2016-17 position and underlying operating model

NHS Tayside remains on track to deliver the planned financial outturn in 2016-17, which assumes a deficit of £11.7 million or 1.7% of funding. The Scottish Government has agreed to provide repayable financial support up to the value of £11.7 million, in order to deliver a balanced position, predicated on a realistic plan to return the Board to financial balance.

This support in 2016-17 will be in addition to £20 million which has been provided to NHS Tayside over the last four years, bringing the total financial support to an anticipated value of £31.7 million.

Transformation Programme

NHS Tayside, with the support of the Scottish Government, has developed a Transformation Programme designed to deliver improvements for patients whilst also achieving increased cost effectiveness over the short to medium term. This addresses areas where the Board’s cost base is higher than average, based on NHSScotland Cost Data, and sets out measures to return the Board to sustainable financial balance by 2018-19. External scrutiny and challenge is provided by the Chief Operating Officer of NHSScotland, John Connaghan, who attends Programme Board meetings. As part of a package of tailored support from the Scottish Government, NHS National Services Scotland is also providing programme management and data analytic support to enable the identification of efficiency opportunities and sharing of best practice.

There is some early evidence to suggest that the NHS Tayside’s financial recovery plans are taking effect, with spend reducing in areas such as nurse agency costs. While this improvement is encouraging, the Scottish Government will expect to see replication of these improvements in the other key areas of spend to gain sufficient assurance on the robustness of the overall plan over the next 1-2 years.

The financial position is also supported by NRAC parity funding of £8 million in 2017-18, in addition to the baseline uplift of £10.5 million. NRAC funding is provided to ensure that no Board is further than 1% from parity, based on the calculated shares.

The Board is expected to repay the financial support that has been provided and a repayment profile will be agreed, on the assumption that this will begin in 2018-19 when financial sustainability is achieved.

PAUL GRAY

DIRECTOR-GENERAL HEALTH AND SOCIAL CARE, SCOTTISH GOVERNMENT