

NHS Tayside

2024/25 Annual Audit Report



Prepared for the Board of NHS Tayside and the Auditor General for Scotland
27 June 2025

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Accessibility

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Key messages

Audit of the annual report and accounts

- 1 All audit opinions stated that the annual report and accounts were free from material misstatement.
- 2 There were no significant findings from the audit of the annual report and accounts. No misstatements were identified in the financial statements.
- 3 Our audit work addressed the significant risk of material misstatement and areas of audit focus identified in our annual audit plan.

Wider scope and Best Value audit

- 4 NHS Tayside's financial management arrangements include effective budget setting and monitoring, and it operated within the three key financial targets set by the Scottish Government in 2024/25. However, the board relied on non-recurring savings and additional Scottish Government funding to achieve financial balance in 2024/25.
- 5 NHS Tayside's current service models are not financially sustainable, and savings plans are not sufficient to achieve balance in the short or medium term financial plans. Tough decisions will be needed to address the continuing significant financial sustainability risk.
- 6 NHS Tayside's overall arrangements for Vision, Leadership and Governance are effective, but governance and leadership arrangements for the mental health and learning disabilities Whole System Change Programme remain complicated and unclear.
- 7 NHS Tayside has effective performance monitoring and reporting arrangements.
- 8 NHS Tayside has appropriate arrangements in place to secure best value. However, the board faces significant continuing challenges and risks to the achievement of its corporate objectives, including the two wider scope risks we carried out focused audit work on: financial sustainability and transforming mental health services.

- 9 The mental health and learning disabilities Whole System Change Programme has made some progress in addressing the issues identified by the Independent Oversight and Assurance Group, but substantial issues and challenges remain.
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Introduction

Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2024/25 audit of NHS Tayside's annual report and accounts and the wider scope areas specified in the Code of Audit Practice (2021).
2. The Annual Audit Report is addressed to NHS Tayside, and the Auditor General for Scotland, and will be published on [Audit Scotland's website](#) in due course.

Appointed auditor and independence

3. Rachel Browne, of Audit Scotland, was appointed as external auditor of the body for the period from 2023/24 until 2026/27. The 2024/25 financial year is therefore the second year of her audit appointment and the third year of Audit Scotland's five-year appointment. As reported in the Annual Audit Plan, Rachel Browne and the audit team are independent of the body in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. There have been no developments since the issue of the Annual Audit Plan that impact on the continued independence of the engagement lead or the rest of the audit team from NHS Tayside, including no provision of non-audit services.

Acknowledgements

4. We would like to thank NHS Tayside and its staff, particularly those involved in preparation of the annual report and accounts, for their cooperation and assistance during the audit. We look forward to working together constructively over the remainder of the five-year audit appointment.

Audit scope and responsibilities

Scope of the audit

5. The audit is performed in accordance with the Code of Audit Practice, including supplementary guidance, International Standards on Auditing (ISA) (UK), and relevant legislation. These set out the requirements for the scope of the audit which includes:

- An audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement, including the regularity of income and expenditure.
- An opinion on statutory other information published with the financial statements in the annual report and accounts, namely the Performance Report and Governance Statement.
- An opinion on the audited part of the Remuneration and Staff Report.
- Conclusions on NHS Tayside's arrangements in relation to the wider scope areas: Financial Management; Financial Sustainability; Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.
- Reporting on NHS Tayside's arrangements for securing Best Value.
- Provision of this Annual Audit Report.

Responsibilities and reporting

6. The Code of Audit Practice sets out the respective responsibilities of NHS Tayside and the auditor. A summary of the key responsibilities is outlined below.

Auditor's responsibilities

7. The responsibilities of auditors in the public sector are established in the Public Finance and Accountability (Scotland) Act 2000. These include providing an independent opinion on the financial statements and other information reported within the annual report and accounts and concluding on NHS Tayside's arrangements in place for the wider scope areas and Best Value.

8. The matters reported in the Annual Audit Report are only those that have been identified by the audit team during normal audit work and may

not be all that exist. Communicating these does not absolve NHS Tayside from its responsibilities outlined below.

9. The Annual Audit Report includes an agreed action plan at [Appendix 1](#) setting out specific recommendations to address matters identified and includes details of the responsible officer and dates for implementation.

NHS Tayside's responsibilities

10. NHS Tayside has primary responsibility for ensuring proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety, and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include:

- Establishing arrangements to ensure the proper conduct of its affairs.
- Preparation of an annual report and accounts, comprising financial statements for NHS Tayside and its group that gives a true and fair view and other specified information.
- Establishing arrangements for the prevention and detection of fraud, error and irregularities, and bribery and corruption.
- Implementing arrangements to ensure its financial position is soundly based.
- Making arrangements to secure Best Value.
- Establishing an internal audit function.

National and performance audit reporting

11. The Auditor General for Scotland and the Accounts Commission regularly publish national and performance audit reports. These cover a range of matters, many of which may be of interest to NHS Tayside and the Audit and Risk Committee. Details of national and performance audit reports published over the last year can be seen in [Appendix 2](#).

Audit of the annual report and accounts

Main judgements

All audit opinions stated that the annual report and accounts were free from material misstatement.

There were no significant findings to report from the audit of the annual report and accounts. No misstatements were identified in the financial statements and thus no audit adjustments were required.

Audit opinions on the annual report and accounts

12. NHS Tayside and its group's annual report and accounts were approved by the Board on 26 June 2025 and signed by the appointed auditor on the same day. The Independent Auditor's Report is included in NHS Tayside's annual report and accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.



Audit timetable

13. The unaudited annual report and accounts and all working papers were received on 2 May 2025 in accordance with the agreed audit timetable.

Audit Fee

14. The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £248,700. There have been no developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

Materiality

15. The concept of materiality is applied by auditors in planning and performing an audit, and in evaluating the effect of any uncorrected misstatements on the financial statements or other information reported in the annual report and accounts.

16. Broadly, the concept of materiality is to determine whether misstatements identified during the audit could reasonably be expected to

influence the decisions of users of the annual report and accounts. Auditors set a monetary threshold when determining materiality, although some issues may be considered material by their nature. Therefore, materiality is ultimately a matter of the auditor's professional judgement.

17. Materiality levels for the audit of NHS Tayside and its group were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan, which also reported the judgements made in determining materiality levels.

18. We concluded that the same materiality levels should apply for both NHS Tayside and its group. These were reassessed on receipt of the unaudited annual report and accounts. Materiality levels were updated and these can be seen in [Exhibit 1](#).

Exhibit 1

2024/25 Materiality levels for NHS Tayside and its group

Materiality	Amount
Materiality – set at 2 per cent of gross expenditure	£45 million
Performance materiality – set at 65 per cent of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required.	£29 million
Reporting threshold	£0.5 million

Source: Audit Scotland

Significant findings and key audit matters

19. ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged as governance, which for NHS Tayside is the Audit and Risk Committee.

20. The Code of Audit Practice also requires public sector auditors to communicate key audit matters. These are the matters that, in the auditor's professional judgement, are of most significance to the audit of the financial statements and require most attention when performing the audit.

21. In determining key audit matters, auditors consider:

- Areas of higher or significant risk of material misstatement.

- Areas where significant judgement is required, including accounting estimates that are subject to a high degree of estimation uncertainty.
- Significant events or transactions that occurred during the year.

22. There were no significant findings from the audit of the annual report and accounts. We did not identify any misstatements above our reporting threshold and therefore no audit adjustments were required to the financial statements.

23. We report in [Exhibit 4](#) how we have responded to the significant risk of material misstatement identified in the annual audit plan. We also identified two areas of audit focus in the annual audit plan which are reported as key audit matters:

- Estimation in the valuation of land and buildings - the audit work in this area concluded that the annual revaluation process was complete and asset values were free from material misstatement. An analysis of the floor area used in the revaluation process identified differences between the figures used by the valuer and NHS Tayside's records. Our audit work confirmed that the figures used by the valuer were more up to date and accurate, and highlighted weaknesses in the data held by NHS Tayside. See action plan 1, recommendation 1.
- NHS in Scotland ledger system - having considered the content of the service auditor assurance reports and other mitigating controls at NHS Tayside we are content that no change in our audit approach was required (paragraphs 51 to 58).

Recommendation 1

Management oversight of data input to the valuation process

Management should have appropriate oversight of the data input to the valuation process and update its asset records to reflect the most up-to-date position.

Qualitative aspects of accounting practices

24. ISA (UK) 260 also requires auditors to communicate their view about qualitative aspects of the body's accounting practices, including accounting policies, accounting estimates, and disclosures in the financial statements.

Accounting policies

25. The appropriateness of accounting policies adopted by NHS Tayside was assessed as part of the audit. These were considered to be

appropriate to the circumstances of NHS Tayside, and there were no significant departures from the accounting policies set out in the Government Financial Reporting Manual (FReM).

Accounting estimates

26. Accounting estimates are used in number of areas in NHS Tayside's financial statements, including the valuation of land and buildings and the valuation of the provisions for clinical and medical negligence. Audit work considered the process management of NHS Tayside has in place around making accounting estimates, including the assumptions and data used in making the estimates, and the use of any management experts. Audit work concluded:

- There were no issues with the selection or application of methods, assumptions, and data used to make the accounting estimates, and these were considered to be reasonable.
- There was no evidence of management bias in making the accounting estimates.

Disclosures in the financial statements

27. The adequacy of disclosures in the financial statements was assessed as part of the audit. The quality of disclosures was adequate, with additional levels of detail provided for disclosures around areas of greater sensitivity, such as non-current assets and provisions.

Group audit

28. NHS Tayside is part of a group and prepares group financial statements. The group is made up of five components, including NHS Tayside which is the parent of the group. As outlined in the Annual Audit Plan, audit work was required on a number of the group's components for the purposes of the group audit, and this work was performed by a combination of the audit team and the components' audit teams. Group audit instructions were issued to component auditors, where required, to outline the expectations and requirements in performing the audit work for the purposes of the group audit. The audit work performed on the group's components is summarised in [Exhibit 2](#).

Exhibit 2

Summary of audit work on the group's components

Group component	Auditor and audit work required	Summary of audit work performed
NHS Tayside	Audit Scotland Full scope audit of the body's annual report and accounts.	The outcome of audit work performed is reported within the Annual Audit Report, and no significant issues were identified.
Dundee City Integration Joint Board	Audit Scotland Analytical procedures at group level.	Analytical procedures at the group level were performed by the audit team, and no significant issues were identified.
Perth and Kinross Integration Joint Board	Audit Scotland Analytical procedures at group level.	Analytical procedures at the group level were performed by the audit team, and no significant issues were identified.
Angus Integration Joint Board	Audit Scotland Analytical procedures at group level.	Analytical procedures at the group level were performed by the audit team, and no significant issues were identified.
Tayside NHS Board Endowment Fund	Morris and Young Analytical procedures at group level.	Analytical procedures at the group level were performed by the audit team, and no significant issues were identified.

Source: Audit Scotland

Other matters to report

29. Auditing standards require auditors to report a number of other matters if they are identified or encountered during an audit. The matters identified or encountered on the audit of the body are outlined in [Exhibit 3](#).

Exhibit 3

Other matters to report

Auditing standard requirement	Matter to report	Outcome
Other ISA (UK) 260 matters In addition to the matters already reported under ISA (UK) 260 in the Annual Audit Report, this standard also requires auditors to report: - Any significant difficulties encountered during the audit. - Circumstances that affect the form and content of the auditor's report. - Any other matters that are relevant to those charged with governance.	The completion of our audit testing was delayed due to the late receipt of valuation information from the appointed valuer, which was critical to finalising our audit work.	We received all the evidence and explanations we required to support the independent auditor's report.

Source: Audit Scotland

Significant risks of material misstatement identified in the Annual Audit Plan

30. Audit work has been performed in response to the significant risks of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in [Exhibit 4](#).

Exhibit 4**Significant risks of material misstatement to the financial statements**

Risk of material misstatement	Planned audit response	Outcome of audit work
Fraud caused by management override of controls As set out 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.	The audit team will: • Test transactions and journals with a focus on significant risk areas, including year-end and post-close down entries. • Review significant accounting estimates. • Assess any changes to the methods and underlying assumptions used to prepare significant accounting estimates compared to the prior year. • Conduct 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 any significant transactions outside the normal course of business. • Assess the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements.	Audit work performed found: • No significant issues from testing of transactions and journal entries. • No significant issues were identified with methods and underlying assumptions used to prepare accounting estimates and there was no evidence of management bias. • Focussed testing of accruals and prepayments did not identify any issues. • No inappropriate or unusual activity relating to the processing of journal entries was identified from discussions with individuals involved in the financial reporting process. • No significant issues were identified from transactions outside the normal course of business. • The controls in place for identifying and disclosing related party relationships and transactions were adequate. Conclusion: no evidence of fraud caused by management override of controls.

Source: Audit Scotland

Prior year recommendations

31. NHS Tayside has made progress in implementing some of the agreed prior year audit recommendations but further work is required. For actions not yet implemented, revised responses and timescales have been agreed with the body and are outlined in [Appendix 1](#).

Wider scope and Best Value audit

Audit approach to wider scope and Best Value

Wider scope

32. As reported in the Annual Audit Plan, the wider scope audit areas are:

- Financial Management.
- Financial Sustainability.
- Vision, Leadership and Governance.
- Use of Resources to Improve Outcomes.

33. Audit work is performed on these four areas and a conclusion on the effectiveness and appropriateness of arrangements NHS Tayside has in place for each of these is reported in this chapter.

Duty of Best Value

34. The [Scottish Public Finance Manual](#) (SPFM) explains that Accountable Officers have a specific responsibility to ensure that arrangements have been made to secure Best Value. [Best Value in public services: guidance for Accountable Officers](#) is issued by Scottish Ministers and sets out their duty to ensure that arrangements are in place to secure Best Value in public services.

35. Consideration of the arrangements NHS Tayside has in place to secure Best Value has been carried out alongside the wider scope audit.

Financial Management

Conclusion

The audit work performed on the arrangements NHS Tayside has in place for securing sound financial management found that these arrangements were effective and appropriate.

NHS Tayside operated within the three key financial targets set by the Scottish Government in 2024/25, but financial balance was achieved through additional funding support from the Scottish Government.

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

36. The Board approved a draft Three Year Revenue Financial Plan 2024/25 to 2026/27 in April 2024. This noted that due to the scale of the financial challenge facing NHS Tayside the board was not able to deliver a balanced financial plan for 2024/25, identifying a budget gap of £75.2 million.

37. During 2024/25 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 phased budget, and the projected outturn for the year. The reports also highlighted any other key issues for Board members' attention including progress in the delivery of the savings plan, risks to the delivery of the financial plan, and the requirements for brokerage funding.

38. Based on our review of the 2024/25 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 achieved financial balance for 2024/25 with no requirement for brokerage funding, but there is still a reliance on non-recurring savings and additional funding allocations

39. The Scottish Government Health and Social Care Directorates (SGHSCD) set annual resource limits and cash requirements which NHS boards are required by statute to work within. 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 (repayable) brokerage funding from the SGHSCD to achieve financial balance.

40. NHS Tayside's initial financial plan for 2024/25 set out a forecast deficit of £37.6 million after identifying £37.6 million of savings. The

financial position improved significantly during the year, due to operational productivity and efficiency gains and additional funding provided by the Scottish Government. Significant recurring budget pressures meant a £12.3 million outturn deficit remained. This consisted of a net £9.4 million overspend for Board Directed Services (driven by an increase in levels of demand and clinical severity of patients' needs) and a £2.9 million overspend for Perth and Kinross IJB that NHS Tayside is exposed to through risk share.

41. This £12.3 million deficit was within 1 per cent of the total revenue resource limit so brokerage funding was not required. However, to achieve financial balance, NHS Tayside relied on a non-recurring funding allocation of £12.5 million from the Scottish Government. [Exhibit 5](#) shows that following this additional funding, NHS Tayside operated within the three key financial targets set by the Scottish Government.

Exhibit 5

Performance against resource limits in 2024/25

Financial Target	Resource Limit £m	Actual £m	Underspend £m
Core revenue resource limit	1,237.8	1,237.6	0.2
Non-core revenue resource limit	47.1	47.1	0.0
Total revenue resource limit	1,228.4	1,228.2	0.2
Core capital resource limit	32.9	32.9	0.0
Non-core capital resource limit	0.4	0.4	0.0
Total capital resource limit	33.3	33.3	0.0
Cash requirement	1,319.1	1,319.1	0.0

Source: NHS Tayside annual report and accounts 2024/25

42. Late funding allocations hinder effective financial management by creating uncertainty in budgeting, disrupting cash flow and potentially delaying the start of planned programme expenditure. This can slow decision making and reduce the efficiency of resource use. We highlighted in [NHS in Scotland 2024 Finance and Performance](#) that the Scottish Government needed to work to provide more certainty for Boards to allow them to effectively manage their budgets.

43. NHS Tayside worked hard to manage the in-year budget, but without additional allocations, it would have reported a significant deficit. The board recognises its reliance on late allocations is unsustainable.

NHS Tayside delivered cash releasing savings of £36.1 million however this is a shortfall against target and only £18.9 million of these are recurring savings

44. In 2024/25 the Scottish Government required all health boards to plan to deliver at least 3 per cent recurring savings during the financial year. NHS Tayside's 2024/25 financial plan included a need to make savings of £58 million.

45. In response to a prior-year recommendation to focus on the delivery of targeted savings plans and achieve a higher level of recurring savings, management confirmed that the 2024/25 Financial Plan included recurring savings of £38 million, exceeding the Scottish Government's 3 per cent minimum savings target.

46. The board achieved £36.1 million of savings in year of which £18.9 million were on a recurring basis. This is a shortfall against the £43.4 million targeted savings identified and consistent with the recurring savings delivery in 2023/24. The reliance on non-recurring measures to achieve break-even means that NHS Tayside will start 2025/26 with a significant shortfall before considering any new pressures.

47. NHS Tayside should continue to focus improving the delivery of targeted savings plans achieving a higher level of recurring savings. These are likely to involve redesigning services and will take time to be fully implemented. See Action Plan 1, recommendation 2.

NHS Tayside had appropriate internal control arrangements in 2024/25

48. From our review of the design and implementation of systems of internal control, including those relating to IT, relevant to our audit approach, we did not identify any significant internal control weaknesses which could affect NHS Tayside's ability to record, process and report financial and other relevant data to result in a material misstatement in the financial statements.

49. Since 2020/21 we have recommended that 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. A staff verification exercise was introduced in 2024/25 on a monthly basis, however as 100% confirmation was not being obtained we were unable to take assurance from this control.

50. 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.

There are assurance gaps in the general IT controls for eFinancials and PECOS systems

51. Across the NHS in Scotland a number of shared services exist and therefore NHS Tayside's control environment includes externally provided services from:

- NHS National Services Scotland (NSS) provision of primary care payments and the national IT controls
- NHS Ayrshire and Arran provision of the National Single Instance eFinancials service
- Elcom who provide Professional Electronic Commerce Online System (PECOS) the eProcurement system used by NHS Boards across Scotland

52. The NHS in Scotland procures service audits each year to provide assurance on the controls operating within the shared systems. As part of our overall audit approach we consider the evidence from service auditors of NHS NSS and NHS Ayrshire and Arran to inform our risk assessment procedures.

53. For Practitioner and Counter Fraud Services, the Type II service audit resulted in an unqualified opinion, i.e. the controls tested operated effectively during 2024/25.

54. For the national IT services contract, the Type II service audit 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.

55. NHS Ayrshire and 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 in previous years for the IT general controls, system backup and disaster recovery remains. Although this assurance gap did not impact on NHS Tayside's systems this year, there remains a risk for future years. All boards should ensure that going forward they are satisfied that controls over the NSI eFinancials system are adequate in the absence of these service auditor assurances.

56. The PECOS contract is managed via the Scottish Government and the system was used by the Scottish Government until 2024/25. Historically, there has not been a service auditor arrangement in place to provide assurance, but the operation of the system was subject to review as part

of the Scottish Government financial audit which informed our risk assessment procedures. As the system is no longer used by the Scottish Government there is a risk that the contract is not actively managed.

57. While boards can rely on local controls over user access and the operation of interfaces, there is an assurance gap over the general IT environment including back up procedures and disaster recovery. NHS Tayside should explore how it can gain assurance over the IT arrangements in relation to PECOS.

58. Having considered the content of these service auditor assurance report and other mitigating controls at NHS Tayside we are content that no change in our audit approach was required.

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

59. 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.

60. Scottish boards also participate in the National Fraud Initiative (NFI) in Scotland which is a counter-fraud exercise coordinated by Audit Scotland which aims to prevent and detect fraud. NHS Tayside has well established arrangements for investigating matches and reporting outcomes identified by the NFI exercise. The requested data for the 2024/25 exercise was provided on time and data matches are currently being investigated.

Financial Sustainability

Conclusion

NHS Tayside's current service models are not financially sustainable, with its medium-term Financial Plan projecting a deficit across each of the three financial years. Savings identified for 2025/26 are insufficient to achieve financial balance. The savings required to address the projected shortfalls in the subsequent two years have yet to be determined.

Although NHS Tayside did not require brokerage from the Scottish Government in 2024/25, prior year brokerage funding received must be repaid once the board achieves financial sustainability.

61. Our audit plan identified a significant risk in relation to financial sustainability under our wider scope responsibilities. Our audit findings and conclusions in relation to the risk are recorded below.

Health boards across Scotland face substantial affordability challenges despite increases in funding

62. Health remains the single biggest area of government spending with a planned increase to £19.4 billion in the 2024/25 Budget Bill. The Scottish Government continued to distribute funding throughout the year which increased the final budgets provided to NHS Boards and reflects the long-term trend of annual increases in health expenditure.

63. Despite increases in health spending much of the additional funding was consumed by pay deals and inflation leaving little room to invest in transformation or service improvement.

64. In their three-year financial plans submitted to the Scottish Government, for 2024/25, NHS Boards continued to forecast increases in spending. Boards are also increasingly citing a reliance on non-recurring savings, and therefore carrying forward underlying deficits into future years, which poses a significant risk to long term financial sustainability.

65. Audit Scotland's [NHS in Scotland 2024 Finance and Performance](#) highlights that the affordability of healthcare spending is now an urgent issue that the Scottish Government must address. Difficult decisions need to be made about transforming services potentially identifying areas of limited clinical value and considering how services can be provided more efficiently or withdrawn. Boards should work with the Scottish Government to focus on longer term reform. This will be essential for managing the demands placed on the healthcare system and ensuring its future sustainability.

NHS Tayside's three-year financial plan for 2025/26 to 2027/28 shows significant projected deficits for each year

66. We reported in our 2023/24 Annual Audit Report that based on the projected funding gaps over the next 3 years we were unable to conclude that NHS Tayside is financial sustainable in the medium term. As discussed at paragraphs 39 to 43 NHS Tayside achieved financial balance in 2024/25 on receipt of a late funding allocation from the Scottish Government but did not require brokerage funding. It has agreed that £16.1 million of repayable funding received in 2023/24 will need to be repaid once it achieves financial balance.

67. NHS Tayside submitted its three-year Financial Plan 2025/26 to 2027/28 to the Scottish Government in March 2025 and presented it to the Board on 24 April 2025. The development of the plan included discussions and feedback from the Scottish Government. One of the key messages from the Scottish Government 2025/26 budget was that brokerage would no longer be available for 2025/26 onwards and NHS Tayside must operate within the budget allocated.

68. The financial plan shows forecasted in-year deficits over the three-year period (£11.4 million in 2025/26, £23.5 million in 2026/27, and £14.6 million 2027/28). In 2024/25 the Annual Delivery Plan Workstream Programme was developed and has identified £17.7 million savings for 2025/26.

69. Finance reports clearly state that current service models are unaffordable and the savings required to close the financial gap will significantly adversely impact on people and performance. In setting the 2025/26 budget the Board has recognised the need to create change to achieve financial sustainability. This has included establishing the NHS Tayside Transformation Fund to support service innovation and redesign, and financial improvements and sustainability in the short to medium term.

70. One of the new corporate objectives that has been set is focussed on achieving financial sustainability by the end of 2027/28 and deliver a minimum of 3% recurring savings in each year of the three-year financial plan from 2025/26.

NHS Tayside plans to use a risk-assessed prioritisation process to capital funding allocations

71. We reported in our 2023/24 Annual Audit Report the reduction in capital funding could impact on the board's service performance and the delivery of its wider objectives.

72. The draft Five Year Capital Plan 2025/26-2029/30 sets out projects totalling £197 million over the 5-year period, including £69 million assumed funding related to the Business Continuity Plan submission. For planning purposes, the Scottish Government had advised boards to plan on an additional 133% capital funding on top of its core formula capital

allocation, noting receipt of this was not guaranteed. The plan is to be funded primarily through the board's annual capital resource allocations (core CRL funding of £122 million and project specific capital allocation of £64 million), revenue funding earmarked for non-added value capital spend (£10 million) with a £1 million estimated deficit across the five year period. In 2025/26 forecast capital expenditure is £46 million.

73. The Business Continuity Plan was submitted to the Scottish Government on 31 January 2025. A Board Development Seminar was held in November 2024 and January 2025 to discuss the Whole System and Service Infrastructure Plan which was approved by the Board in February 2025.

74. Both the Business Continuity Plan and the Five Year Capital Plan recognise the complexity of decisions and choices regarding the prioritisation of available limited funding. It is important that NHS Tayside continue to review this on an annual basis.

75. For 2025/26 NHS Tayside plans to use a risk-assessed prioritisation process to allocate capital funding. However the board recognises that the capital funding available will not be able to address many of the highest risks identified. It is planning investment in the following areas over the next five years:

- The national radiotherapy replacement programme;
- Reducing backlog maintenance across the estate (in particular Ninewells Hospital);
- Replacement of essential equipment; and
- Right of Use Assets falling under IFRS 16 Leases.

76. The Five Year Capital Plan is being updated to reflect feedback received from the Scottish Government on the Business Continuity Plan. The Plan and any in-year movements will be considered at each Performance and Resource Committee.

A Sustainability and Recovery Group has been established to help improve the financial position

77. A Sustainability and Recovery Group was established in September 2024 with a remit to oversee the progress of the Annual Delivery Plan and support development and implementation of immediate actions to improve the financial position. The Group is developing a Financial Recovery Action Plan that is split over three levels. The first level will be reviewing grip and control measure across the organisation to improve the financial position and provide a platform for the reform agenda. Levels two and three will focus on change and transformation.

78. The delivery of this plan aims to achieve financial sustainability for NHS Tayside. Updates from the work of the Sustainability and Recovery Group will be included within the finance and performance reports considered at each Performance and Resource Committee meeting.

Recommendation 2

Financial Sustainability

NHS Tayside should progress its service redesign activity as a matter of urgency, setting and monitoring clear timescales and targets, and using the Sustainability and Recovery Group to drive financial recovery and the Transformation Fund to support service innovation and redesign.

Vision, Leadership and Governance

Conclusion

The audit work performed on the arrangements NHS Tayside has in place for securing Vision, Leadership and Governance and found that overall arrangements were effective and appropriate.

Governance and leadership arrangements for the mental health and learning disability Whole System Change Programme remain complicated and unclear.

NHS Tayside is refreshing its approach to strategic planning and is developing a three year Strategic Plan 2025-28.

Mental Health Services in Tayside

79. Our annual audit plan identified a significant risk in relation to mental health services in Tayside. In response to this risk our planned audit work considered the overall progress made in implementing the recommendations from the Independent Inquiry into mental health services in Tayside. The findings from this work are reported in Appendix 3.

NHS Tayside does not currently have a long-term strategic plan to support the delivery of its vision, as it has paused plans to develop its 10-year strategy

80. During 2024/25 the new Chief Executive made some changes to the leadership structure. A Chief Executive Team was established and replaced the Executive Leadership Team. A decision was made by the Chief Executive Team to refresh NHS Tayside's strategic approach.

81. NHS Tayside has agreed to pause plans to develop its 10-year strategy and is focussing on developing its three year Strategic Plan 2025-28 Delivering Together for Tayside. The plan was presented to the Scottish Government on 4 April 2025 for feedback and a final version will be presented to the Board for approval.

82. New corporate objective for 2025/26 were approved by the Board in April 2025 and these have been aligned to the strategic risks. The strategic aims, Delivering Together for Tayside and corporate objectives have been discussed and developed over several development sessions with the Board to support active governance through a collaborative approach.

83. The corporate objectives for 2025/26 aim to ensure governance arrangements are in place to set the strategic direction and hold the Chief Executive Team to account for delivery of 15 objectives under five strategic

aims. The Chief Executive Team will report quarterly on progress against the objectives to the relevant committees.

NHS Tayside has appropriate governance arrangements to support decision making and scrutiny

84. NHS Tayside's governance arrangements have been set out in the Governance Statement in the annual report and 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.

Cyber security

85. Given the continued increased prevalence of cyber-attacks on public sector bodies, 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.

86. Our 2023/24 Annual Audit Report recommended that mandatory cyber security training should be developed to reduce the vulnerability of the board to cyber-attacks due to user error. NHS Tayside held an event in January 2025 to provide incident response training to a range of staff who would be involved in responding to a cyber incident. A Cyber Resilience Tabletop Exercise was held in February 2025 to raise awareness of cyber risk, and the impact and wide-ranging effects that a cyber incident can bring.

87. NHS Tayside should continue to focus on developing mandatory cyber security training for all staff. See Action Plan 1, brought forward recommendation 6.

Whistleblowing

88. Internal Audit issued a report in March 2024 that provided reasonable assurance on NHS Tayside's whistleblowing arrangements. Four of the six actions are now complete, and progress is being made on the remaining two recommendations.

89. Since the internal audit report was published, an investigation into whistleblowing arrangements at NHS Tayside was completed by the

Independent National Whistleblowing Officer (INWO). NHS Tayside's actions in response to the INWO recommendations were reported to the June 2025 Audit and Risk Committee meeting.

Spotlight on Governance Report

90. Audit Scotland reported in [NHS in Scotland: Spotlight on governance](#) (May 2025) that NHS boards' ability to drive reform is constrained by the financial, policy and planning parameters set by the Scottish Government. A new planning framework is being put in place and new national strategies and plans for reform and improvement are due this year. Dealing with this change will be challenging but it should help give boards greater certainty and enable them to work more collaboratively to deliver reform.

91. The report highlights that recruitment of senior leaders in the NHS has been challenging and there has been a high turnover in NHS board chief executives during 2023/24 and 2024/25. Twelve new chief executives have been appointed, including ten new chief executives for territorial boards. We reported last year that there had been a number of recent changes in NHS Tayside's senior staff. A new Chief Executive joined NHS Tayside in 2024/25.

Use of Resources to Improve Outcomes

Conclusion

NHS Tayside has appropriate arrangements for monitoring and reporting performance.

Service performance reporting identified that only 4 out of 13 national measures are on track, however performance against 3 of the 4 remobilisation measures has improved since last year.

Overall performance against key waiting time standards has improved since last year and above NHS Scotland's position for 4 of the 9 measures.

NHS Tayside has appropriate arrangements for monitoring and reporting performance

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

93. During 2024/25 performance reports included performance against the national measures including A&E, inpatient and outpatient waiting times, and provision of mental health, cancer and drug and alcohol services.

94. NHS Tayside has developed a new Performance Management and Assurance Framework. The purpose of this is to provide a Framework for managing and continuously improving performance and enhancing overall organisational effectiveness. The aim is to provide a clear and consistent model of performance management and assurance that is owned by, and supportive of, all parts of the organisation. This will be presented to the June 2025 Board meeting for approval.

95. NHS Tayside is currently in the process of redesigning the performance report to ensure it can manage and evolve with any new national key performance indicators.

Service performance reporting identifies that for those national measures with a target or trajectory, only 4 out of 13 are on track

96. The 2024/25 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.

97. At the end of March 2025 the performance against 16 key measures is:

- 4 of the measures are on track
- 9 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 16 measures show improvement on performance in the previous financial year.

98. In terms of NHS Tayside's performance against the national waiting time standards, [Exhibit 6](#) shows activity and waiting times for acute services and [Exhibit 7](#) provides a comparison of current waiting times compared to prior years.

99. As can be seen in [Exhibit 6](#) there has been an increase in demand over the four year period, but there has also been an increase in activity. For the length of waits there has been a significant deterioration in the number of patients waiting longer than 12 weeks for a new inpatient and outpatient appointment.

100. [Exhibit 7](#) shows NHS Tayside's performance against key waiting time standards has improved since last year. In comparison to the overall NHS Scotland's position the board's performance is better for 4 measures and broadly in line for 1 other measures. There has been a significant improvement in the Children and Adolescent Mental Health Services waiting times over the 3 year period.

Exhibit 6

Trends in demand, activity and length of wait

Demand			% change NHS Tayside
Monthly Mar 2021 to Mar 2025			
Number waiting for diagnostic tests	9,650	11,408	18%
Quarterly Mar 2021 to Mar 2025			
Number of patients waiting for an inpatient or day case admission	8,502	16,281	91%
Quarterly Mar 2021 to Mar 2025			
Number of patients waiting for a new outpatient appointment	21,559	34,548	60%

Activity

Number of scheduled elective operations in theatre system	Monthly Mar 2021 to Mar 2025		4,821	84.1%
	2,618			
Number of inpatient and day case admissions	Monthly Mar 2021 to Mar 2025		5,044	54.2%
	3,272			
Number of new outpatient appointments	Monthly Mar 2021 to Mar 2025		24,696	12.4%
	21,974			

Length of waits

Number waiting longer than 6 weeks for diagnostic tests	Quarterly Mar 2021 to Mar 2025		3,932	5.1%
	3,740			
Number of patients waiting longer than 12 weeks for an inpatient or day case admission	Quarterly Mar 2021 to Mar 2025		11,675	127%
	5,151			
Number of patients waiting longer than 12 weeks for a new outpatient appointment	Quarterly Mar 2021 to Mar 2025		18,076	77%
	10,240			

Source: Public Health Scotland

Exhibit 7

Performance against key waiting time standards

Target/standard	NHS Tayside Performance at March 2023	NHS Tayside Performance at March 2024	NHS Tayside Performance at March 2025	NHS Scotland Performance at March 2025
Cancer 62 Days Referral to Treatment target	74.9%	63.2%	64.2% ¹	73.5% ¹
Proportion of patients that started treatment within 62 days of referral				
Cancer 31 Days Referral to Treatment target	93.9%	96.8%	96.0% ¹	94.7% ¹

Target/standard	NHS Tayside Performance at March 2023	NHS Tayside Performance at March 2024	NHS Tayside Performance at March 2025	NHS Scotland Performance at March 2025
Proportion of patients who started treatment within 31 days of decision to treat				
18 Weeks Referral to Treatment target	66.7%	65.3%	60.4% ¹	67.0% ¹
Proportion of patients that started treatment within 18 weeks of referral				
Patient Treatment Time Guarantee	56.5%	54.2%	56.0%	56.7%
Proportion of inpatients or day cases that were seen within 12 weeks				
Outpatients waiting less than 12 weeks	62.7%	67.4%	69.6%	61.2%
Proportion of patients on the waiting list at month end who have been waiting less than 12 weeks since referral				
A & E attendees	90.7%	89.5%	89.8%	68.3%
Proportion of A & E attendees who were admitted, transferred or discharged within 4 hours				
Drug and Alcohol 21 Days	91.6%	89.6%	92.2% ¹	95.3% ¹
Proportion of drug and alcohol patients that started treatment within 21 days				
Children and Adolescent Mental Health Services Waiting Times	62.0%	94.3%	95.9%	91.6%
Proportion of patients seen within 18 weeks of referral				

Target/standard	NHS Tayside Performance at March 2023	NHS Tayside Performance at March 2024	NHS Tayside Performance at March 2025	NHS Scotland Performance at March 2025
Psychological Therapies	75.1%	70.9%	73.0%	78.6%
Proportion of patients that started treatment within 18 weeks of referral				

Note 1: As the validated March 2025 data is not yet available for these measures, the December 2024 validated data has been used.

Source: [Public Health Scotland](#)

Performance against 3 of NHS Tayside's 4 remobilisation measures has improved since 2023/24

101. NHS Tayside regularly reports information on performance against its 4 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.

102. For 2024/25 NHS Tayside reported that 3 of the above measures (1, 2 and 3) were meeting the targeted trajectory and the remaining measure was within 5% tolerance of target. We noted that performance against 3 of the measures (2, 3 and 4) was an improvement on the performance reported in 2023/24.

Conclusions on duty of Best Value

103. The audit work performed on the arrangements NHS Tayside has in place for securing Best Value found these were effective and appropriate. This judgement is evidenced by:

- NHS Tayside having well established and effective governance arrangements in place, with Best Value being a key aspect of the governance arrangements. In 2024/25 the report cover paper template and guidance for Board and Committee meetings was updated to require additional narrative to explain the Best Value characteristic that the report provides assurance on.
- the arrangements NHS Tayside has in place around the four wider scope audit areas, which are effective and appropriate, contribute to it being able to secure Best Value.

Appendix 1

Action plan 2024/25

2024/25 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
1. Management oversight of data input to the valuation process An analysis of the floor area figures used in the asset revaluation process identified differences between the data used by the valuer and NHS Tayside's records. Our audit work confirmed that the figures used by the valuer were more up to date and accurate. This highlighted weaknesses in the data held by NHS Tayside. Risk: data input used in the revaluation process is not accurate.	Management should have appropriate oversight of the data input to the valuation process and update its asset records to reflect the most up-to-date position. Paragraph 23	Agreed action: By August 2025 a review will be undertaken between NHS Tayside and external valuer data. This will allow a programme to be developed to cleanse the data held on the Strategic Asset Management System (SAMS). Responsible officer: Head of Asset Management - Property Agreed date: 31 March 2026 for Phase 1 of programme

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
2. Financial sustainability remains a significant risk NHS Tayside's current service models are financially unsustainable. Despite good financial management the board relied on non-recurring savings and additional funding to achieve financial balance in 2024/25. The medium-term financial plan projects a deficit across each of the next three financial years. More significant service reform/ redesign is required to deliver recurring savings and sustainable services. Risk: the board remains financially unsustainable and does not have the financial resources to achieve its strategic objectives.	NHS Tayside should progress its service redesign activity as a matter of urgency, setting and monitoring clear timescales and targets, and using the Sustainability and Recovery Group to drive financial recovery and the Transformation Fund to support service innovation and redesign. Paragraph 78	Agreed action: By March 2026 we will publish a comprehensive programme of change, redesign and transformation that underpins the NHS Tayside's strategic priorities, medium term financial plan and is aligned to the national reform and renewal priorities underpinned by a digital first approach. Within 2025/26 the focus will be on delivery of the operational plan to maximise progress in all areas of change and transformation aligned to the corporate objectives for 2025/26. Responsible officer: Chief Executive Agreed date: 31 March 2026

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
3. Refreshed priorities for the mental health and learning disabilities Whole System Change Programme The whole-system change programme was reduced in scope in November 2024. A lack of capacity of staff and leadership for taking this work forward was highlighted as a key factor in this decision. Risk: Insufficient capacity to implement the revised scope of the change programme continues to hinder progress.	Following the decision to reduce the WSCP in scope, refreshed priorities for improvement are needed and a clear plan for implementation, including specific actions, timescales and costs. It should set out how this work will be resourced, and how progress will be monitored and reported publicly. Paragraph 109	Agreed action: The development of both the new model of care for mental health and learning disability and the learning disability transition programme to a single site is necessitating a reprioritisation of the Whole System Change Programme. These two programmes which are under way are significant, large scale changes which will deliver improvements to both inpatient and community MHLDD services. Both programmes have been prioritised for delivery through focused planning work and they are now moving through to delivery and implementation phases. There is a dedicated Programme Management Team in place to support this work as a priority. The WSCP Board will monitor the implementation plans for these large scale programmes with timescales, specific actions and predicted costs and progress reports shared with wider stakeholders and the public. Responsible officer: Chief Officer, Perth & Kinross HSCP and Deputy Chief Executive Agreed date: 1 October 2025

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
4. Governance and leadership arrangements for the mental health and learning disabilities Whole System Change Programme Leadership and governance arrangements for the change programme remain complicated and unclear. There is a lack of clarity about reporting structures and how these interact. Risk: Complicated governance and leadership arrangements for the change programme make it more difficult to implement change.	NHS Tayside should clarify the roles and responsibilities for each group involved in leadership and governance arrangements for the WSCP, how they interact, and ensure that Terms of Reference, structure diagrams, and progress reports are updated to reflect these arrangements. Paragraph 118	Agreed action: A full review of each of the WSCP groups to be undertaken to ensure they are set up to deliver the reprioritised WSCP objectives with clear roles and responsibilities for delivery and reporting routes for governance in revised Terms of Reference. An organogram clearly demonstrating the relationships and interactions between each group will be produced. Responsible officer: Chief Officer, Perth & Kinross HSCP and Deputy Chief Executive Agreed date: 1 October 2025
5. Mental Health and Learning Disability Whole System Change Programme Key Performance Indicators (KPIs) A suite of KPIs has been developed but some are incomplete, and do not make clear targets, timescales or long-term progress. Risk: Progress and performance are not transparent and reports do not enable robust scrutiny, challenge and corrective action if required.	Improvements are needed to the suite of KPIs, to ensure it is possible to clearly assess progress. This should be done by developing the remaining KPIs, clarifying targets and the timescales for achieving these, and reporting progress in a way that clearly shows long-term trends in performance. Paragraph 121	Agreed action: The Business and Health Intelligence Unit and MHL D service leadership team to work together to develop a revised suite of KPIs and a business data set to report evidence-based progress against WSCP agreed priorities. This will include data which will be easily interrogated to identify trends, track variation in performance, identify hotspot areas for more focused scrutiny to deliver improvement. Responsible officer: Chief Officer, Perth & Kinross HSCP and Deputy Chief Executive Agreed date: 1 December 2025

Follow-up of prior year recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
B/f 1 National Treatment Centre Tayside 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. Risk: This project may not be completed and the carrying value of the asset under construction will require to be written down.	Recommendation: 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. Agreed management action/timing: 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. Responsible officer: Assistant Director of Finance - Infrastructure Agreed date: 31 March 2025	Ongoing There continues to be a significant balance of assets under construction (AUC) for which there has been minimal movement in the year. This includes £12.5m relating to National Treatment Centre, and £1.7m relating to Stracathro Sewage works, a project which has had no expenditure since 2021/22. Many of the projects are 'paused' and are being reviewed as part of the Whole System Modelling project which is expected to be reported in November 2025. Management should continue to review the status of projects and consider write off if the prospect of becoming operational is not considered likely. Revised action: The NHS Tayside finance team will continue to review the status of projects held as assets under construction throughout 2025/26. Engagement with Scottish Government colleagues regarding future funding decisions and consideration to the potential implications regarding the treatment of assets under construction will also continue. Responsible officer: Assistant Director of Finance - Infrastructure Revised date: 31 March 2026

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
B/f 2 Receivables classification errors Our audit of the receivables balances in the unaudited accounts identified a number of classification errors in relation to prepayments and accrued income. Risk: Receivables balances are incorrectly classified and disclosed in the accounts.	Recommendation: Finance should review the receivables balances listings as part of the year-end closedown procedures to ensure these are classified correctly. Agreed management action/timing: 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. Responsible officer: Assistant Director of Finance - Corporate Agreed date: 31 March 2025	Complete The planned development session took place in February 2025 and receivables balances were reviewed throughout the year to identify any issues. Our audit did not identify any errors arising from classification issues within receivables.

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
B/f 3 Delivery of savings 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. Risk: The failure to achieve targeted and recurring savings impacts on the ability of the board to achieve financial balance.	Recommendation: 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. Agreed management action/timing: 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. Responsible officer: Assistant Director of Finance - Corporate Agreed date: 31 March 2025	Superseded NHS Tayside delivered savings of £36 million in 2024/25 however this a shortfall of £7.4 million against the savings target. Only £18.9 million of the savings delivered are on a recurring nature which was below the 3 per cent target set by the Scottish Government. NHS Tayside should continue to focus on improving the delivery of targeted savings plans and achieving a higher level of recurring savings to help it achieve financial balance. These are likely to involve redesigning services and will take time to be fully implemented. Paragraphs 44 to 47 Superseded by 2024/25 Recommendation 2 above
B/f 4 Impact of reduced capital funding 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	Recommendation: 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. Agreed management action/timing: 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	Ongoing NHS Tayside has developed a Business Continuity and Essential Investment Infrastructure Plan that was approved by the Board on 27 February 2025. It sets out the plan and priorities for managing infrastructure in order to support the delivery of patient care and other services across NHS Tayside while acknowledging limited funding available. The risk-assessed prioritisation methodology that was used in the development of the plan also informed the

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
directed towards maintenance of the existing estate. Risk: The reduction in capital funding impacts on the board's service performance and the delivery of its wider objectives.	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. Responsible officer: Assistant Director of Finance – Infrastructure Agreed date: 31 March 2025	preparation of the five-year Capital Plan (2025/26 to 2029/30). For 2025/26 NHS Tayside plans to use a risk-assessed prioritisation process to allocate capital funding. However the board recognises that the capital funding available will not be able to address many of the highest risks identified. Paragraphs 71 to 76 Revised action: Feedback on the BCP submission was received from Scottish Government on 10 April 2025. Pending the issue of a revised Directors Letter from SG on Whole System Infrastructure Planning Phase 2, Scottish Government have advised the Board that the next BCP submission in November 2025 will be an 'exception report', with a full refresh of the BCP submission due in November 2026. A review of the current BCP, and lessons learned from first submission, has commenced to inform on-going discussions with SG regarding priority projects and additional funding allocations. Responsible officer: Assistant Director of Finance – Infrastructure Revised date: 31 March 2026

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
B/f 5 Mental Health and Learning Disability Whole System Change Programme KPIs 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. Risk: The actions being taken may not deliver the intended impact or the progress being made cannot be demonstrated to the public.	Recommendation: 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. Agreed management action/timing: 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. Responsible officer: Joint Executive Leads for Mental Health Agreed date: 30 September 2024	A suite of KPIs has been developed but some are incomplete, and do not make clear targets, timescales or long-term progress. Recommendation superseded by 2024/25 Recommendation 5 above.

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
B/f 6 Cyber security training NHS Tayside does not have a programme of mandatory cyber security training for staff. Risk: This could increase the vulnerability of the board to phishing and malware attacks.	Recommendation: NHS Tayside should develop mandatory cyber security training to reduce the vulnerability of the board to cyber-attacks due to user error. Agreed management action/timing: 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. Until this is agreed NHS Tayside will develop and seek organisational support for mandatory cyber security training for all NHS Tayside staff. Responsible officer: Director of Digital / Board Secretary and SIRO Agreed date: 31 March 2025	Ongoing Revised action: The Information Governance and Cyber Assurance Team will inform staff about the Cyber security top tips for staff and advise that staff should link to this Turas module via their LearnPro. This is an interim solution as we wait for the NES Once for Scotland position on the development and implementation of mandatory cyber security training for staff to be agreed. Responsible officer: Director of Digital / Board Secretary and SIRO Revised date: 31 March 2026
B/f 7 Accounting for Carseview PFI	Revised action: The additional financial obligation created by this decision will be recognised within NHS Tayside's 2024/25 Annual Report and Accounts.	Complete Our audit testing confirmed that the financial obligation for Carseview PFI has been recognised in the 2024/25 Annual Report and Accounts.

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
B/f 8 Staff verification exercises	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 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.	Ongoing A monthly staff verification exercise was introduced in 2024/25. However, 100% confirmation was not being achieved as there was a poor response from some budget holders. NHS Tayside should consider the options available to increase the response rate, potentially including less frequent but regular checks. Paragraphs 49 to 50 Revised action: The Board has implemented the controls as described. A follow up discussion with audit colleagues will be held to understand how the process can be further refined to meet the recommendation. Responsible officer: Head of Payroll Services Revised date: 31 March 2026
B/f 9 Financial planning	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.	Superseded NHS Tayside achieved financial balance for 2024/25 with no requirement for brokerage funding, but there is still a reliance on non-recurring savings and late funding allocations. Superseded by 2024/25 Recommendation 2 above

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
B/f 10 Strategic planning	Revised action: Following the development of the Annual Delivery Plan 2024-2027 the Tayside strategy continues to be developed for March 2025.	Long term strategic plan not implemented NHS Tayside has paused plans to develop its 10-year strategy and is focussing on developing its three year Strategic Plan 2025-28 Delivering Together for Tayside. The plan was presented to the Scottish Government on 4 April 2025 for feedback and a final version will be presented to the Board for approval.

Appendix 2

Supporting national and performance audit reports

Report name	Date published
Local government budgets 2024/25	15 May 2024
Scotland's colleges 2024	19 September 2024
Integration Joint Boards: Finance and performance 2024	25 July 2024
The National Fraud Initiative in Scotland 2024	15 August 2024
Transformation in councils	1 October 2024
Alcohol and drug services	31 October 2024
Fiscal sustainability and reform in Scotland	21 November 2024
Public service reform in Scotland: how do we turn rhetoric into reality?	26 November 2024
NHS in Scotland 2024: Finance and performance	3 December 2024
Auditing climate change	7 January 2025
Local government in Scotland: Financial bulletin 2023/24	28 January 2025
Transparency, transformation and the sustainability of council services	28 January 2025
Sustainable transport	30 January 2025
A review of Housing Benefit overpayments 2018/19 to 2021/22: A thematic study	20 February 2025
Additional support for learning	27 February 2025
Integration Joint Boards: Finance bulletin 2023/24	6 March 2025
Integration Joint Boards finances continue to be precarious	6 March 2025
General practise: Progress since the 2018 General Medical Services contract	27 March 2025
Council Tax rises in Scotland	28 March 2025

Appendix 3

Mental Health Services in Tayside – Wider Scope Audit Work

Introduction

104. This review aims to provide a high-level overview of progress since the Independent Oversight and Assurance Group's (IOAG) [final report on mental health services in NHS Tayside](#), January 2023. It has been a short piece of work focusing on progress reported by NHS Tayside and the three IJBs, and does not aim to provide a comprehensive, in-depth assessment.

105. We have carried out desk-based reviews of available documentation and interviews with the co-chairs of the mental health and learning disabilities whole system change programme (WSCP) – the Deputy Chief Executive of NHS Tayside and the Chief Officer of Perth and Kinross IJB.

The mental health and learning disabilities Whole System Change Programme has made some progress in addressing the issues identified by the IOAG, but substantial issues and challenges remain

106. NHS Tayside has been working over a number of years to improve its mental health services performance following the [Trust and Respect](#) report of Independent Inquiry into Mental Health Services in Tayside, published in February 2020. This report made 49 recommendations for NHS Tayside, and two recommendations for the Scottish Government.

107. In January 2023, the IOAG's final report assessed the progress made against the 51 recommendations from the Trust and Respect report. The IOAG also identified six priority areas for NHS Tayside to focus on going forward. These six areas, along with a high level assessment of progress, can be found in [Exhibit 8](#). This shows that some progress has been made but substantial challenges and issues are still a concern.

108. The Minister for Mental Wellbeing and Social Care requested a detailed action plan setting out how the priorities identified by the IOAG would be addressed. NHS Tayside and the three Tayside IJBs approved the mental health and learning disabilities Whole System Change Programme (WSCP) in June 2023 in response to the minister's request. There were initially twelve workstreams, several of which aligned to the six priority areas identified by the IOAG. Exhibit 7 in Audit Scotland's [NHS Tayside 2023/24 Annual Audit Report](#) (AAR) sets out the twelve workstreams.

109. In October 2024, following a request from the Scottish Government for a written update on progress with the Change Programme, Tayside

compiled a self-assessment of progress across all the WSCP workstreams. In November 2024, the WSCP board agreed to reduce the scope of the change programme. Limited skills and capacity for leading and participating in the change programme has been highlighted as a key reason for this ([Exhibit 8](#)).

Recommendation 3

Following the decision to reduce the Whole System Change Programme in scope, refreshed priorities for improvement are needed and a clear plan for implementation, including specific actions, timescales and costs. It should set out how this work will be resourced, and how progress will be monitored and reported publicly.

Exhibit 8

Progress against the six priority areas identified by the IOAG

Some progress has been made but substantial issues and challenges are still a concern

IOAG priority areas	High level overview of progress
1. Progress urgent issues identified in the IOAG interim report, June 2022: • Progressing the decision about single site provision in Tayside for inpatient mental healthcare • Addressing the issues with the physical environment in Strathmartine • Addressing significant delayed discharges.	Single site provision – The decision to move to a single site was originally made in 2018 but was not progressed. In 2024, a new deadline was set for the move of August 2025. However recent updates are not clear about whether this is on track to be achieved, as timescales and expected costs are not yet available. At the time of our review we noted a disconnect between the leadership and staff's views about the move. The risk register highlights significant risks about the availability of staff following the move, and the suitability of Murray Royal Hospital as the new site: • As at June 2025 most staff have indicated that they are not willing to transfer to Murray Royal Hospital, around 20 miles from their current base. Engagement with staff is ongoing and will inform plans to put in place support to encourage existing staff to transfer. Management plan to recruit additional newly qualified staff if needed. These plans are not yet costed so the Board has not yet assessed whether these are affordable. • Significant concerns have been highlighted about the suitability of the new site, that it would be more restrictive and would lack access to some therapeutic interventions. Management are working to develop plans to address these concerns but there remains a lot of risk and uncertainty about how these issues will be resolved. Strathmartine physical environment – Following its visit in May 2024, the Mental Welfare Commission identified significant problems with the physical environment at Strathmartine and found that previous repairs had been makeshift and had done little to address the significant state of disrepair. In April 2025, NHS Tayside reported that almost all the previously identified backlog repairs at Strathmartine had now been addressed. This report has not considered whether these more recent works have satisfactorily addressed the issues. Delayed discharges – NHS Tayside has reported progress with reducing mental health delayed discharges, but delayed discharges in learning disabilities services remain high. Planned recruitment of a complex care discharge lead for learning disabilities is delayed and there is a lack of suitable community provision for patients with very complex needs. NHS Tayside is working with the health and social care partnerships to explore options but there is not yet a clear plan in place for reducing these delays.

IOAG priority areas

High level overview of progress

2. Streamline and prioritise the change programme in support of 'Living Life Well'

The change programme relating to the strategy Living Life Well is overly complex. There is a need to simplify governance arrangements, prioritise areas for improvements and put in place a clear resource framework for delivery.

The mental health and learning disabilities WSCP aimed to streamline and prioritise the Living Life Well strategy. However, in October 2024 the ILG and ELG highlighted complicated structures and siloed working, a lack of time and capacity, consistently shifting timelines and difficulty in reporting progress accurately. In November 2024, the WSCP board agreed to reduce the scope of the WSCP.

There remains a lack of capacity for staff to lead and participate in change. At April 2025, an Annual Delivery Plan progress report highlighted this as an ongoing issue. It reported that reducing the scope and re-prioritising the change programme through developing new model of care workstreams may enable leaders to progress with prioritised work.

Much of this work is ongoing. The new models of care workstreams and priorities have not yet been agreed, and there is not yet a clear delivery plan in place with specific actions, timescales and costs.

3. Make integration work

Following the revised integration schemes, partners must now focus on collaborative working to make the arrangements work in practice.

In November 2024, the WSCP board determined that this workstream was complete and agreed to close the workstream. It stated that stakeholders have reported good progress and that all indicators suggest that the integration agenda is working well across the system. However, it is not clear what stakeholder engagement was carried out, or what indicators were used, to make this assessment. This should be made clear.

In October 2024, the ELG and ILG highlighted challenges with differing priorities between partners. And in January 2025, a series of 'collaborative conversations' with staff found that staff still lacked clarity about leadership roles and responsibilities.

The WSCP board's assessment that integration is working well does not align with NHS Tayside's assessment. It has recognised that there remains complex leadership, financial and governance structures for mental health and learning disability services. One of its corporate objectives for 2025/26 is to fully integrate the mental health and learning disability services across Tayside under a single management structure to simplify leadership and governance arrangements and maximise resources.

IOAG priority areas	High level overview of progress
4. Engaging the workforce Providing the resources, support and leadership to ensure staff can do their jobs effectively while supporting their own wellbeing; and engaging with staff in major decisions affecting service delivery.	The WSCP included an ‘engage the workforce’ workstream. In October 2024, a review of progress acknowledged that this was not meeting as a formal workstream but reported that staff engagement was underway across the change programme. It reported that leadership training has been developed for senior clinical leaders and that the leadership and management structure was being refreshed with engagement with staff. It also acknowledged that there lacked a systematic approach to staff engagement. It has since introduced ‘collaborative conversations’, which involves meeting with staff every three months. It is not yet clear how this will feed into decision-making.
5. Engaging with patients, families, partners and communities Build and rebuild relationships with people with lived experience of mental health services through meaningful engagement. Redouble efforts to work with third and community sectors in Tayside to shift the balance of care away from inpatient services and into the community.	The WSCP included an ‘engaging with patients, families, carers and communities’ workstream. In October 2024, a review of progress acknowledged that this did not exist as an individual workstream but is embedded throughout all workstreams. The WSCP board determined that, while some actions had not yet been completed and remained relevant, Tayside now has a long-term reliable approach and so agreed to close the workstream and embed it within the other workstreams. It highlighted that there had been significant changes to the approach to engagement, co-design and co-production, and an evaluation would be produced in December 2024. We have not yet been provided with this evaluation. The WSCP also set out that an engagement and participation Key Performance Indicator (KPI) would be established, but it is not clear when this will be in place.

IOAG priority areas	High level overview of progress
6. Continued focus on patient safety Ensure that the organisations' systems, processes and physical infrastructure support continued improvement in patient safety across Tayside where appropriate.	From January 2024, Tayside set up a mental health safety and quality forum, with sessions focused on quality improvement. The sessions aim to provide opportunity for discussions, with the aim of identifying changes to patient safety measures and developing agreed quality improvement approaches. In January 2025, the annual report of the forum highlighted challenges with capacity of staff to attend the forum and engage with improvement activities. It is therefore not clear that this will have the intended impact of supporting continuous improvement in patient safety. In February 2025, an assurance action plan for board retained mental health and learning disability services recognised that the services had been offering limited assurance to the clinical governance committee over a sustained period. It recognised that complicated clinical governance arrangements inhibited the ability to have a whole system perspective on the quality, safety and effectiveness of clinical care, and highlighted several areas that needed to improve. It set out an action plan for improvement, and an aim to provide reasonable assurance by the August clinical governance committee meeting.

Source: Audit Scotland, NHS Tayside, IOAG final report

110. In April 2024, NHS Tayside reviewed its progress against the 49 recommendations from the Independent Inquiry. It assessed that 42 recommendations were completed, and seven recommendations were partially completed. It reported that eight recommendations had been incorporated into the WSCP, four of which were assessed as complete, and the remaining four partially complete. The remaining recommendations were reported to either be being monitored through other routes (27), or complete (14).

111. As part of our short review, we have chosen to review progress against the two recommendations rated red by the IOAG. These related to developing a model of integrated substance use and mental health services; and ensuring that the creation of a neurodevelopmental hub includes a clear pathway for treatment and co-working of staff across various disciplines.

112. Tayside has reported good progress with integrating the substance use and mental health services. Since the IOAG report, Angus Integration Joint Board (IJB) has implemented a hub model that offers a 'one door' approach to substance use and mental health services. Dundee IJB implemented a test of change in April 2024 in the form of a Multi-Agency Consultation Hub (MACH). The evaluation of MACH in December 2024 proved successful, with both patients and staff responding positively. The consultation hub is now continuing as core business. Perth IJB also

intends to move towards a similar model of integrating the services and are currently drafting a redesigned service model.

113. Tayside marked this as complete in its review of progress against recommendations in April 2024. However, to date service integration is still to be rolled out across all three IJBs within Tayside so it is not yet fully complete. We have not assessed all other recommendations to determine whether they were also inaccurately marked as complete.

114. We have requested evidence of progress with the second recommendation rated red covering the creation of the neurodevelopmental hub and pathway. We have not been provided with evidence that demonstrates progress towards this recommendation. In its review in April 2024, NHS Tayside marked this as complete and categorised it as being embedded within the organisation with alternative oversight – operational teams.

Governance and leadership arrangements for the WSCP remain complicated and unclear

115. A mental health and learning disabilities WSCP board was formed to oversee the workstreams, and report progress to NHS Tayside board and to the three IJBs. An executive leadership group (ELG) was also set up to provide collaborative leadership of the change programme alongside the WSCP board, and an integrated leadership group (ILG) is in place to provide strategic direction and oversight to mental health services.

116. These structures are not yet clearly working well. An ELG session in September 2024 highlighted a lack of clarity of the purpose of the ELG, proposed that the ELG could be disbanded, and the WSCP board could report directly to the executive leadership team. It also highlighted that the role of the ILG was not clear and needed to be developed. A joint session between the ILG and ELG in October 2024 also highlighted complicated structures and a lack of clarity about roles and responsibilities.

117. Management has told us that the ELG has since been disbanded but at June 2025, it continues to be referenced as providing joint leadership of the change programme alongside the WSCP board. It is therefore not clear what the current reporting arrangements for the WSCP board are, as we have not been provided with a revised Terms of Reference.

118. A new ILG Terms of Reference has been developed. This sets out its role as providing advice and recommendations to the WSCP board. However, it proposes meeting bi-monthly and only reporting to the WSCP board every six months. It is therefore unclear what the purpose of the interim meetings would be.

Recommendation 4

NHS Tayside should clarify the roles and responsibilities for each group involved in leadership and governance arrangements for the WSCP and how they interact, and ensure that Terms of Reference, structure diagrams, and progress reports are updated to reflect these arrangements.

119. There is limited evidence about the quality of information provided to the WSCP board, and the scrutiny and challenge of decisions made. A log is kept of decisions the board make but no minutes are taken of the board's meetings, and there are routinely verbal updates to the board without accompanying papers. This means that the context around, rationale for, and discussions held in making decisions is unknown.

120. NHS Tayside's 2023/24 AAR included a recommendation to develop a suite of KPIs to monitor whether the WSCP is delivering the intended improvements in mental health services in Tayside and to demonstrate progress to the public.

121. Highlights from a set of KPIs were reported to the NHS Tayside board in February 2025. It stated these are being reported to the Tayside Executive Team monthly within the Annual Delivery Plan reporting framework, and bi-monthly to the WSCP board. However, the information being reported is not clear enough to enable good scrutiny and transparent progress:

- At May 2025 the full suite of KPIs is still incomplete – an engagement and participation KPI is still to be established, and data is not yet available for the number of long-stay learning disabilities patients who have returned to the community.
- KPI performance is presented in writing and does not show long-term trends for all indicators. It is therefore not possible to easily see whether trends are improving or not.
- Targets and timescales for achieving the KPIs are not clear, making it difficult to determine whether any progress made is on track.

Recommendation 5

Improvements are needed to the suite of KPIs, to ensure it is possible to clearly assess progress. This should be done by developing the remaining KPIs, clarifying targets and the timescales for achieving these, and reporting progress in a way that clearly shows long-term trends in performance.

NHS Tayside

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