivery Plan 2024-2027 aims to deliver the sustainable changes and reform needed to position the board's services for the longer term

73. As detailed at paragraphs [57.](#) to [61.](#), NHS Tayside has identified significant funding gaps for each of the next three years and anticipates requiring further Scottish Government brokerage funding of £17.2 million during 2024/25.

74. The NHS Tayside Annual Delivery Plan 2024-2027 was submitted to the Scottish Government on 13 March 2024. The plan sets out the board's programme of work to bridge the gap between balancing high performance and the delivery of safe patient care within the more limited finances available, while at the same time planning the sustainable changes and reform needed to position its services for the next 10 years and beyond.

75. The programme includes 10 workstreams and includes a range of initiatives in areas such as: optimising urgent and unscheduled care, people and culture, mental health, optimising medicine, and optimising infrastructure. It also identifies other initiatives that would deliver short-term savings but that have not been taken forward at this stage as they would have an adverse impact on performance, patients, staff and sustainability of services in the future.

NHS Tayside has developed an Anchor Strategy which supports the delivery plan and sets out ways that it can use its position to address health inequalities and provide a positive contribution to the local area

76. Anchor institutions are defined as large organisations whose long-term sustainability is tied to the wellbeing of its population. Anchors get their name because they are rooted in their communities, are unlikely to relocate and have significant assets and resources which can be used to influence the health and wellbeing of communities.

77. Recognising its status as an anchor institution, NHS Tayside published its first [Anchor Strategy](#) in October 2023. This strategy aims to help address health inequalities and improve wellbeing by investing and deploying more resources into local communities, and setting out ways that NHS Tayside can use its position to address health inequalities and provide a positive contribution to the local area. To achieve this the board has identified anchor actions covering corporate ambition, partnership working, workforce, procurement, land and assets, and environmental impact.

Management should focus on the long-term actions required to deliver sustainable changes and reform, as well as the more immediate actions to address the board's financial and performance challenges

78. Our 2022/23 Annual Audit Report highlighted that NHS Tayside needed to develop a long-term strategic plan to support the delivery of its vision, and detailed financial plans to manage the medium-term financial position.

79. As detailed in this report, progress has been made in these areas through the development of the NHS Tayside Delivery Plan 2024-2027 (paragraphs [73.](#) to [75.](#)), supported by the Anchor Strategy ([76.](#) and [77.](#)), and the submission of the three-year Financial Plan 2024/25-2026/27 setting out the board's medium-term financial plans ([57.](#) to [61.](#)). However, there is still no overarching strategy for NHS Tayside as a whole (paragraphs [70.](#) to [72.](#)), and we have highlighted that NHS Tayside is facing unprecedented financial challenges during 2024/25 (paragraphs [54.](#) to [56.](#)) and performance against key waiting time standards has deteriorated since the Covid-19 pandemic (paragraphs [115.](#) to [117.](#)).

80. There have been a number of recent changes in NHS Tayside's senior staff with the departure of the previous Chief Executive and Medical Director resulting in the secondment of an interim Chief Executive from NHS Grampian and the permanent appointment of a new Medical Director. A new permanent Deputy Chief Executive was also appointed during 2023/24 with another interim Deputy Chief Executive brought in on secondment from NHS Grampian. Further change will also take place during 2024/25 with Nicky Connor appointed as the new permanent Chief Executive from July 2024.

81. It is important that NHS Tayside's new senior management team focuses on the actions required to deliver sustainable changes and reform, as well as the more immediate actions to address its financial and performance challenges.

Given the recent changes in Board membership, NHS Tayside should ensure appropriate arrangements are in place to support newly appointed members in undertaking their role

82. Five experienced non-executive board members left during the course of 2023/24 with two new board members being appointed in February 2024, and arrangements being made to appoint a further three new board members during 2024/25.

83. Given the changes in Board membership, it will be essential that new members are provided with appropriate training and support to assist them in undertaking their important role and responsibilities as a Board member. To assist with this, NHS Tayside should prepare personal development plans for all newly appointed Board members to reflect their specific needs and supplement the corporate induction programme that all new Board members receive.

NHS Tayside has appropriate governance arrangements and operates in an open and transparent manner

84. NHS Tayside's governance arrangements have been set out in the Governance Statement in the annual accounts. We have reviewed these arrangements and concluded that they are appropriate and effective. Our assessment included consideration of the:

- Board and committee structure
- conduct of non-executive members and officers at Board and committee meetings, including the openness of the Board and committees
- public access to information via the NHS Tayside website
- reporting of performance and whether this is fair, balanced and understandable.

NHS Tayside has well-established risk management arrangements that reflect the Board's risk appetite

85. NHS Scotland bodies are subject to the requirements of the SPFM and must operate a risk management strategy in accordance with relevant guidance issued by Scottish Ministers.

86. NHS Tayside's Risk Management Strategy aims to control risk to an acceptable level by creating a culture of risk management that focuses on

assessment and prevention through identifying, recording, reviewing and managing risks that may affect the ability of the board to achieve its objectives.

87. Strategic risks to NHS Tayside are monitored and reviewed by the Strategic Risk Management Group (SRMG), chaired by the Chief Executive, which formally reports to the Audit and Risk Committee. During 2023/24, the Board reviewed its risk appetite statement which had been developed in 2021/22. Each strategic risk is aligned to a standing committee of the Board whose responsibility it is to carry out deep dives of those risks to oversee the management of those individual risks and the effectiveness of the controls. Any strategic risk above the appetite level will be subject to further scrutiny through the aligned standing committee.

88. Strategic risks are categorised by compliance, reputational, finance, quality of care and workforce, with different 'current control' risk appetites for each set out in the current controls. The key risks in 2023/24, above the risk appetite include financial sustainability, digital cyber security attack, statutory obligations in relation to environmental management, and health and safety. The likelihood, consequences and mitigation measures of each risk are discussed and agreed at the aligned standing committee. However, we noted that the delivery of the mental health strategy risk has not been risk assessed, paragraph [99](#).

NHS Tayside and the three Tayside IJBs have approved a Mental Health and Learning Disability Whole System Change Programme which is intended to deliver transformational change in mental health services over the next 3 years

89. NHS Tayside has been formally escalated by the Scottish Government to stage 3 enhanced monitoring and support for mental health performance. This reflects the serious issues previously reported in this area and the risk that the board and its partners fail to deliver the required improvements to mental health services across Tayside.

90. The [*Independent Oversight and Assurance Group's \(IOAG\) report on Tayside's Mental Health Services*](#) was published on 11 January 2023. The final report followed a 12-month period of engagement with a range of key stakeholders across Tayside. The IOAG's remit was to provide independent assurance to the Minister for Mental Wellbeing and Social Care about progress being made against 49 recommendations made in [*Trust and Respect*](#), the report of the Independent Inquiry into Mental Health Services in Tayside, Dr David Strang, published in February 2020.

91. The IOAG report set out six priority areas for improvement, which correspond closely to the reprioritisation of the Living Life Well workstreams. The Minister for Mental Wellbeing and Social Care requested a detailed action plan setting out how these priorities will be addressed.

92. The Mental Health and Learning Disability Improvement Plan developed in response to the Minister’s request and the plan was approved by the three IJBs and the NHS Tayside Board in March 2023. Following this the improvement plan was further expanded and developed into the Mental Health and Learning Disability Whole System Change Programme following clinical, staff and stakeholder engagement. This was approved by the three Integration Joint Boards and NHS Tayside Board in June 2023. This programme built upon the 8 workstreams included in the improvement plan and identified 4 further workstreams, see [Exhibit 7](#) on page [37](#). The 12 workstreams are a combination of enablers, process / system improvements and service redesign which are intended to deliver transformational change in mental health services over the next 3 years so that people in Tayside receive the best possible care and treatment.

93. As shown in [Exhibit 7](#), the programme includes 104 actions and milestones across the 12 separate workstreams. To oversee the delivery of these actions and milestones, and the wider ambitions of the programme, the partners have established:

- Executive Leadership Group – This comprises leadership from NHS Tayside and the three IJBs and is accountable to the NHS Tayside Board and each Integration Joint Board. It is designed to provide leadership and challenge to deliver on the strategic direction for a whole system model of care and to promote an energised culture focused on transformation and whole-system collaborative working.
- Programme Board – The board oversees the programme of whole-system improvement across the various workstreams, advising the Executive Leadership Group and Perth and Kinross IJB (as the lead partner for coordinating strategic planning for inpatient mental health services and learning disability services) on progress, emerging issues and future priorities. It has members from NHS Tayside and the three IJB as well as those with lived experience of mental health services in Tayside. It is accountable to the Executive Leadership Group.
- Model of Care Steering Group – This group was established in April 2024 to oversee the development of a model of care for mental health through a community mental health framework that delivers integrated models of secondary, primary and community mental health. It has members from NHS Tayside and the three IJBs and it is accountable to the Programme Board.

94. The Executive Leadership Group and the Programme Board are designed to work together to provide the collaborative leadership for the delivery of the Mental Health and Learning Disabilities Whole System Change Programme, ensuring appropriate priority and pace.

Exhibit 7

The Mental Health and Learning Disability Whole System Change Programme is made of 12 workstreams intended to deliver transformational change in mental health services

Workstream	Category	Actions and Milestones
1. Adult Inpatient Redesign Phase 1 / Adult Inpatient Redesign Phase 2	Improvement / Service Redesign	7 12
2. Strathmartine Physical Environment	Improvement	4
3. Address Significant Delayed Discharges	Improvement	7
4. Streamline and Prioritise Change Programme	Enabler	6
5. Make Integration Work	Enabler	10
6. Engage the Workforce	Enabler	6
7. Engage with patients, families, partners, and communities	Enabler	7
8. Continue to Focus on Patient Safety	Improvement	6
9. Integrated Mental Health and Substance Misuse Services	Service Redesign	11
10. Whole System Redesign of Learning Disability Services	Service Redesign	6
11. Crisis and urgent Care	Service Redesign	15
12. Specialist Community Mental Health	Service Redesign	7
Total actions and milestones across all workstreams		104

Source: NHS Tayside Mental Health Services Board Report (July 2023)

95. Progress with the delivery of the Mental Health and Learning Disability Whole System Change Programme is reported to the NHS Tayside Board and the three Tayside IJBs. These reports focus on the workstreams and actions / milestones relevant to each body and highlight specific areas for attention. Going forward there will also be quarterly engagement with the Scottish Government Director of Mental Health to discuss progress with the delivery of the programme.

96. To ensure there is a clear strategic focus on the delivery of the Mental Health and Learning Disability Whole System Change Programme within NHS Tayside, it has been incorporated into the 2024/25 Annual Delivery Plan for with key outcomes in 2024/25 to include:

- A co-production and Engagement Plan to support meaningful engagement of a wide range of stakeholders including people with lived experience as members of the Board and within the workstreams and a co-production approach to service change/redesign.
- Financial Recovery Plan for inpatient services overspend and clear accountability for delivery with monitoring and reporting to IJBs.
- Financial Framework to support the delivery of the Mental Health and Learning Disability Whole System Change Programme.
- Commissioning model whereby inpatient services are commissioned by the IJBs via IJB Strategic Commissioning Plans.

97. The Annual Delivery Plan includes KPIs to measure progress against certain areas of the programme. However, a full suite of KPIs to monitor whether the actions being taken through the Mental Health and Learning Disability Whole System Change Programme are delivering the intended impact has not yet been developed. This will be important to address the IOAG's concerns about public reporting of performance.

Recommendation 5

A suite of KPIs should be developed to monitor whether the Mental Health and Learning Disability Whole System Change Programme is delivering the intended improvements in mental health services across Tayside, and to demonstrate progress to the public. This should include national mental health indicators where available.

98. We will monitor the delivery of the Mental Health and Learning Disability Whole System Change Programme and future audit work in this area will be set out within the relevant Annual Audit Plan.

The delivery of the mental health strategy was added to the strategic risk register in August 2023 but has not yet been risk assessed. Management advised that a new risk for the delivery of in-patient mental health services has now been drafted for Board approval as this better reflects NHS Tayside's role.

99. At the Strategic Risk Management Group meeting held in August 2023 it was agreed that a new strategic risk should be included in the NHS Tayside Strategic Risk Profile for the delivery of the mental health strategy. However, this is still shown as a new risk on the strategic risk register and has not yet been risk assessed.

100. Management advised that it was originally proposed that the strategic risks related to the delivery of the mental health strategy should be replicated in the risk registers for NHS Tayside and the three IJBs. This was to reflect that the Mental Health and Learning Disability Whole System Change Programme is a whole system programme of change requiring collective leadership and management of risk / mitigations. However, at the NHS Tayside Board Development Session held on 21 March 2024 to explore the Strategic Risk Profile for 2024/25 it was agreed that NHS Tayside does not hold the risk in relation to the Delivery of the Mental Health Strategy. It does though hold a strategic risk in relation to the delivery of in-patient mental health services. Therefore, this risk has been developed in draft by the Interim Deputy Chief Executive with support from the Head of Strategic Risk and Resilience Planning and will be presented to the NHS Tayside Board in June 2024 for approval.

In March 2024 the Information Commissioner's Office made two recommendations for NHS Tayside to improve compliance with UK General Data Protection Regulation in the future

101. A closure notification was received from the Information Commissioner's Office (ICO) on 13 March 2024 following its investigation of a data breach reported by NHS Tayside in 2021/22 which involved the loss of 499 sensitive patient case records over the period 9 January 2018 to 5 August 2021. The ICO made two recommendations for NHS Tayside to improve compliance with UK General Data Protection Regulation in the future:

- (1) NHS Tayside should ensure that staff have read and understood the relevant transportation and escalation procedure. These should be re-circulated to staff on a regular basis to ensure full compliance.
- (2) NHS Tayside should consider completing a Data Protection Impact Assessment (DPIA), where there is a change in transportation procedure in the future.

102. The Board Secretary (and Senior Information Risk Owner) convened a final meeting of the Oversight Group on 14 May 2024 which agreed actions to

address these recommendations. The implementation of these actions will be reported through the Information Governance and Cyber Assurance Committee.

A recent follow-up audit of compliance with the Network and Information Systems Regulations reported a high level of compliance reflecting improvements made by NHS Tayside

103. The Network and Information Systems (NIS) Regulations came into force in May 2018. The NIS Regulations set out standards with which NHS Tayside, as an Operator of Essential Services, must comply. These standards cover risk management, defending systems against cyber-attack, detecting cyber security events, and minimising the impact of cyber security incidents.

104. The [Scottish Government Public Sector Cyber Resilience Framework](#) was developed to reflect the NIS regulations and is intended to support Scottish public sector organisations to improve their cyber resilience and to comply with a range of legislative, regulatory, policy and audit requirements in respect of cyber security.

105. A full audit of NHS Tayside's compliance with the standards was undertaken in April 2023 for the Scottish Health Competent Authority (SHCA). This reported an overall compliance rating of 49 per cent and also flagged a number of critical and urgent outstanding controls that required immediate attention to improve the board's level of overall compliance with the NIS regulations.

106. NHS Tayside developed an action plan to address these weaknesses and allocated additional resource to this work. It also engaged external professional support to help focus its work to specifically address the gaps in compliance identified in the NIS audit report.

107. A follow-up NIS audit was undertaken in May 2024 and this reported a vast improvement in the board's cyber resilience arrangements with NHS Tayside achieving an overall compliance level of 86 per cent. The report also noted that the board had strong compliance status across all 17 areas assessed with only 4 categories below 80 per cent compliance, and only 7 of the 68 sub-categories below 60 per cent compliance.

NHS Tayside does not have mandatory cyber security training which could increase its vulnerability to phishing and malware attacks

108. During our 2022/23 audit we undertook a wider review of ICT systems, which included NHS Tayside's arrangements for managing and mitigating cyber security risks. Our overall conclusion from this work was that NHS Tayside had adequate cyber security arrangements in place but we identified two areas where arrangements could be strengthened. We followed up on these during

2023/24 and confirmed that one of our recommendations had been satisfactorily addressed (this is not reproduced here in a public document due to its sensitive nature), but the other recommendation relating to the absence of any mandatory cyber security training has not yet been actioned.

109. Given the increased prevalence of cyber attacks on public sector bodies, including successful attacks on [Comhairle nan Eilean Siar \(Western Isles Council\)](#) and [NHS Dumfries and Galloway](#) over the last 12 months, it is important that public sector employees can recognise and mitigate cyber risks. Cyber security training is a key aspect of how organisations can support employees to do this and to foster a culture of vigilance and resilience that will help minimise human error, reduce breaches, and safeguard sensitive data and assets.

Recommendation 6

NHS Tayside should develop mandatory cyber security training to reduce the vulnerability of the board to cyber-attacks due to user error.

5. Use of resources to improve outcomes

Public sector bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities.

NHS Tayside has appropriate arrangements for monitoring and reporting performance.

Service performance reporting identifies that only 4 out of 15 national measures are on track. Performance against key waiting time standards has deteriorated since Covid-19, partly due to increasing levels of demand, in line with the overall NHS Scotland position. Performance against 3 of NHS Tayside's 5 remobilisation measures has also deteriorated since 2022/23.

NHS Tayside has an appropriate best value framework and improvements are being made to ensure all relevant reports adequately cover Best Value characteristics.

NHS Tayside has appropriate arrangements for monitoring and reporting performance

110. NHS Tayside reports to the Performance and Resources Committee throughout the year on performance against a range of national measures and standards, and local measures that align with its strategic direction.

111. During 2023/24 performance reports included performance against the 18 national measures including A&E, Inpatient and Outpatient waiting times, and the provision of cancer, mental health, and drug and alcohol services. The performance reports also included details of NHS Tayside's performance against the 5 remobilisation measures designed to monitor the board's progress in recovering from the impact of the Covid-19 pandemic.

112. Since 2022/23 NHS Tayside has also utilised a weekly report highlighting the demand across the system with a focus on emergency department performance, hospital activity and bed occupancy, delayed discharges, and acute nursing workforce. Management is also able to access live data on each

of these measures to identify pressure points in the system. The availability of this data supports the operational management and planning of services to ensure safe care.

Service performance reporting identifies that for those national measures with a target or trajectory, only 4 out of 15 are on track

113. The 2023/24 annual report and accounts includes a summary of performance against the key non-financial national targets included as part of the routine reporting to the Performance and Resources Committee and the Board. Where available more recent local data is used rather than national data.

114. At the end of March 2024 the performance against 18 key measures is

- 4 of the measures are on track
- 11 of the measures are within 5 per cent variance of the target/trajectory
- 3 of the measures do not have a confirmed target/trajectory.
- 8 of the 18 measures show improvement on performance in the previous financial year.

Performance against key waiting time standards has deteriorated since Covid-19, partly due to increasing levels of demand, in line with the overall NHS Scotland position


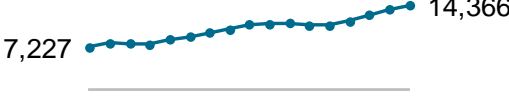
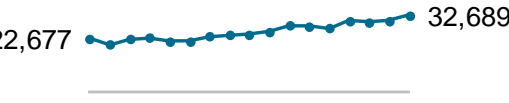

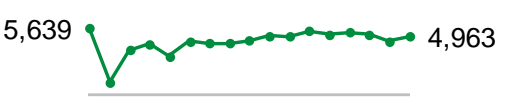

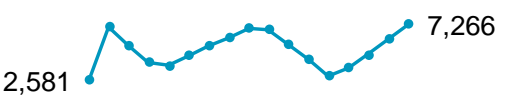


115. [Exhibit 8](#) on page [44](#) shows how activity and waiting times have changed since the Covid-19 pandemic, and [Exhibit 9](#) on page [45](#) provides a comparison of current waiting times compared to prior years.

116. As can be seen in [Exhibit 8](#), there has been a significant deterioration in NHS Tayside's activity and waiting times performance since the pandemic, although the level of decrease in performance is less than the overall NHS Scotland position for 5 of the 9 measures.

117. [Exhibit 9](#) shows that NHS Tayside's performance against key waiting time standards has deteriorated over the last 3 years. In comparison to the overall NHS Scotland position the board's performance is better for 2 measures, worse for 3 measures and broadly in line for the other 4 measures.

Exhibit 8

Trends in demand, activity and length of waits

Demand	Quarterly trend Mar 2020 to Mar 2024	Change (%)	
		NHS Tayside	NHS Scotland
Ongoing waits for diagnostic tests	 8,292 to 14,867	↑ 80%	↑ 77%
Ongoing waits for an inpatient or day case admission	 7,227 to 14,366	↑ 99%	↑ 98%
Ongoing waits for a new outpatient appointment	 22,677 to 32,689	↑ 44%	↑ 108%
Activity	Quarterly trend Mar 2020 to Mar 2024	Change (%)	
		NHS Tayside	NHS Scotland
Number of scheduled elective operations in theatre system	 5,465 to 5,335	↓ 2%	↓ 6%
Number of inpatient and day case admissions	 5,639 to 4,963	↓ 12%	↓ 1%
Number of new outpatient appointments	 28,713 to 21,839	↓ 24%	↓ 1%
Length of waits	Quarterly trend Mar 2020 to Mar 2024	Change (%)	
		NHS Tayside	NHS Scotland
Ongoing waits longer than 6 weeks for diagnostic tests	 2,581 to 7,266	↑ 182%	↑ 237%
Ongoing waits longer than 12 weeks for an inpatient or day case admission	 2,712 to 9,740	↑ 259%	↑ 279%
Ongoing waits longer than 12 weeks for a new outpatient appointment	 8,120 to 16,548	↑ 104%	↑ 371%

Source: [Public Health Scotland](#)

Exhibit 9

Performance against key waiting time standards

Target/standard	NHS Tayside performance			NHS Scotland performance
	March 2022	March 2023	March 2024	March 2024
Cancer 62 Day Referral to Treatment target Proportion of patients that started treatment within 62 days of referral.	84.7%	74.9%	71.5% ¹	71.1% ¹
Cancer 31 Days Referral to Treatment target Proportion of patients who started treatment within 31 days of decision to treat.	96.1%	93.9%	94.0% ¹	94.1% ¹
18 Weeks Referral to Treatment target Proportion of patients that started treatment within 18 weeks of referral.	74.5%	66.7%	65.3%	65.5%
Patient Treatment Time Guarantee Proportion of inpatients or day cases that were seen within 12 weeks.	58.3%	56.5%	54.2%	57.0%
Outpatients waiting less than 12 weeks Proportion of patients on the waiting list at month end who have been waiting less than 12 weeks since referral.	73.2%	62.7%	67.4%	61.2%
A & E attendees Proportion of A & E attendees who were admitted, transferred or discharged within 4 hours.	93.6%	90.7%	89.5%	66.6%
Drug and Alcohol 21 days Proportion of drug and alcohol patients that started treatment within 21 days.	63.0%	91.6%	91.0% ¹	90.6% ¹
Children and Adolescent Mental Health Services Waiting Times Proportion of patients seen within 18 weeks of referral.	82.3%	62.0%	76.6% ¹	83.8% ¹
Psychological therapies Proportion of patients that started treatment within 18 weeks of referral.	88.8%	75.1%	75.1% ¹	80.6% ¹

Note. 1: As the validated March 2024 data is not yet available for these measures, the December 2023 validated data has been used.

Source: [Public Health Scotland](#)

Performance against 3 of NHS Tayside's 5 remobilisation measures has deteriorated since 2022/23

118. NHS Tayside regularly reports information on performance against its 5 remobilisation measures which cover:

- (1) Number of inpatient / day case (treatment time guarantee) patients treated.
- (2) Number of new outpatients seen.
- (3) Number of diagnostics (8 key tests) delivered – endoscopy only.
- (4) Number of diagnostics (8 key tests) delivered – radiology only.
- (5) Number of new appointments delivered by child and adolescent mental health services.

119. For 2023/24 NHS Tayside reported that 2 of the above measures (2 and 4) were meeting the targeted trajectory, 2 were below the target (1 and 3), and measure 5 does not have a trajectory.

120. We noted that performance against 3 of the measures (1, 3 and 4) was worse than the performance reported in 2022/23. Management advised that this reflects the challenging environment which the board has operated in during 2023/24, seeking to balance Scottish Government policy objectives and operational performance targets against the need to deliver within the financial envelope available.

NHS Tayside has an appropriate best value framework and improvements are being made to ensure all relevant reports adequately cover Best Value characteristics

121. [*Ministerial guidance to Accountable Officers*](#) for public bodies and the [*Scottish Public Finance Manual*](#) (SPFM) sets out the Accountable Officer's duty to ensure that arrangements are in place to secure best value. The guidance sets out the key characteristics of best value and states that compliance with the duty of best value requires public bodies to take a systematic approach to self-evaluation and continuous improvement.

122. A new Best Value Framework was approved by the Audit and Risk Committee on 23 June 2022 and implemented by the Board and standing committees during 2022/23. Each Best Value characteristic has been allocated an executive lead officer who will build assurances on best value into existing reporting arrangements. Each characteristic has been aligned to a standing committee or to the Board. In addition, the standard report template has been amended to ensure that all papers and committee and Board Reports are prepared and presented showing the alignment to the relevant Best Value

characteristics, so it is clear what aspects of best value individual decisions or assurances relate to. The terms of reference of the standing committees, where applicable, have been amended in the Code of Corporate Governance to include the specific requirement to provide assurances on their aligned Best Value characteristics in their annual report to the Board.

123. We are satisfied that NHS Tayside has an appropriate best value framework that operates effectively. However, during 2023/24 internal audit made a recommendation to improve these arrangements. This highlighted the need for report cover papers to succinctly capture how a report demonstrates achievement of Best Value characteristics. In response to this recommendation management updated the report template and guidance to include additional narrative in relation to Best Value. This will be in place from 2024/25.

Appendix 1. Action plan

2023/24 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>1. National Treatment Centre Tayside</p> <p>Following the December 2023 announcement by the Scottish Government that it would not be directly funding development costs for any new projects over the next two years, the National Treatment Centre Tayside has been paused.</p> <p>Risk: This project may not be completed and the carrying value of the asset under construction will require to be written down.</p>	<p>Management should keep this under review to ensure that any future funding decisions impacting on the project are reflected in the carrying value of the asset.</p> <p>Issue 2 in Exhibit 3</p>	<p>The NHS Tayside finance team will continue to engage with SG colleagues during 2024/25 regarding future funding decisions and consider the potential implications regarding the treatment of assets under construction.</p> <p>Responsible officer: Assistant Director of Finance - Infrastructure</p> <p>Agreed date: 31 March 2025</p>
<p>2. Receivables classification errors</p> <p>Our audit of the receivables balances in the unaudited accounts identified a number of classification errors in relation to prepayments and accrued income.</p> <p>Risk: Receivables balances are incorrectly classified and disclosed in the accounts.</p>	<p>Finance should review the receivables balances listings as part of the year-end closedown procedures to ensure these are classified correctly.</p> <p>Issue 3 in Exhibit 3</p>	<p>A development session on classification errors will be held for the finance team. Additional reviews will be built into year-end processes to ensure all coding is accurate.</p> <p>Responsible officer: Assistant Director of Finance - Corporate</p> <p>Agreed date: 31 March 2025</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>3. Delivery of savings</p> <p>The board delivered savings of £40.9 million during 2023/24, but only £10.3 million of these were targeted savings identified at the start of the year, and only 36 per cent of all savings represented recurring savings.</p> <p>Risk: The failure to achieve targeted and recurring savings impacts on the ability of the board to achieve financial balance.</p>	<p>NHS Tayside should focus on improving the delivery of targeted savings plans and achieving a higher level of recurring savings to help it achieve financial balance.</p> <p>Paragraphs 32. and 33.</p>	<p>Scottish Government has set a target of a minimum 3 per cent recurring savings delivery, this equates to £30 million. The 2024/25 Financial Plan sets out recurring savings of £38 million. Performance will be monitored throughout 2024/25 and future year savings continue to be developed.</p> <p>Responsible officer: Director of Finance</p> <p>Agreed date: 31 March 2025</p>
<p>4. Impact of reduced capital funding</p> <p>The Scottish Government issued a letter to all boards in December 2023 which set out that the capital funding available over the next three to five years would be less than previously indicated. It also instructed boards to immediately stop any project development spend as there would be no funding for development costs of any new projects in the next two years and advised that capital budgets should instead be directed towards maintenance of the existing estate.</p> <p>Risk: The reduction in capital funding impacts on the board's service performance and the delivery of its wider objectives.</p>	<p>NHS Tayside should assess the potential longer-term impacts of the reduced capital allocations on service performance and the delivery of its wider objectives, including areas such as climate change.</p> <p>Paragraphs 62. to 67.</p>	<p>During 2024/25 NHS Tayside will be taking forward the development of submissions to Scottish Government in line with DL (2024) 02 Whole System Infrastructure Planning. These submissions will need to align with Annual Delivery Plan and Financial Plan submissions. The impact of the reduction in capital funding will also be reflected in the draft Strategic Risk Profile 2024/25.</p> <p>Responsible officer: Assistant Director of Finance – Infrastructure</p> <p>Agreed date: 31 March 2025</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>5. Mental Health and Learning Disability Whole System Change Programme KPIs</p> <p>A full suite of KPIs to monitor whether the actions being taken through the Mental Health and Learning Disability Whole System Change Programme are delivering the intended impact has not yet been developed.</p> <p>Risk: The actions being taken may not deliver the intended impact or the progress being made cannot be demonstrated to the public.</p>	<p>A suite of KPIs should be developed to monitor whether the Mental Health and Learning Disability Whole System Change Programme is delivering the intended improvements in mental health services across Tayside, and to demonstrate progress to the public. This should include national mental health indicators where available.</p> <p>Paragraph 97.</p>	<p>NHS Tayside’s Annual Delivery Plan sets out an initial suite of KPIs to help monitor impact and outcomes of whole system change on the population of Tayside. These measures are whole system and require contribution by all partners. Community data is challenging in that it draws upon local systems including those provided by the local authorities covering social work data. A suite of 19 KPIs is proposed from June 2024 and the arrangements are now being taken forward to generate reports on all of these. Work continues to develop and report on more qualitative measures linked to user experience and in due course national Mental Health standards.</p> <p>Responsible officer: Joint Executive Leads for Mental Health</p> <p>Agreed date: 30 September 2024</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>6. Cyber security training</p> <p>NHS Tayside does not have a programme of mandatory cyber security training for staff.</p> <p>Risk: This could increase the vulnerability of the board to phishing and malware attacks.</p>	<p>NHS Tayside should develop mandatory cyber security training to reduce the vulnerability of the board to cyber-attacks due to user error.</p> <p>Paragraphs 108. and 109.</p>	<p>NHS Tayside would like to see a Once for Scotland approach to development and implementation of mandatory cyber security training for staff given the importance of this training to NHS Scotland staff.</p> <p>Until this is agreed NHS Tayside will develop and seek organisational support for mandatory cyber security training for all NHS Tayside staff.</p> <p>Responsible officer: Director of Digital / Board Secretary and SIRO</p> <p>Agreed date: 31 March 2025</p>

Follow-up of prior year recommendations

Issue/risk	Recommendation and Agreed Action	Progress
<p>PY1. Accounting for Carseview PFI</p>	<p>NHS Tayside should review its accounting for the Carseview asset and PFI contract during 2023/24 to ensure it accurately reflects the decision taken as to which option will be exercised at the end of the contract.</p> <p>Responsible officer: Assistant Director of Finance – Infrastructure</p> <p>Agreed date: 31 March 2024</p>	<p>Ongoing</p> <p>The NHS Tayside Board approved the proposal to purchase the equipment and ground lease at the end of the contract on 25 April 2024 and Scottish Government approval for this decision was obtained on 7 May 2024. The contractor was notified of the decision on 11 June 2024.</p> <p>This decision has been treated as a non-adjusting post-balance sheet event and the additional financial obligation created by this decision is not included in the audited annual report and accounts.</p> <p>Issue 1 in Exhibit 3</p> <p>Revised action: The additional financial obligation created by this decision will be recognised within NHS Tayside’s 2024/25 Annual Report and Accounts.</p> <p>Responsible officer: Assistant Director of Finance – Infrastructure/ Finance Manager – Capital / Hard and Soft Facilities Manager</p> <p>Revised date: 31 March 2025</p>

Issue/risk	Recommendation and Agreed Action	Progress
<p>PY2. Holiday Pay Accrual</p>	<p>The holiday pay accrual for staff should be updated for actual data to 31 March 2024 and the methodology reviewed to ensure it has a consistent and defensible basis which helps determine an accurate accrual.</p> <p>Responsible officer: Assistant Director of Finance - Corporate</p> <p>Agreed date: 31 March 2024</p>	<p>Complete</p> <p>Finance staff obtained untaken leave actual data at 31 March 2024 and updated the holiday pay accrual calculation to reflect the revised leave balances and pay scales of staff. We are satisfied that this calculation provided a reasonable estimate of the obligation to the board for untaken leave at the year end.</p>
<p>PY3. Staff verification exercises</p>	<p>Management should review the staff verification process to ensure a robust audit trail is maintained evidencing that this has been performed and any issues identified and investigated.</p> <p>Responsible officer: Head of HR - Workforce Planning</p> <p>Agreed date: 31 March 2024</p>	<p>Ongoing</p> <p>A robust staff validation control has still to be implemented. We believe this is an important control to prevent overpayments being made in situations where payroll have not been notified of staff departures or changes in an employee's hours or role. We also believe that a key aspect of any such control is that positive confirmation from managers is obtained, and retained, that the payroll information for their employees is correct.</p> <p>Paragraphs 36. to 38.</p> <p>Revised action: A reconciliation is carried out between eESS and ePayroll to identify inconsistencies in staff termination records. A record of this check and actions taken will be kept for audit purposes. The SSTS Team will, on a monthly</p>

Issue/risk	Recommendation and Agreed Action	Progress
		<p>basis, run a report of SSTS rosters where confirmation rate is less than 100 per cent and take action with areas to rectify. A record of actions taken will be held for audit purposes.</p> <p>Responsible officer: Head of Payroll Services</p> <p>Revised date: 31 March 2025</p>
<p>PY4. Payroll access</p>	<p>A process should be introduced to periodically review user access to the SSTS and ePayroll systems to ensure it is limited to those staff who require it.</p> <p>Responsible officer: Payroll Manager</p> <p>Agreed date: 30 September 2023</p>	<p>Complete</p> <p>We confirmed that only appropriate staff have write access to both the SSTS and ePayroll systems. However, management should continue to monitor access rights to both systems to ensure it remains limited to those staff who require it.</p>

Issue/risk	Recommendation and Agreed Action	Progress
<p>PY5. Financial planning</p>	<p>Detailed financial plans should be developed to manage the medium term financial position.</p> <p>Responsible officer: Director of Finance</p> <p>Agreed date: 31 March 2024</p>	<p>Ongoing</p> <p>Based on the projected funding gaps over the next 3 years, we are not able to conclude that NHS Tayside is financially sustainable in the medium term.</p> <p>Paragraphs 57. to 61.</p> <p>Revised action: The financial plan 2024/25 to 2026/27 has been submitted to SG. Given the financial challenge faced by the Board the plan has not been approved. The Board will consider on 27 June 2024 a revised financial plan that sets out the actions that would be required to meet the SG brokerage limit. The Board will continue to liaise with SG.</p> <p>Responsible officer: Director of Finance</p> <p>Revised date: 31 March 2025 / Ongoing</p>

Issue/risk	Recommendation and Agreed Action	Progress
<p>PY6. Strategic planning</p>	<p>NHS Tayside needs to develop a long-term strategic plan to support the delivery of its vision.</p> <p>Responsible officer: Deputy Chief Executive</p> <p>Agreed date: 31 March 2023</p>	<p>Ongoing</p> <p>NHS Tayside does not currently have a long-term strategic plan to support the delivery of its vision but intends to publish its 10-year strategy by March 2025.</p> <p>Paragraphs 70. to 72.</p> <p>Revised action: Following the development of the Annual Delivery Plan 2024-2027 the Tayside strategy continues to be developed for March 2025.</p> <p>Responsible officer: Deputy Chief Executive</p> <p>Revised date: 31 March 2025</p>
<p>PY7. Cyber security</p>	<p>Consideration should be given to implementing cyber security improvements.</p> <p>Responsible officer: Head of Digital Operations</p> <p>Agreed date: 31 March 2024</p>	<p>Ongoing</p> <p>One of our recommendations has been satisfactorily addressed but the other recommendation relating to the absence of any mandatory cyber security training has not yet been actioned.</p> <p>See Recommendation 6 above</p>

NHS Tayside

2023/24 Annual Audit Report

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