Dear Shona,

The Committee took further evidence this morning on the Auditor General’s 2015/16 audit of NHS Tayside.

It is clear that the Board faces very significant financial challenges over the next five years, in having to both make efficiency savings and repay loans to the Scottish Government. In total, it will have to find around £210 million of savings over this period.

When Scottish Government officials provided oral evidence to the Committee in February, they noted that NHS Tayside would receive an extra £8m a year of recurring funding from next year that it had not previously expected (i.e. NHSScotland Resource Allocation Committee or ‘NRAC’ funding). This will take the board to the target of being within 1 per cent of NRAC parity.

Clearly, this funding will help to alleviate some of the pressures facing the board. However, our overriding priority is that the people served and employed by NHS Tayside should not suffer any detriment as a result of the ongoing financial challenges.

We understand that the NRAC formula is complex and that figures may vary from year to year. However, NHS Tayside told us this morning that, were the Scottish Government to move its NRAC funding closer to its target share of parity, NHS Tayside would receive additional recurring resources, year on year, of £6.8m. The Committee calculates that, over the period of NHS Tayside’s five year plan, this would generate a sum almost equivalent to the £33.2 million in brokerage that NHS Tayside currently owes the Scottish Government.
Following this exchange, the Committee agreed that I should write to ask you when NHS Tayside can expect to be funded in a way that provides full NRAC parity, and if you are prepared to review this now.

On a wider note, we understand that four health boards remain more than 1% below parity, and four others are at or within 1%. We urge the Scottish Government to take steps to ensure that parity is achieved as soon as possible, and ask you to confirm when you expect that this will be achieved.

Yours sincerely,

Jenny Marra MSP
Convener of the Committee