

Director-General Health & Social Care and  
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Paul Gray



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Jenny Marra MSP  
Convenor  
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7 March 2018

Dear Ms Marra

I wrote to you on 23 February with an update on the work of the NHS Tayside Assurance and Advisory Group (AAG) and the proposed next steps.

Since writing, I have been informed that the financial outturn of NHS Tayside for 2017-18 is likely to deteriorate further, arising from information we identified about the flow of £5.3m of eHealth funds via NHS National Services Scotland and the way in which they have been recorded within NHS Tayside accounts. I have instructed a thorough independent external review by Grant Thornton UK LLP into the the financial transactions in question. They will report back to me within 2 weeks.

I also attach a letter from the Chief Executive of NHS Tayside which sets out the actions also being taken by the Board. I note that Tayside are reviewing their financial position and do not now expect their revised estimate of their 2017-18 out-turn to be known until 19 March. I also note that the Tayside Director of Finance has decided to retire and will not return to the organisation.

NHS Tayside has received brokerage of £33.2 million to 2016-17 and plans were in place to provide an additional £4 million of brokerage in 2017-18, taking the total level of brokerage to £37.2m. A further deterioration in the year end position will therefore result in additional brokerage.

I will update the Committee more fully once I have received and considered the Grant Thornton report and seen the results of Tayside's review but I thought that I should alert you to the issue now.

I am copying this letter, for information, to the Convenor of the Health and Sport Committee and to the Auditor General.

Yours sincerely

**Paul Gray**