

News release

For immediate release

Auditor General reports on significant financial challenges at two NHS boards

The Auditor General has reported to the Scottish Parliament that NHS Highland and NHS Ayrshire and Arran face significant financial challenges, which are likely to continue in the years ahead.

The reports note that these boards are unable to deliver services within budget, savings targets have not been met and it will be difficult to achieve financial sustainability in future. A significant proportion of their savings to date have been one-off savings.

NHS Ayrshire and Arran required £23 million in loan funding, known as brokerage, from the Scottish Government to cover cost pressures. Additional loan funding from the Scottish Government will also be needed this year, with a projected shortfall of £22.4 million.

The report says that the board will not be able to balance its budget by 2020/21 and it has no plans to repay the loans to the Scottish Government. It needs to implement its Transformation Change Improvement Plan and act on the recommendations of an external review.

NHS Highland also required a loan of £15 million from the Scottish Government in 2017/18, with an expected funding gap of between £19 million and £23 million in 2018/19. The Board is producing a longer-term recovery plan, but the report expresses serious concerns about its ability to deliver planned savings and achieve a balanced budget by 2020/21.

Auditor General Caroline Gardner said: "Both NHS boards face significant financial challenges, and I have serious reservations about their ability to make the changes that are needed to achieve financial balance in future."

The Auditor General reports on the overall financial health and performance of the NHS in Scotland later this month.

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Notes to editor:

1. The Auditor General has prepared these reports on the 2017/18 accounts of NHS Highland and NHS Ayrshire and Arran under Section 22 of the Public Finance and Accountability (Scotland) Act 2000. This allows the Auditor General to bring to the Parliament and the public's attention matters of public interest related to the financial statements of public bodies.
2. The independent audit opinion on the 2017/18 accounts is unqualified. This means that they show a true and fair picture, follow accounting standards and the income and expenditure for the year is lawful.
3. The Auditor General is also preparing a s22 report on NHS Tayside.

4. Audit Scotland has prepared this report for the Auditor General for Scotland. All Audit Scotland reports published since 2000 are available at www.audit-scotland.gov.uk

- The Auditor General appoints auditors to Scotland's central government and NHS bodies; examines how public bodies spend public money; helps them to manage their finances to the highest standards; and checks whether they achieve value for money. The Auditor General is independent and is not subject to the control of the Scottish Government or the Scottish Parliament
- Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act, 2000. It provides services to the Auditor General for Scotland and the Accounts Commission for Scotland.