Annual report and accounts

For the year ended 31 March 2025

NHS Ayrshire & Arran

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Performance Report

Overview

The purpose of this overview is to provide a summary of the services delivered by NHS Ayrshire & Arran and the areas we serve and to highlight some of the key achievements during 2024/25. It sets out our purpose and objectives and our performance against delivering those objectives and information on the impact and management of key risks.

Further detail is provided in the Accountability Report and the financial statements. NHS Ayrshire & Arran regularly publishes information on its services and activities on its website (https://www.nhsaaa.net) and on social media.

Chief Executive Summary

2024/25 has been year of change, with an ambition and focus to secure a route to a financially sustainable health and care system for NHS Ayrshire & Arran. There have been areas of improvement and our service providers across health and social care have demonstrated how the changing nature of the needs of our population influence both the direction and rate of improvement being made.

We will continue to learn and develop further our services in response to the continuously changing system-wide pressures. It has been through service-led change and opportunities to work differently that there have been many areas of positive change this year. Across our health and care system, our teams have demonstrated innovation; developed and launched new initiatives; and introduced new ways of working, with each contributing to improved patient outcomes for patients and the communities we serve. These collective efforts are reflected in the many positive examples that are highlighted throughout this report.

Throughout 2024/25, we continued to advance our transformation agenda, which has long been recognised as a critical element in achieving a sustainable health and care system. In March 2025, an early draft of our Whole System Plan was submitted to the Scottish Government. Work is ongoing to develop robust transformation proposals, which will require formal endorsement from the Scottish Government and will be subject to comprehensive stakeholder engagement and consultation.

As a health system, patients in our hospitals can experience a longer length of stay compared to the Scottish average. This in turn can affect patient flow throughout our health and care systems. The points of pressure are most clearly captured in the variation in length of stay of patients in a bed-based care settings, including patients in our acute, community and mental health care settings. As the length of stay for patients in bed-based care increases, the impact is immediately seen and felt with increased waiting times in all areas of our Emergency Departments and delays for citizens in accessing community-based care. It is an area of constant focus and partnership working, as we know that sustainable solutions will come from the alignment of whole system working.

A priority for the Board has included our in-year objective to secure the longer-term financial sustainability for NHS Ayrshire & Arran. We have been working with the support of a nationally funded consultancy firm, Viridian Associates, to support and enable the development of our sustainable financial recovery. Viridian Associates have been working alongside directors and service leads from across our organisation to secure an ambitious improvement programme through which cost savings have been realised.

We have delivered more than £25 million in-year savings, the details of which are shared through the service improvements outlined in this report. This is positive progress for NHS Ayrshire & Arran, and a year of learning that will be taken forward into 2025/26. The in-year savings for 2024/25 are a credit to team and service involved. For 2025/26, we need to maintain this rate of positive change and exceed this level of saving to secure the sustainable financial future for NHS Ayrshire & Arran that is needed.

There is a lot of work to do, but I remain confident in our collective ability as a system to make further improvements and reduce our spend and cost pressures over time. With the combined strength of our people, our partners, and our communities, we will continue to adapt, improve, and deliver safe, effective care to the people of Ayrshire and Arran.

Our Role

The Board is responsible for planning and delivering healthcare services for the residents of Ayrshire and Arran, a total population of 368,000, and employs around 12,000 staff. Health Boards are single governing boards responsible for improving the health of their local populations and delivering the healthcare services they require. The overall purpose of the unified Board is to ensure the efficient, effective and accountable governance of the local NHS system and to provide strategic leadership and direction for the system as a whole.

Our Corporate Objectives

Within NHS Ayrshire & Arran, our purpose is to **work together to achieve the healthiest life possible for everyone in Ayrshire and Arran**. Our organisational values are to always provide care and services that are **Caring**, **Safe** and **Respectful**.

Working together, our corporate objectives are to:

- deliver transformational change in the provision of health and social care through dramatic improvement and use of innovative approaches;
- protect and improve the health and wellbeing of the population and reduce inequalities, including through advocacy, prevention and anticipatory care;
- create compassionate partnerships between patients, their families and those delivering health and care services which respect individual needs and values; and result in the people using our services having a positive experience of care to get the outcome they expect;
- attract, develop, support and retain skilled, committed, adaptable and healthy staff and ensure our workforce is affordable and sustainable; and
- deliver better value through efficient and effective use of resources.

Our Key Priorities

Our annual delivery plan for 2024/25 reflected our key priorities:

- **Sustainable financial recovery**: To ensure delivery of CRES and contribute to the development of medium-term sustainable CRES opportunities for 2025 and beyond;
- **Caring for Ayrshire**: To lead and contribute to the delivery of Caring for Ayrshire and Wealth Creation ambitions; and
- **People Strategy**: To deliver on commitments of the People Strategy, culture plan and anti-racism.

Our Services

Within NHS Ayrshire & Arran, we have two district general hospitals – University Hospitals Ayr and Crosshouse. Both hospitals have 24-hour Emergency Departments and provide medical and surgical services on an inpatient, day case and outpatient basis. Maternity and paediatric inpatient services are provided from University Hospital Crosshouse.

We also have seven community hospitals providing a range of outpatient, rehabilitation, assessment and continuing care services.

Our community and primary care services include:

- almost 300 General Medical Practitioners and their practice teams providing a full range of general medical services across 90 sites, stretching from Ballantrae in the south to Wemyss Bay in the north, and including 10 sites across Arran and Cumbrae;
- almost 200 general dental practitioners providing NHS dental services at more than 60 sites, including Arran;
- more than 90 community pharmacies providing a range of pharmaceutical services, including minor ailment services and public health services, across Ayrshire and Arran; and
- almost 50 optometry practices providing services ranging from NHS eye tests to diabetic retinopathy screening and cataract follow-up across mainland Ayrshire, Arran and Cumbrae, with seven practices providing care in people's homes.

Regional and National Services

Not all health services can be provided within the geographical boundaries of Ayrshire. Neurosurgery, radiotherapy, specialist children's services and some specialist services are delivered in Glasgow. Cardiac and lung surgery is delivered at Golden Jubilee National Hospital. Inpatient vascular care for Ayrshire patients is at Hairmyres Hospital.

The Scottish Cochlear Implant Programme was established at University Hospital Crosshouse in 1988. NHS Ayrshire & Arran is commissioned to provide this service by the National Services Division of NHS National Services Scotland. The programme provides a national cochlear implant service for profoundly deaf adults and children from across Scotland.

Our Health and Social Care Partnerships

There are three Health and Social Care Partnerships (HSCP) in Ayrshire and Arran. These are based in East, North and South Ayrshire. Each of the HSCPs are responsible for community-based health and social care services for local children, adults and older people.

The Partnerships were established in April 2015 as part of the Public Bodies (Joint Working) (Scotland) Act. The act sets out requirements for health boards and local authorities to integrate their services, resulting in more joined-up, seamless health and social care provision that will improve people's lives. The Health and Social Care Partnerships work closely together along with colleagues in health, community, third and independent sectors to improve people's experience of services; and to give them the support they need to live safe and healthy lives in their own communities.

Each Partnership area is overseen by a dedicated Integration Joint Board (IJB), which is an independent legal body. Integration Joint Boards are responsible for the strategic direction of the partnerships, and to make sure they are operating efficiently and effectively.

Our Governance

Our Board meets every two months and receives timely, comprehensive and relevant information for discussion and approval. The Board has strong and positive relationships with stakeholders and is a key participant within community planning, community wealth building and public protection meetings with each of the three councils and other partners.

The Board carries out its scrutiny role by receiving regular core reports – for example:

- Healthcare associated infection;
- Scottish Patient Safety Programme updates;
- Patient experience story;
- Performance report;
- Financial management report;
- Whistleblowing; and
- Health and Care Staffing (Scotland) Act (2019).

The function of the Board and its committees during the year was considered effective due to it having an appropriate balance of skills, experience, independent rigour and knowledge, to challenge and scrutinise the work of the executive leadership team within NHS Ayrshire & Arran. New Board members received induction training and support. During the year there were also Board Workshops for all Board members to discuss particular topics in greater detail.

The Board receives approved minutes from each Governance Committee to confirm that their remit has been fulfilled. Where necessary a committee can escalate issues for Board scrutiny. The Board has considered their minutes and has received their annual reports. The Board is satisfied that the Governance Committees have fulfilled their remit.

There are also three Integration Joint Boards in Ayrshire who are separate legal entities, who have delegated functions and budgets from the three Ayrshire local authorities and Health Board, and who commission services from the Health Board.

Further information can be found in the Accountability section of this report.

Our performance

The Board continuously monitors its performance against a comprehensive set of quality and performance indicators. Performance data is submitted regularly to the Scottish Government and other relevant bodies throughout the year.

The draft Delivery Plan for 2024/25 was submitted to the Scottish Government in April 2024 and received formal approval on 9 July 2024. This plan outlines our key priority improvement actions, aligned with a suite of Delivery Framework Indicators and corresponding performance trajectories.

Performance across NHS Ayrshire & Arran is routinely reviewed and reported to the Strategic Planning & Operational Group, Corporate Management Team, Performance Governance Committee, and ultimately to the NHS Board.

Throughout 2024/25, the Board has continued efforts to address and recover from the ongoing impacts of the pandemic on planned care. While significant challenges remain, particularly in addressing service backlogs amid rising demand, progress has been made in reducing the longest waits and prioritising the most urgent cases.

Recovery under the Treatment Time Guarantee (TTG) has remained in a maintenance phase due to increased demand for urgent care and continued efforts to manage the backlog. Nevertheless, compliance and overall activity levels have met or exceeded the commitments set out in the annual Delivery Plan.

In terms of unscheduled care, Emergency Department attendances have continued to rise compared to the previous year. Although there has been an improvement in compliance with the 4-hour standard for all attendances, the agreed trajectory outlined in the Delivery Plan was not fully achieved.

Further details on our performance are provided later in this report.

Risk Management

NHS Scotland bodies are subject to the requirements of the Scottish Public Finance Manual (SPFM) and must operate a risk management strategy in accordance with relevant guidance issued by Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.

NHS Ayrshire & Arran is committed to continuous development and improvement, developing systems in response to any relevant reviews and developments in best practice.

The Risk and Resilience Scrutiny and Assurance Group chaired by the Chief Executive ensures that these matters are kept under review.

As at March 2025, there are four strategic risks which are rated as “very high risk”:

- Planned care waiting times
- Information governance
- Financial outturn
- Emergency Department crowding

More detail on these risks is given in the Governance Statement.

Climate Emergency & Sustainability

The Board has a strategy and plan in place for implementing the Scottish Government requirements in this area. A set of operational groups have responsibility for key components of green prescribing, waste management, greening the estate and green theatres. These in turn are overseen by Climate Emergency and Sustainability Working and Management Groups, the latter of which provides regular reporting to the Integrated Governance Committee.

Performance Analysis

Financial Performance and position

Financial Performance

	Limit set by SGHSCD £000	Actual Outturn £000	Variance under (over) £000
Revenue Resource Limit			
Core	1,158,184	1,157,072	1,112
Non-core	39,720	39,720	0
Total	**1,197,904**	**1,196,792**	**1,112**
Capital Resource Limit			
Core	12,082	12,075	7
Non-core	464	464	0
Total	**12,546**	**12,539**	**7**
Cash Requirement	1,248,925	1,248,925	0

Memorandum for in-year outturn	
Reported surplus in 2024-25	1,112
Financial flexibility: funding banked with/(provided by) Scottish Government	(51,400)
Underlying (Deficit)/Surplus against Core Revenue Resource Limit	**(50,288)**
Percentage	**-4.3%**

A three-year financial plan was submitted to Scottish Government by NHS Ayrshire & Arran on 19 March 2025 which showed a £33.1 million deficit in 2025/26, and a letter was issued in response to the NHS Board's financial plan on 31 March 2025 which requested that the deficit be reduced to £25 million. A revised financial plan is being prepared. During the year, Scottish Government undertook a review of the NHS Board's current escalation status. Upon review, NHS Ayrshire & Arran remained at escalation stage three on the NHS Board Support and Escalation Framework.

External support during 2024/25 has been provided by Viridian Associates to develop the design and delivery of savings programmes. In 2024/25 around £18 million of recurring cash releasing efficiency savings were achieved and a further £8.8 million of non-recurring cost reductions also being delivered by the Board.

The accounts have been prepared under an accounts direction and on a going concern basis as there is an assumed continuation of business. A deficit budget of £53.5 million was set for 2024/25, however, due to additional funding from Scottish Government, the need for brokerage reduced to £51.4 million.

NHS Ayrshire & Arran required £51.4 million from Scottish Government in order to achieve financial balance in 2024/25. Without this additional support, the Board's final outturn would have been an overspend of £50.3 million (equivalent to 4.4% of the Revenue Resource Limit). This brokerage is repayable once the Board is in financial balance along with £14.7 million brokerage from 2019/20, £25.4 million from 2022/23 and £38.4 million from 2023/24.

For 2025/26, the revenue plan identifies around £36.7 million of efficiency savings and around £63 million additional funding from Scottish Government therefore the planned deficit for 2025/26 is £33.1 million which is less than the £53.5 million deficit planned for 2024/25. The Board estimate that it will take five years before it will be able to set an in-year balanced budget.

Capital Schemes

The biggest capital spend in the year was on a digital reform. Significant inadequacies in the Board digital infrastructure were highlighted by an external review in early 2022. This had required capital investment of £5.3 million in 2022/23, a further £3.2 million capital spend in 2023/24 and £2.6 million in 2024/25.

Capital Spend for the 12 months to 31st March 2025

	£000's
Digital Reform	2,624
Electromedical equipment	2,208
Environmental (EV chargers and LED)	1,070
Equipment for catering, TSSU etc.	928
National Secure Adolescent Unit	882
Stewarton medical practice	605
Distributed working	558
Purchase of GP premises	350
Generator replacement	271
Other Capital Planning schemes	261
Aggregate schemes under £50k	220
Renal plant	191
Other GP premises	180
Asset Sales	(175)

Total	10,173

In addition, there was £1.9 million capital allocation related to IFRS16 for leased assets and £0.24 million for donated assets.

Payment Policy

The Scottish Government and NHS Ayrshire & Arran are committed to supporting businesses in the current economic situation by paying bills more quickly. The intention is to achieve payment of all undisputed invoices within 10 working days. Performance against the ten day prompt payment policy is summarised below:

Payment Performance	**2024/25**	**2023/24**
Average period of credit taken	12 days	10 days
Total number of invoices	129,481	124,807
Total number of invoices paid within 30 days	118,791	115,501
Percentage of invoice paid within 30 days		
- by volume	91.74%	92.5%
- by value	93.59%	94.0%
Percentage of invoice paid within 10 days		
by volume	81.5%	82.0%
by value	86.4%	85.0%

Pension Liabilities

The accounting policy note for pensions is provided in Note 1 and disclosure of the costs is shown within Note 19 and the Remuneration Report. The NHS pension scheme is an unfunded multi-employer defined benefit scheme therefore future liabilities are not on the balance sheet. On 1 April 2024 the employer contribution rose from 20.9% to 22.5% of relevant pay costs and amounted to £95.3 million (previous year £82.5 million).

Performance Against Key Non-Financial Targets

The NHS Ayrshire & Arran Delivery Plan for 2024/25 was submitted to Scottish Government (SG) in April 2024 and approved in July 2024. Routine updates on the key data aspects relating to the Delivery Plan and our wider performance against the National Waiting Times Standards have been provided to NHS Ayrshire & Arran Board and our internal Performance Governance Committee.

This Performance Analysis Report focuses on the following areas:

- workforce;
- urgent care pathways;
- unscheduled care;
- delayed discharges;
- planned care;
- diagnostic waiting times:
- cancer waiting times; and
- mental health waiting times.

Like many health boards and public sector organisations, NHS Ayrshire & Arran continues to face a number of persistent and interrelated challenges. These include:

- Increasing demand for health and social care services
- Financial sustainability pressures due cost pressures
- Reductions in available capital funding
- An ageing estate and infrastructure
- Workforce availability, including recruitment and retention difficulties
- Ongoing impacts of seasonal viruses

A comprehensive range of control measures is in place to mitigate the potential impact of these risks. In addition, management continues to develop and implement further actions aimed at strengthening existing controls and reducing the likelihood and severity of adverse outcomes.

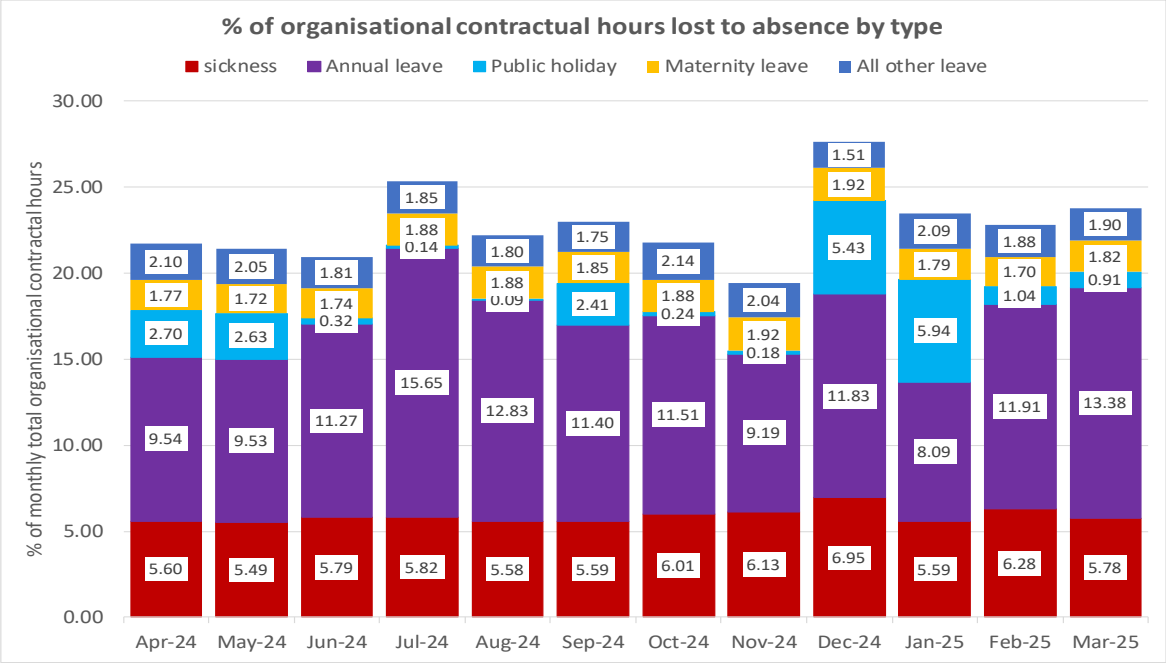
Workforce

Workforce availability

Workforce availability was challenging throughout 2024/25 with fluctuations across all absence types, both planned and unplanned as illustrated in Figure 1. The impact of absence, reduction in the working week for staff on Agenda for Change terms and conditions of 30 minutes (pro rata for part time staff) coupled with latent vacancies, national supply issues for our clinical registrant workforce in particular, and the ongoing provision of additional beds beyond our funded bed base complement in our Acute hospitals are all material drivers stimulating our need to use supplemental staffing solutions.

We continue to drive down our usage of supplemental staffing solutions (bank, agency, overtime and excess part time hours) as far as practicably possible to ensure we use the most cost-effective options, however these are necessary to ensure service sustainability and safety.

Figure 1 - % of contractual hours lost monthly for all absence types



Source: NHS Ayrshire & Arran Workforce Information

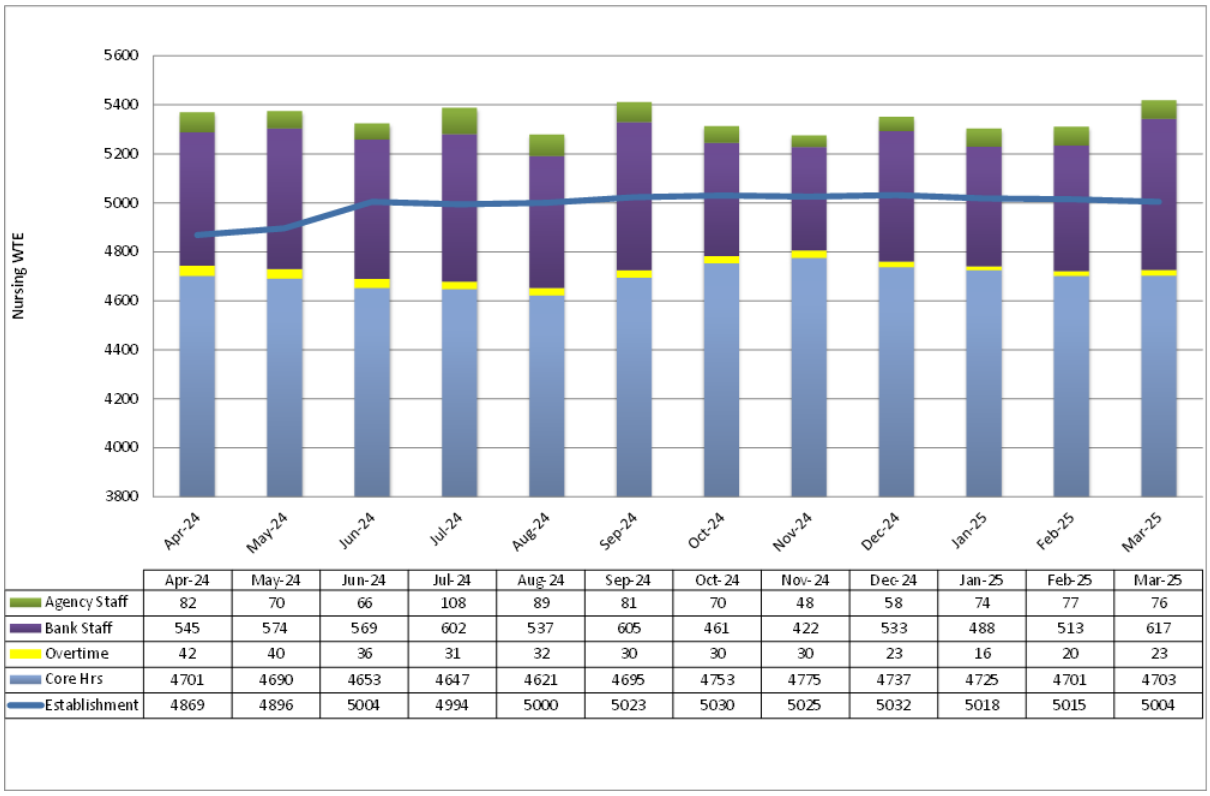
As part of our approach to wellbeing we encourage our staff to utilise their full complement of annual leave during the course of the leave year to ensure they have rest and recuperation. As can be seen in Figure 1 levels of annual leave vary month to month, with the highest levels in expected periods associated with public holidays and school holidays.

Unplanned absence as well as overall clinical activity within the system sometimes means that staff cannot utilise their full leave entitlement and this potentially requires them to carry forward leave from one year into the next leave year. NHS Ayrshire & Arran has a standing process for managing this and monitors the reasons for this being required. This has been reducing year on year and the principal reasons for utilising this lever tend to be long term sickness absence or maternity leave.

Staffing establishment

NHS Ayrshire & Arran has a funded establishment of 10,581 WTE (whole time equivalent) staff. Since the covid-19 pandemic the numbers of hours worked by substantive staff, bank staff and agency workers) has exceeded the funded establishment and at March 2025 this was 10,932 WTE. Nursing accounts for around half of the funded establishment and on average were 351 WTE above this because of additional unfunded capacity required in response to operational pressures. Figure 2 below shows nursing staff used each month.

Figure 2 – Staffing Establishment by month



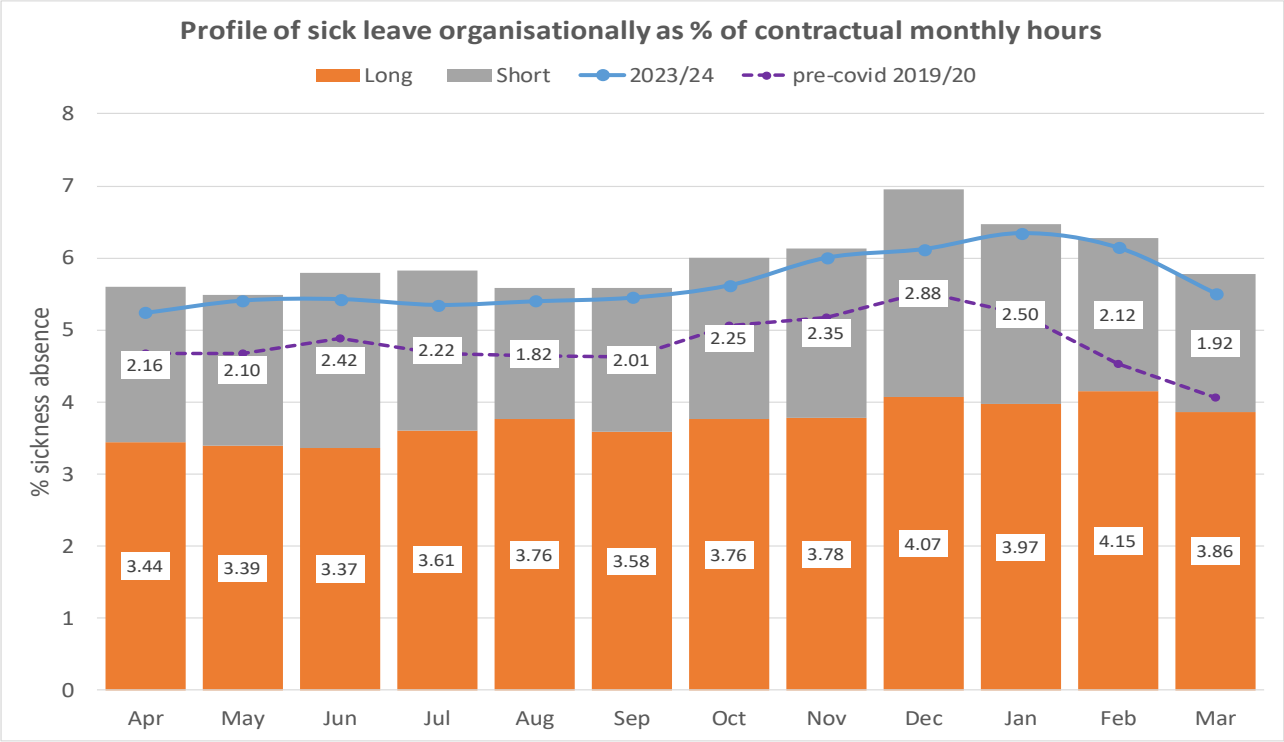
	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25
Agency Staff	82	70	66	108	89	81	70	48	58	74	77	76
Bank Staff	545	574	569	602	537	605	461	422	533	488	513	617
Overtime	42	40	36	31	32	30	30	30	23	16	20	23
Core Hrs	4701	4690	4653	4647	4621	4695	4753	4775	4737	4725	4701	4703
Establishment	4869	4896	5004	4994	5000	5023	5030	5025	5032	5018	5015	5004

Source: NHS Ayrshire & Arran Financial Management Report

Sickness absence

Sickness absence during financial year 2024/25 has been challenging with atypical trends of absence which began to manifest during early summer 2024 and continued for the remainder of the year as can be seen in Figure 3. This position was not unique to NHS Ayrshire & Arran and was experienced on a pan-Scotland basis by all NHS Boards. As a result of this trend in absence the Board has been unable to achieve the target of a 0.5% reduction in sickness absence compared to the sickness absence rate of 2023/24 as detailed in the Delivery Plan. Our sickness absence outturn for 2024/25 is 5.57% compared to our target of 4.66%. It should be noted that NHS Ayrshire & Arran has a sickness absence rate below the NHS Scotland average and performs well, in the top 4 lowest sickness absence rates, compared to the other mainland territorial Boards in Scotland.

Figure 3 – Sickness absence on a monthly basis



Source: NHS Ayrshire & Arran Workforce Information

ASDOM (anxiety, stress, depression and other mental illness) remains the most prevalent reason for absence regardless of duration of absence, accounting for 26.86% of all organisational sickness absence during financial year 2024/25. The second most prevalent reason for absence is cold, cough, flu – influenza at 9.38%.

Turnover

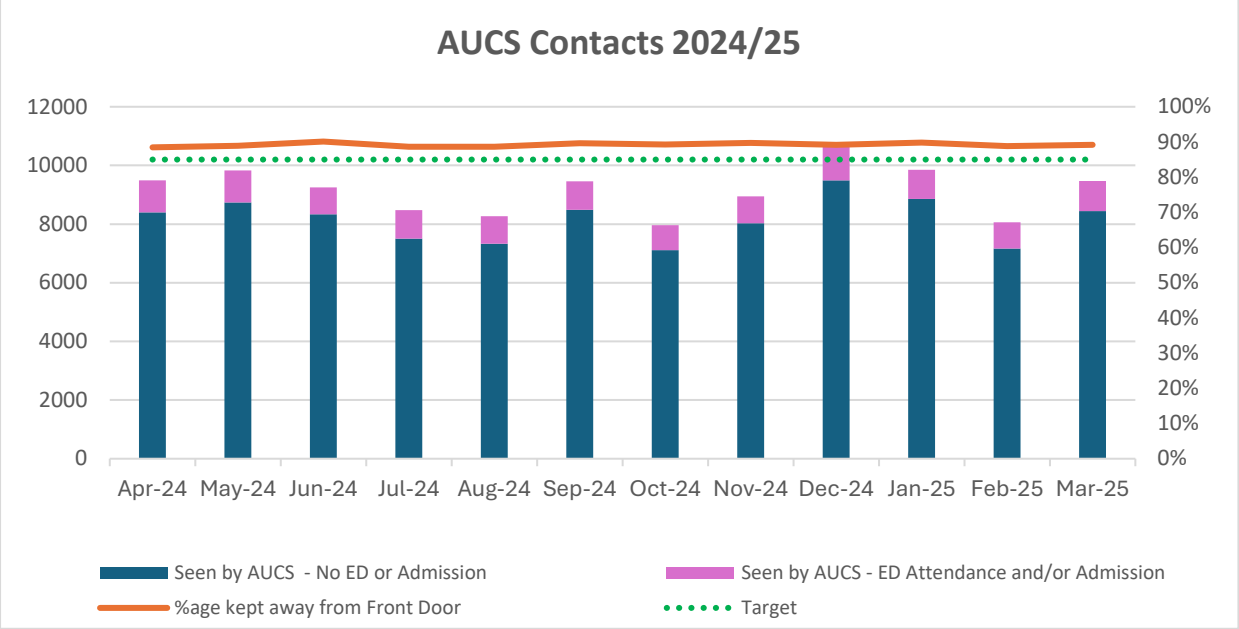
The organisational turnover rate (note this is based on local data and not the nationally reported data which is subject to differing treatment) in 2024/25 was approximately 7.03%, this was lower than FY 2023/24 which had a rate of 8.31%. From most current comparative national data, for financial year ending 31st March 2024, NHS Ayrshire & Arran had the second lowest turnover rate of all eleven mainland territorial Boards. The challenge we face with elevated turnover levels relates to demand outstripping supply particularly within the clinical registrant workforce with a number of latent vacancies within a number of our clinical job families. NHS Ayrshire & Arran, in common with other Boards across Scotland, has distinct corporate risks in relation to clinical registrant supply and capacity.

Urgent care

The Ayrshire Urgent Care Service (AUCS) operates as a 24/7 GP led Flow Navigation Centre (FNC). The service focus is to support a further improved patient journey with development and implementation of innovative pathways which benefit patients as well as the wider system. In 2024/25 there were around 109,000 contacts to the Ayrshire Urgent Care Service including to the various pathways that now exist (Figure 4). A small proportion of these contacts (11%) result in patients going onwards to hospital, demonstrating the effectiveness of the service in avoiding hospital attendance or avoidable and unnecessary admission for the majority of these patients.

The success of the new pathways and ways of working outlined below is a result of successful collaboration across Ayrshire and Arran and wider system partners including NHS 24, Scottish Ambulance Service (SAS), Police Scotland, as well as strengthened connections with GP practices and Community Pharmacy. All new service developments are created in partnership across clinical and managerial leadership teams from relevant stakeholders. The effectiveness of the additional pathways included within the service is evident below:

Figure 4: AUCS Contacts 2024/25

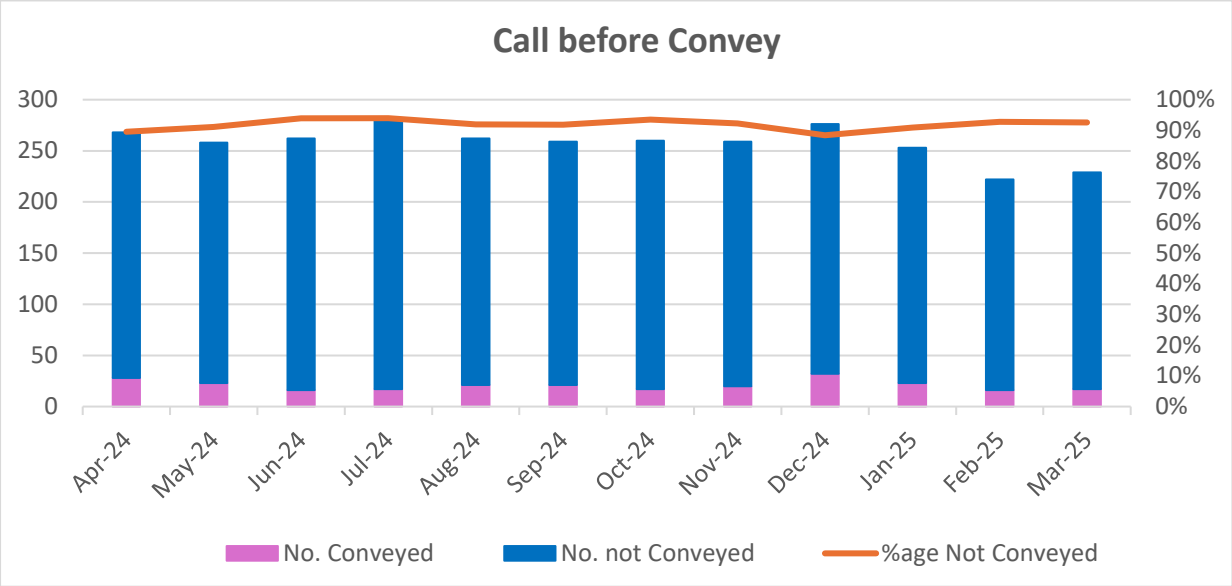


Source: AUCS Information System

Call Before Convey

The Scottish Ambulance Service (SAS) Call before Convey pathway, as part of the FNC, ensures that SAS is supported in their clinical decision making for specific patients in line with their medical needs. In 2024/25, there were 3,090 referrals to AUCS from SAS (Figure 5), of which only 8% went on to be referred to hospital as final outcome. Approximately 82% of referrals didn't require a SAS crew to convey the patient to the hospital front door of the acute sites.

Figure 5: Call Before Convey 2024/25



Source: AUCS Information System

Care and Nursing Home Pathway

The Care and Nursing Home Pathway provides access to AUCS/FNC during the out of hours period to ensure direct contact with the right clinician in a timely manner. This reduces delays for the Care and Nursing Home residents that could be experienced when using the NHS 24 route. This also replicates the in-hours service which each Care and Nursing Home is able to access through the resident's assigned GP practice. In 2024/25, this pathway received 8,285 Care Home calls, averaging 690 contacts per month and 628 per month treated within their homely setting. Only 9% of residents required to attend hospital through this pathway.

Emergency Services Mental Health Pathway

The Emergency Services Mental Health (ESMH) pathway in conjunction with SAS and Police Scotland ensures referrals for mental health related calls, which do not require emergency medical intervention, are directed to the FNC. This 24/7 service is a whole life pathway with no upper or lower age limits. In 2024/25, a total of 2,035 calls were received into this pathway. Demand continues to increase into this pathway with an average of 170 calls per month during the past year compared to 110 per month in the first year and 160 in 2023/24. These patients would otherwise have formerly been conveyed to the Emergency Departments by Police Scotland or SAS.

Community Pharmacy Pathway

The Community Pharmacy professional to professional pathway into AUCS operates in the out of hours period when an AUCS/FNC senior clinical decision maker supports community pharmacists to avoid the necessity to refer patients into hospital. Prior to this pathway, patients would normally be directed to NHS 24 if community pharmacy were unable to help - therefore this alternative reduced the amount of services the patient has to navigate through. In 2024/25, a total of 848 patient referrals have been received into FNC from Community Pharmacy.

COVID-19 Therapeutic Pathway

The COVID-19 Therapeutic pathway has successfully supported the most vulnerable people diagnosed with COVID-19. The frequency of COVID outbreaks has reduced throughout the past 12 months resulting in fewer people being referred for treatment. Between January 2024 and December 2024, there have been 278 patient referrals (a decrease of 55% compared to referrals received in 2023/24) with 198 of these patients being suitable to be treated within the service. Within this cohort of patients only one went on to be admitted to secondary care for further care specifically for COVID-19. Due to the decreasing numbers, this service is currently under review to consider an alternative pathway for these patients.

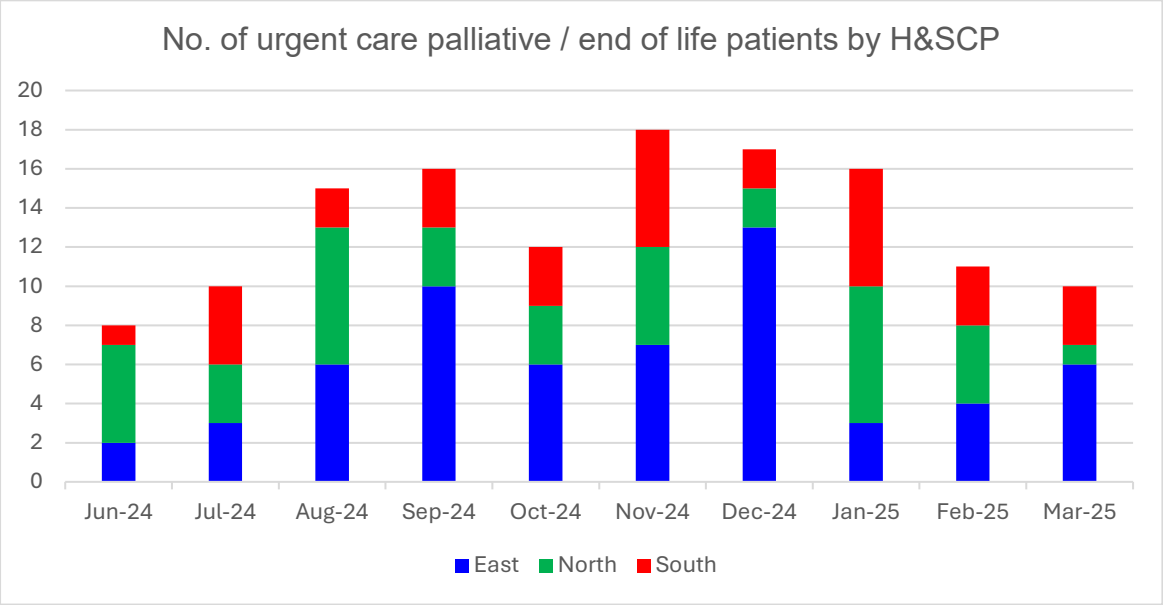
Urgent Care/General Practice Test of Change

In December 2023 an Urgent Care/General Practice Test of Change (ToC) was developed within AUCS, working alongside local Ayrshire General Practices, to support them with weekday home visits between 3:30pm and 5:30pm. This was developed recognising the access issues to GPs (national and local) and the impact on General Practice when patients present late in the afternoon with an urgent care need requiring a house visit, and the requirement to ensure there is sufficient workforce in place to respond to this on a daily basis. To ensure safe delivery of the ToC, it was rolled out throughout 2024 on a phased basis at a GP Cluster level to ensure activity could be monitored and evaluated. There are currently 44 of 51 GP Practices involved in the ToC with 41 regularly using the service. During 2024/25 a total of 1020 patients were seen by an AUCS clinician as part of the ToC with only 17% of these requiring onward admission to hospital.

Community Nursing Out of Hours Palliative Care Model

In early 2024, a review was undertaken of the community nursing model and the model of care delivery for palliative and end of life patients. This looked at the future support needs of everyone who may need to receive end of life care, and how this links with our wider whole system approach. The outcome of the review, to ensure best value and sustain continuing care for this cohort of patients, was to move delivery "in-house" seamlessly migrating it into AUCS at the end of May 2024 following the cessation of the Service Level Agreement with Marie Curie who provided the 'sitting service'. Since June 2024, 133 patients (Figure 6) have benefited from the service with a total of 418 contacts with these patients. 76% of patients requested a seven night per week cover with 72% of patients requiring this cover for one week or less. Since June 2024 96% of patients have been kept in their preferred place of care.

Figure 6: Urgent Care palliative/end of life patients by H&SCP 2024/25



Source: AUCS Information System

Unscheduled care

Emergency Department (ED) Attendances

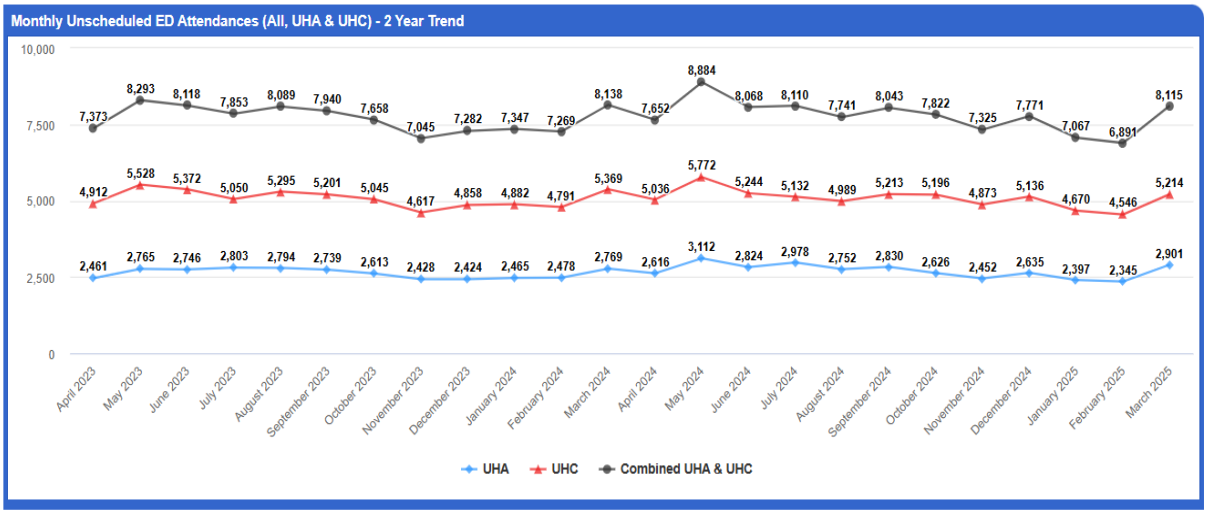
Overall, there were 93,489 unscheduled ED attendances across UHA and UHC in 2024/25, an increase of 1,084 (+1.2%) from the previous year (Table 1 and Figure 7). However, when breaking down the data by Acute site, there was an increase of 3.1% at UHA and 0.2% increase at UHC.

Table 1 - Annual number of Unscheduled ED Attendances (April to March)

Unscheduled ED Attendances	**2022/23**	**2023/24**	**2024/25**
NHS Ayrshire & Arran	90,023	92,405	93,489
UHA	30,340	31,485	32,468
UHC	59,683	60,920	61,021

Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

Figure 7 – Monthly unscheduled ED attendances – NHS Ayrshire & Arran, UHA and UHC



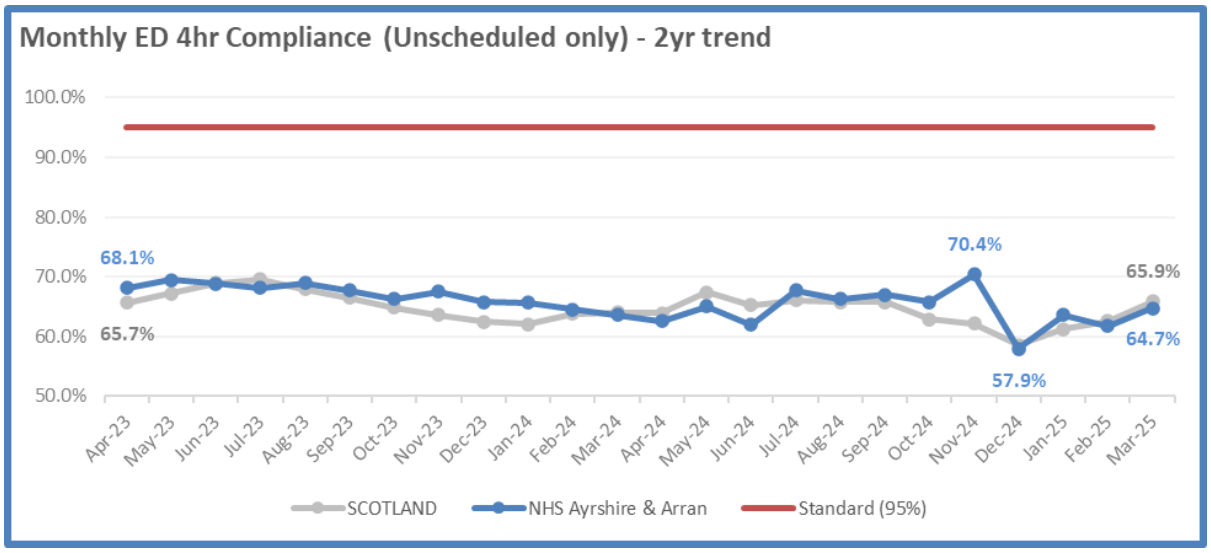
Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

ED 4-Hour Wait NHS Ayrshire & Arran Compliance

Between July and November 2024, compliance improved, reaching 70.4% in November 2024; before falling over the winter months. Compliance in March 2025 was 64.7% (Figure 8).

The latest available benchmarking data for March 2025 shows compliance for NHS Ayrshire & Arran (64.7%) was lower than the national average (65.9%) (Table 2).

Figure 8 – Monthly Unscheduled ED 4 Hour Compliance - NHS Ayrshire & Arran, Scotland



Source: Public Health Scotland

Table 2 - ED 4-Hour Wait Compliance – Benchmarking

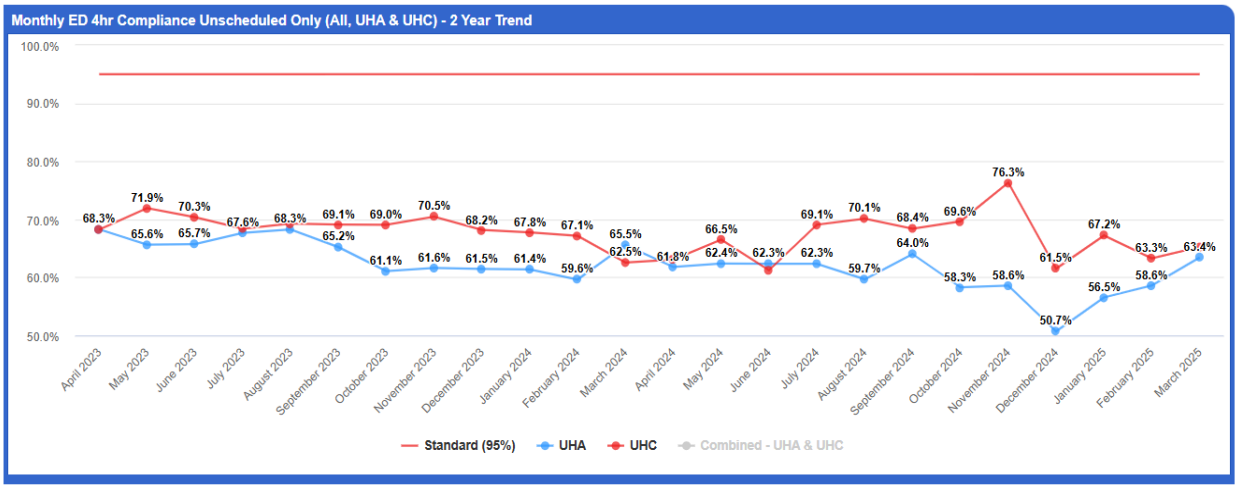
	Apr 24	May 24	Jun 24	Jul 24	Aug 24	Sep 24	Oct 24	Nov 24	Dec 24	Jan 25	Feb 25	Mar 25
NHS A&A	62.6 %	65.0 %	61.9 %	67.7 %	66.3 %	67.0 %	65.8 %	70.4 %	57.9 %	63.6 %	61.7 %	64.7%
Scotland	63.6 %	67.4 %	65.2 %	66.1 %	65.8 %	65.8 %	62.9 %	62.2 %	58.5 %	61.2 %	62.6 %	65.9%

Source: Public Health Scotland

ED 4-Hour Wait – UHA and UHC Compliance

ED 4-hour compliance had consistently been higher at UHC than at UHA over the past year, with the exception of June 2024 (Figure 9). Compliance at UHA reached a low in December 2024 of 50.7%.

Figure 9 – Monthly Unscheduled ED 4 Hour Compliance – UHA and UHC

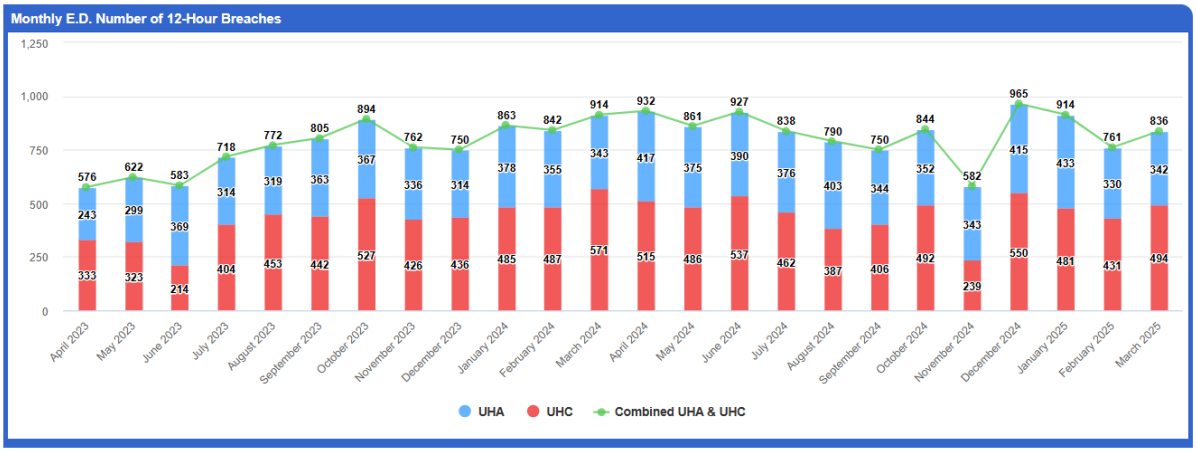


Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

ED 12-hour breaches

The number of ED 12-hour breaches continued to increase in the first few months of 2024/25 before falling gradually to a low of 582 in November 2024. Whilst 12hr breach numbers experienced a significant decrease in November 2024, there were 965 waits at ED over 12 hours in December 2024. By March 2025, the number of 12 hr breaches had fallen to 836 (Figure 10).

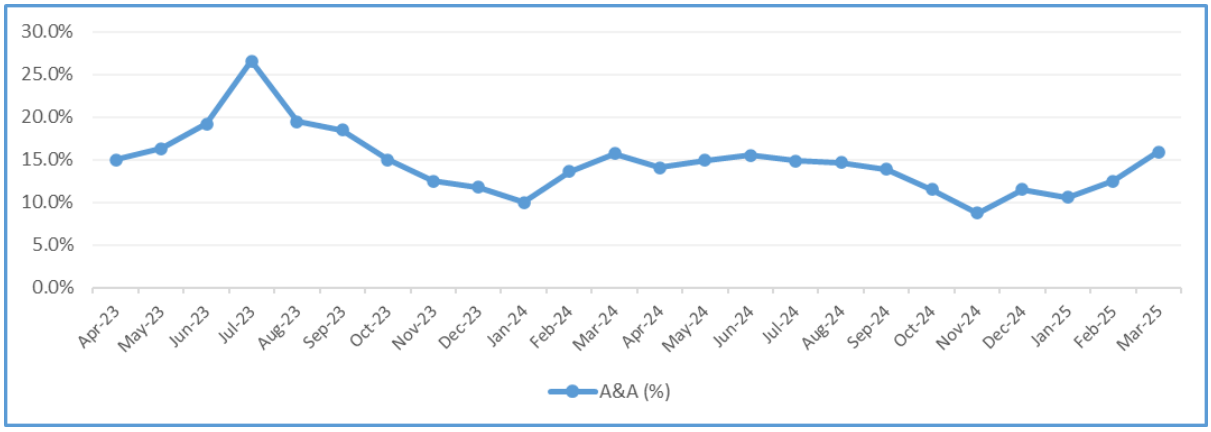
Figure 10 – Monthly ED Waits Over 12 hours - NHS Ayrshire & Arran, UHA, UHC



Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

National published data indicates that ED 12hr breaches for NHS Ayrshire & Arran expressed as a proportion of the total 12hr breaches across the whole of Scotland reached a high of 26.6% in July 2023 and has decreased since, down to 15.9% as at March 2025 (Figure 11). Despite this reduction, the proportion remains higher than expected given that the NHS Ayrshire & Arran population is around 6.9% of the total population in Scotland, and has been increasing over recent months.

Figure 11 – % Monthly ED waits over 12 Hours across NHS Ayrshire & Arran as a proportion of Scotland 12 Hour waits



Source: Public Health Scotland

Combined Assessment Unit (CAU) Presentations

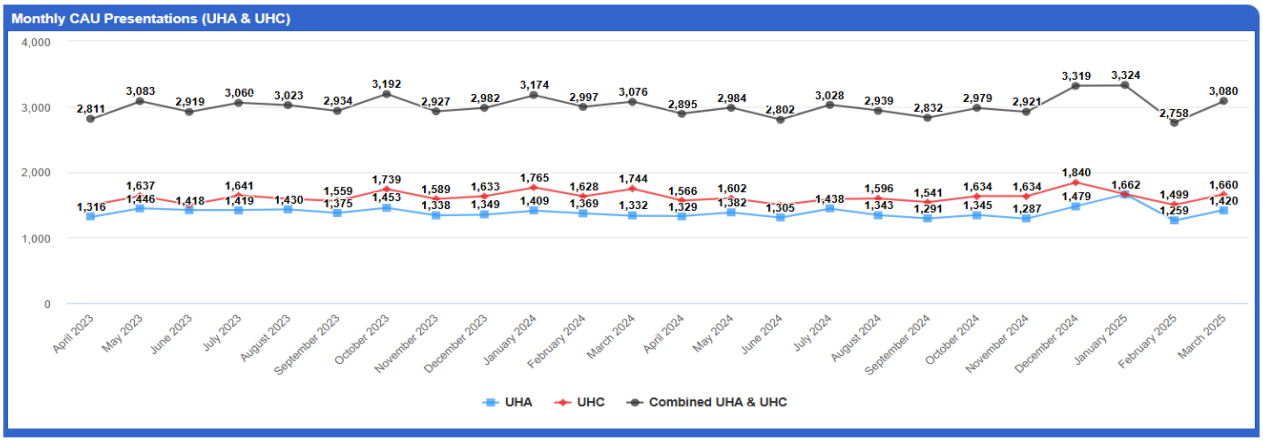
There were a total of 35,861 presentations to CAU in 2024/25 financial year (Table 3 and Figure 12), a decrease of 371 (-0.9%) from the previous year. Both Acute sites experienced a decrease; 0.7% at UHA compared to 1.0% at UHC.

Table 3 - Annual number of CAU Presentations (April to March)

	2022/23	2023/24	2024/25
NHS Ayrshire & Arran	34,946	36,178	35,861
UHA	17,082	16,654	16,540
UHC	17,864	19,524	19,321

Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

Figure 12 – Monthly CAU Presentations - NHS Ayrshire & Arran, UHA, and UHC

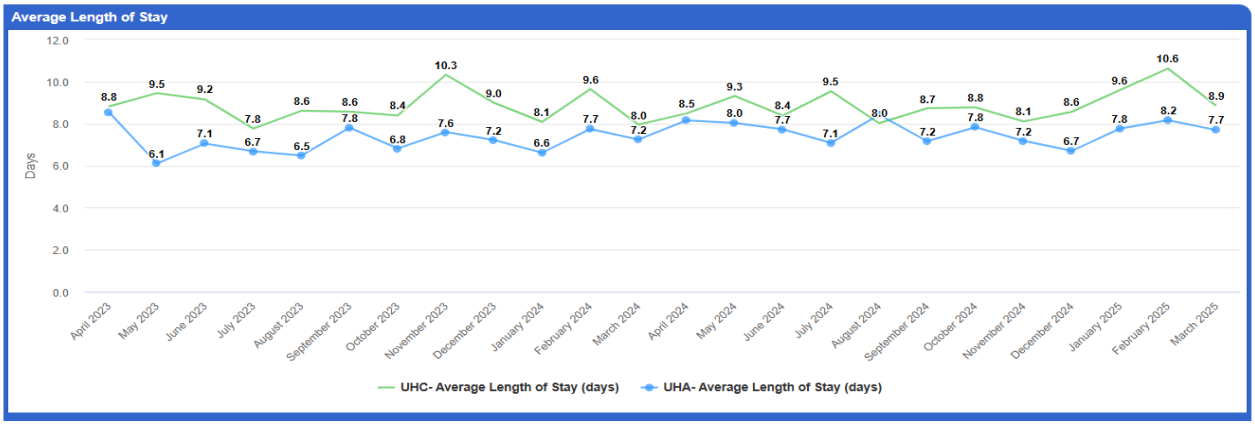


Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

Average length of stay

The average length of stay (ALOS) for core wards at UHA reduced to a low of 6.1 days in May 2023, steadily rising thereafter to reach 7.2 days by March 2024 and then 7.7 days by March 2025. Meanwhile at UHC, ALOS rose to a high of 10.6 days in February 2025, reducing to 8.9 days by March 2025 (Figure 13); this compares to 8.0 in March 2024.

Figure 13 - Average Length of stay in core wards at UHC and UHA



Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

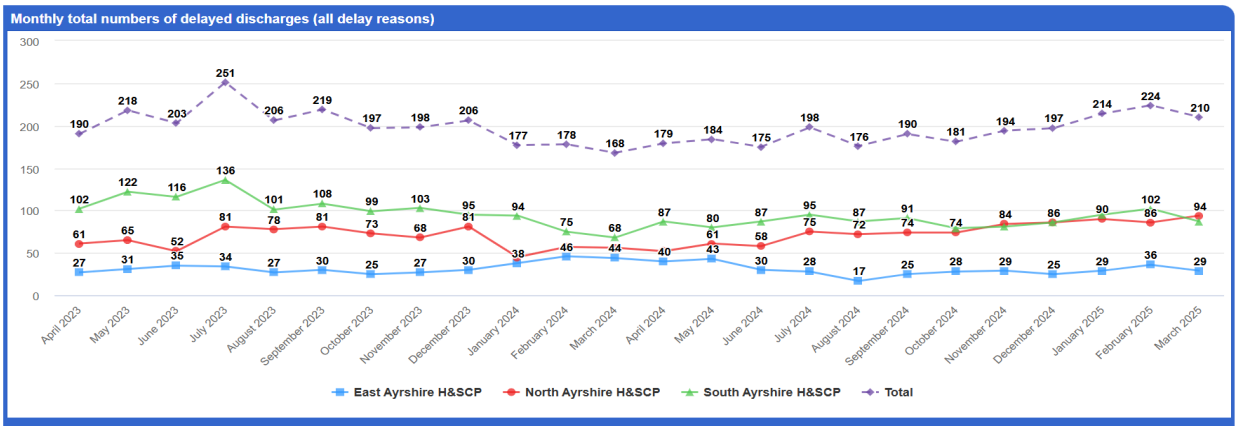
Definition: Total average length of stay for all patients discharged in month from core wards only.

Delayed discharges

Delayed discharges – All delays

Numbers of delayed discharges for all reasons increased gradually throughout 2024/25, reaching 210 at the March 2025 census point, down slightly from the high of 224 recorded in February 2025 (Figure 14). Most delays reported in March 2025 were within North Ayrshire HSCPs (94 delays, 45%), followed by 87 in South Ayrshire HSCP (41%) and 29 in East Ayrshire HSCP (14%). Compared to March 2024, both North and South Ayrshire HSCP reported a higher number of delays.

Figure 14 – Monthly Delayed Discharges (all delay reasons and lengths) by HSCP



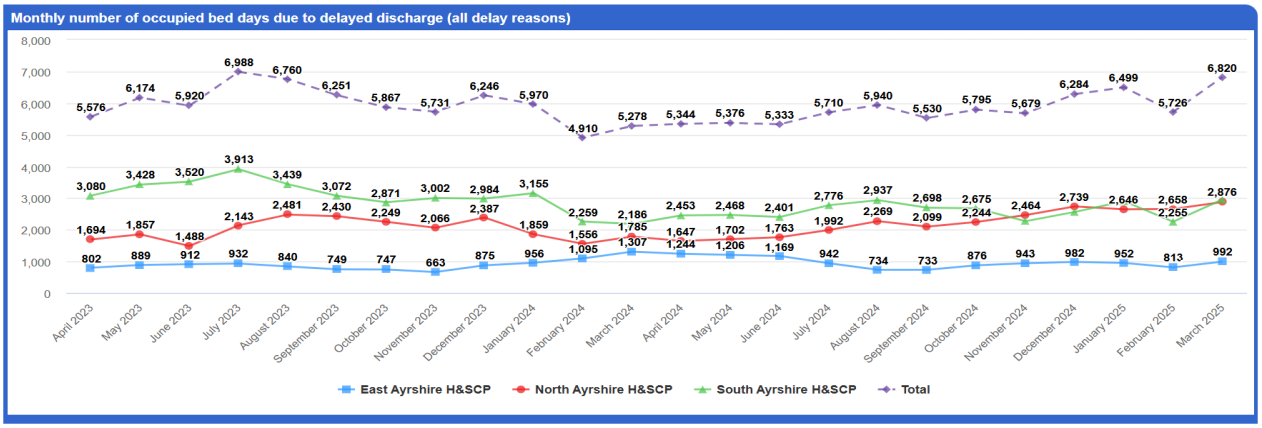
Source: Public Health Scotland

Delayed discharges – Occupied bed days

The total number of bed days occupied in each month by patients whose discharge from hospital has been delayed for non-clinical reasons is also a key measure in assessing performance.

Delayed Discharge Occupied Bed Days (OBDs) for all delay reasons (Figure 15) have followed a similar pattern, increasing throughout 2024/25, reaching 6,820 in March 2025, the highest figure recorded since July 2023. The majority of OBDs in March 2025 were in South Ayrshire HSCP, which have increased from 2,186 at March 2024 to 2,952 (+35.0%).

Figure 15 – Monthly bed days occupied due to DD (all reasons) by HSCP



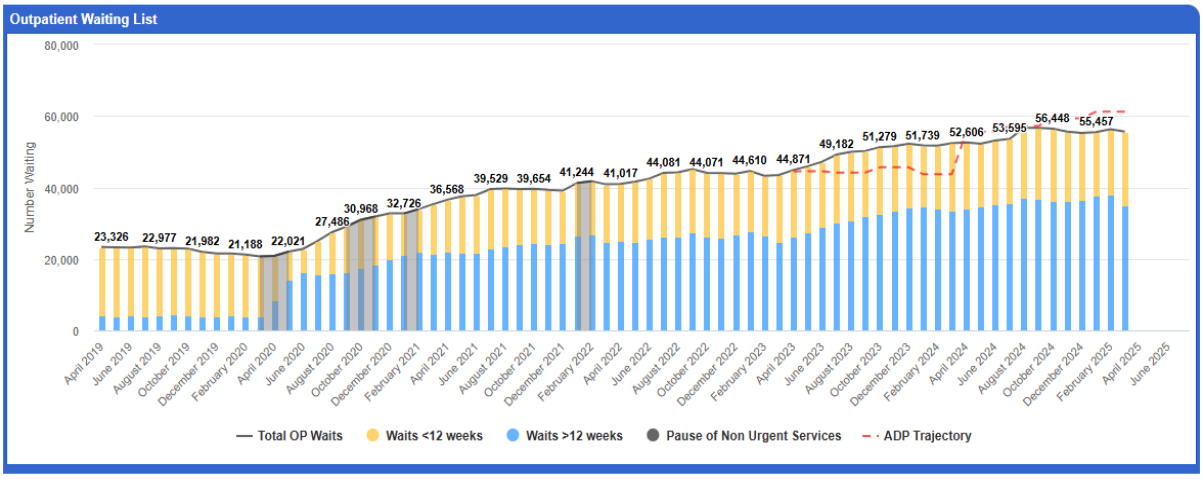
Source: Public Health Scotland

Planned care

New outpatients

The total number of new outpatients waiting has continued to rise during 2024/25, from 52,606 at April 2024 to 55,599 at March 2025 (Figure 16). However, August 2024 saw the highest number of patients waiting with 56,448 and has since been on a downward trend.

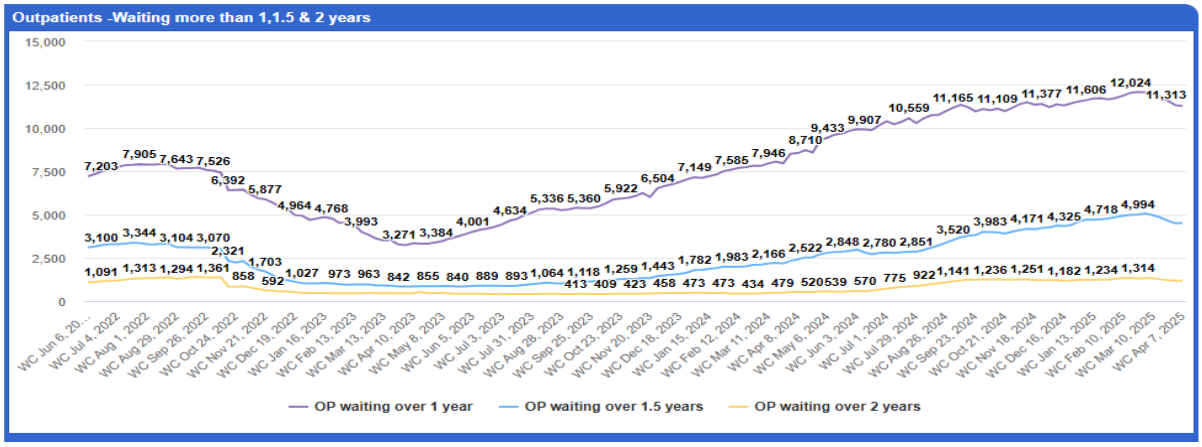
Figure 16 – New Outpatient Waiting List



Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

The number of New Outpatients waiting longer than 12 months continues to show an increasing trend from 7,952 at the end of March 2024 to a high of 11,313 at end of March 2025. The number waiting over 18 months also continues to increase from 3,361 at end of August 2024 to a high of 5,052 at beginning of March 2025, having been continually increasing since June 2023. The number of patients waiting longer than 2 years has gradually increased to 1,184 at end of March 2025 (Figure 17).

Figure 17 – New outpatient waits for 1, 1.5 and 2 years



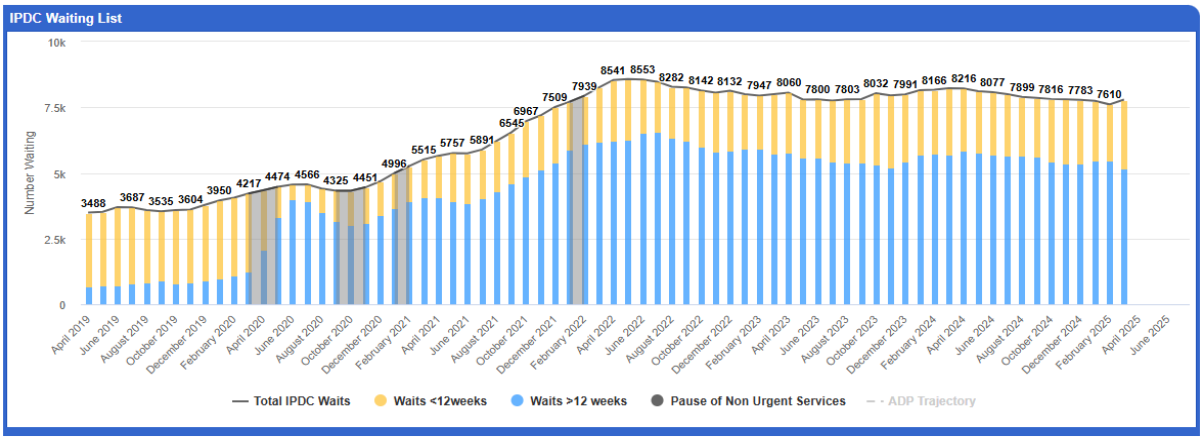
Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

Capacity issues continue to have a negative impact on delivery of outpatient services. There have been some targeted service redesign initiatives to tackle particularly challenged areas including a redesign of diabetes and endocrinology services, introduction of a benign skin lesion triage panel in line with the national exceptional referral protocol, and a dermatology photo-triage campaign in conjunction with the National Elective Coordination Unit (NECU). There has been some further focus on expansion of Active Clinical Referral Triage (ACRT) pathways and Patient Initiated Review (PIR), and in some areas short term delivery of "high intensity clinics" have had a positive impact.

Inpatients and day cases

The overall total waiting list for Inpatient/Day Case treatment throughout 2024/25 has shown a gradual decreasing trend in the last 6 months, from 8,216 at April 2024 to 7,719 in March 2025. This is the lowest since January 2022 and meets the Delivery Plan trajectory of 8,788 (Figure 18). In March 2025, NHS Ayrshire & Arran remobilised 73% of all Inpatient/Day Cases activity compared to March 2019; marginally failing to meet the local Delivery Plan target of 75%.

Figure 18 – Inpatients/Day Cases Waiting List



Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

The number waiting longer than 12 months continues to show an increasing trend from 1,456 at end of March 2024 to 1,704 at end of March 2025. At the end of March 2025, 12-month waits had been eliminated in eight specialties. Trauma and Orthopaedics, ENT and General Surgery continue to report the highest recorded waits.

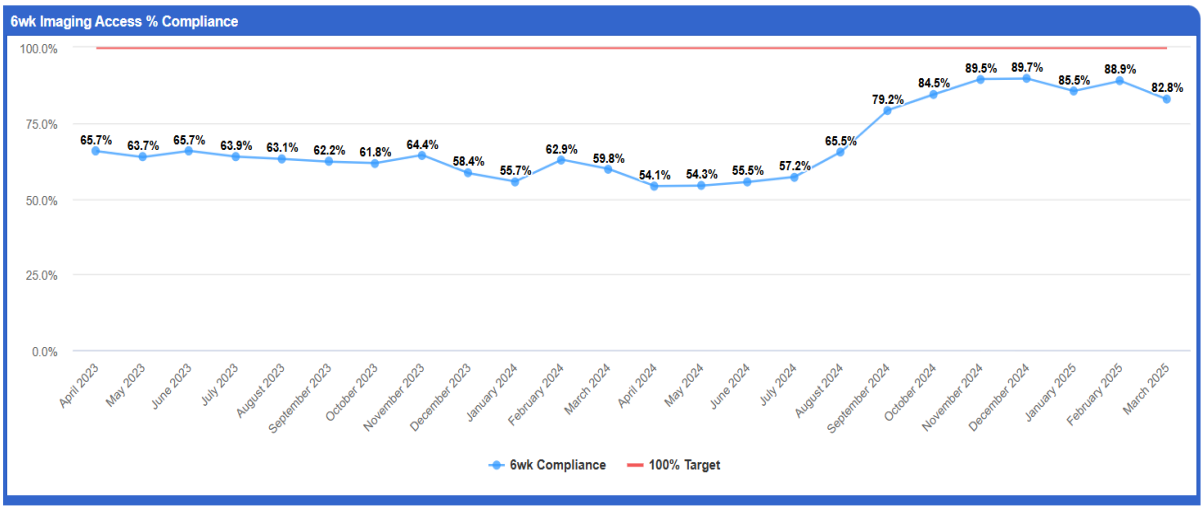
Diagnostic Waiting Times

Imaging

Performance against the 6-week national target of 100% for Imaging has gradually increased during 2024/25, increasing from 59.8% in March 2024 to 82.8% in March 2025. December 2024 recorded the highest performance of 89.7% since October 2015 (Figure 19). The latest available benchmarking shows compliance for NHS Ayrshire & Arran has been consistently higher over the last year (Table 4).

Performance varies across with services, with compliance levels of 84% in March 2025 for Computerised Tomography (CT) scans; 89.2% for Magnetic Resonance Imaging (MRI) scans; 90.0% for Barium Studies; and 78.8% in Non-Obstetrics Ultrasound.

Figure 19 – Imaging compliance



Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

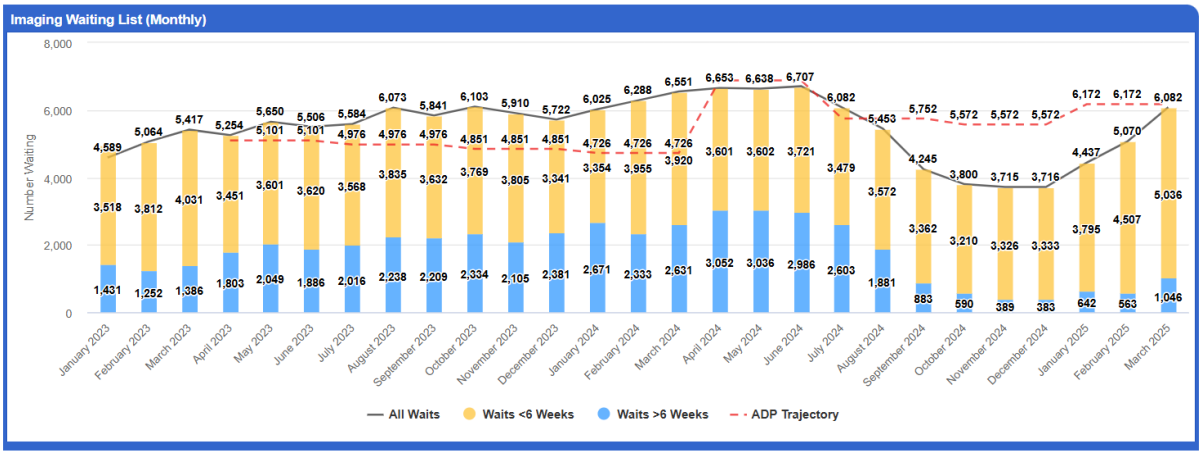
Table 4 - National Benchmarking – 6 Week Imaging Target (100%)

	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
NHS A&A	**54.1%**	**54.3%**	**55.5%**	**57.2%**	**65.5%**	**79.2%**	**84.5%**	**89.5%**	**89.7%**
Scotland	**51.8%**	**52.9%**	**52.9%**	**51.0%**	**53.8%**	**57.4%**	**56.6%**	**60.4%**	**57.4%**

Source: Public Health Scotland

The overall waiting list for Imaging continues to fluctuate from 6,551 at March 2024, to a low of 3,715 at November 2024 to 6,082 by March 2025, meeting the Delivery Plan activity target (Figure 20). This increase has been mainly driven by a rise in MRI waits which is in part due to repeated breakdown and unavailability of equipment over the past year. There has also been a capacity shortfall in Non-Obstetric Ultrasound which has contributed to lower levels of performance. An additional mobile MRI scanner has been contracted for 2024/25; and two locum sonographers are delivering additional weekend activity with a further two trainee sonographers undergoing training. This should have a positive impact on MRI and Non-obstetric waits in 2024/25.

Figure 20 – Imaging Waiting List

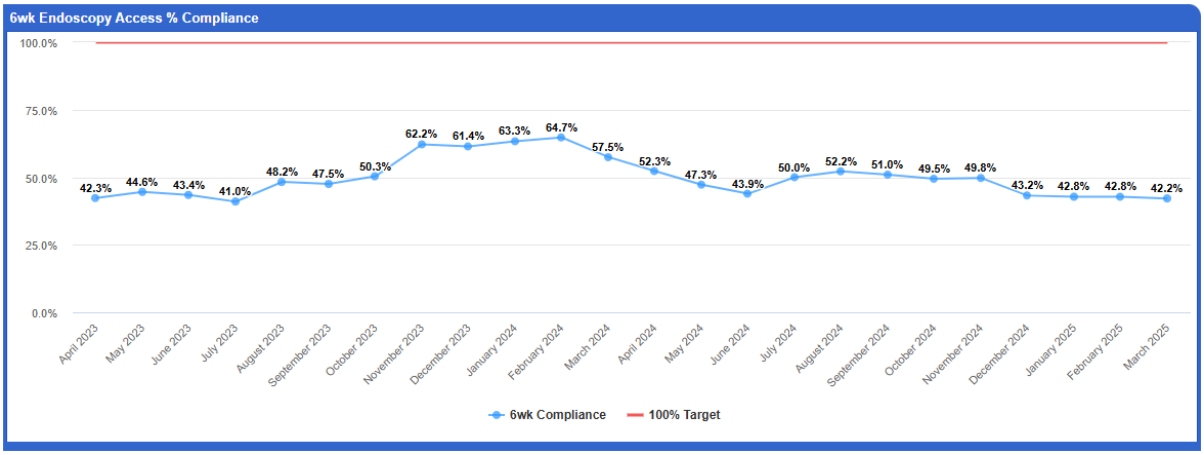


Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

Endoscopy

Compliance against the 6-week national target for Endoscopy remains on a decreasing trajectory, decreasing from 52.3% at April 2024 to 42.2% at March 2025 (Figure 21). This follows a high of 64.7% in February 2024. The previous high being 66.3% in December 2019.

Figure 21 – Endoscopy Compliance



The latest benchmarking data for December 2024 shows compliance for NHS Ayrshire & Arran (43.2%) was higher than the national average (39.9%) and has been consistently above the Scotland level over the last year (Table 5).

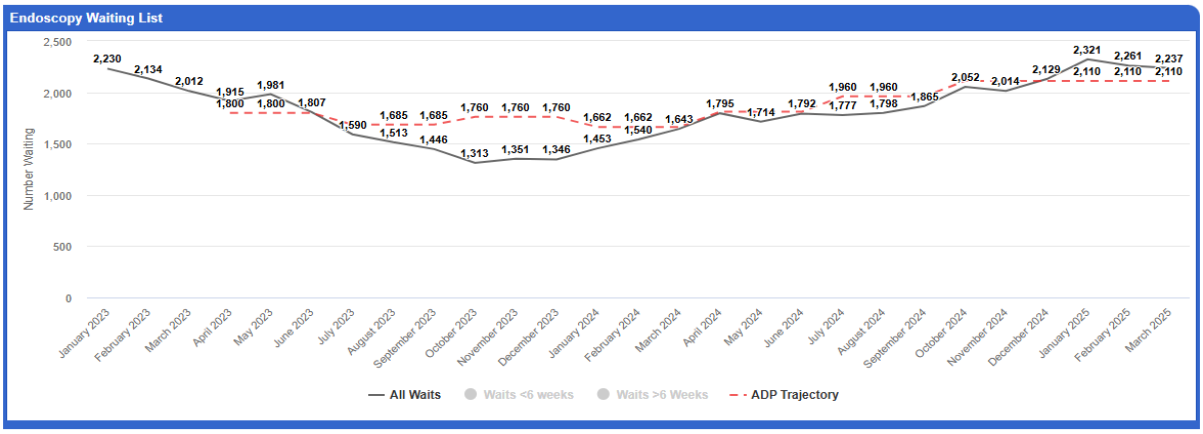
Table 5 - National Benchmarking – 6 Week Endoscopy Target (100%)

	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
NHS Ayrshire & Arran	52.3%	47.3%	43.9%	50.0%	52.2%	51.0%	49.5%	49.8%	43.2%
Scotland	39.6%	40.8%	40.0%	39.0%	39.9%	41.3%	40.5%	41.6%	39.9%

Source: Public Health Scotland

The overall waiting list for Endoscopy continued to increase to the latter part of 2024/25 to a high of 2,321 in January 2025. Since then, the waiting list has decreased to 2,237 at March 2025; exceeding the Delivery Plan trajectory of 2,110 (Figure 22).

Figure 22 – Endoscopy Waiting List at month end



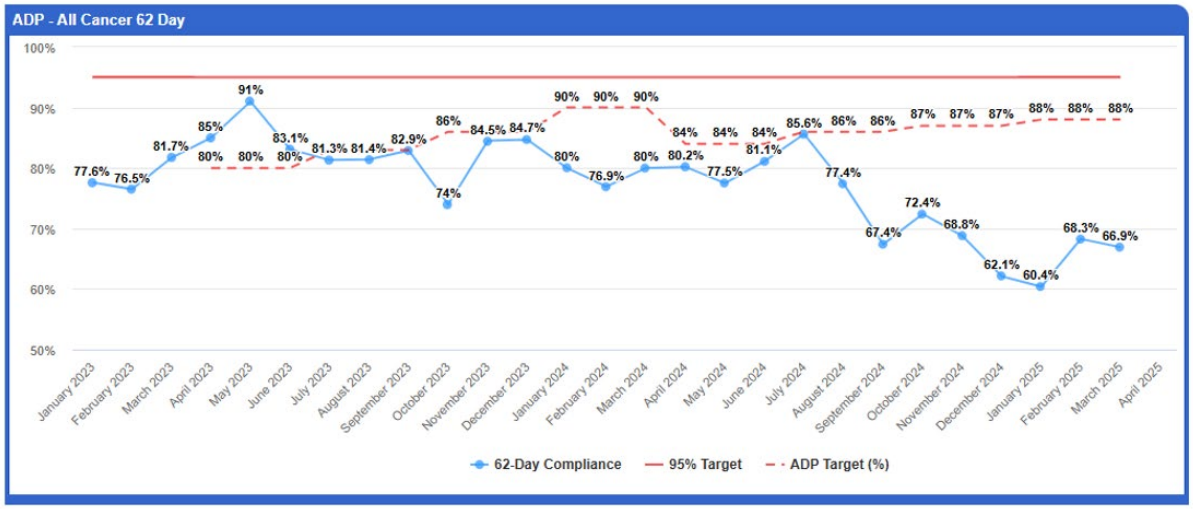
Source: NHS Ayrshire & Arran Local Information and Performance Team Report

Cancer

62 Day Urgent Suspicion of Cancer

Performance against the 62-day Cancer target of 95% of those referred urgently with a suspicion of cancer should begin treatment, has fluctuated throughout 2024/25. Performance reached 85.6% at July 2024, falling to 60.4% at January 2025 and then increasing to 66.9% in March 2025 (Figure 23). This failed to meet the Delivery Plan trajectory of 88%.

Figure 23 - Monthly Cancer 62-day Performance



The latest available benchmarking data for March 2025 shows compliance for NHS Ayrshire & Arran was 66.9%, which was higher than the national average of 55.7% for the same period. (Table 6).

Table 6 - National Benchmarking – 62 Day Cancer Target (95%)

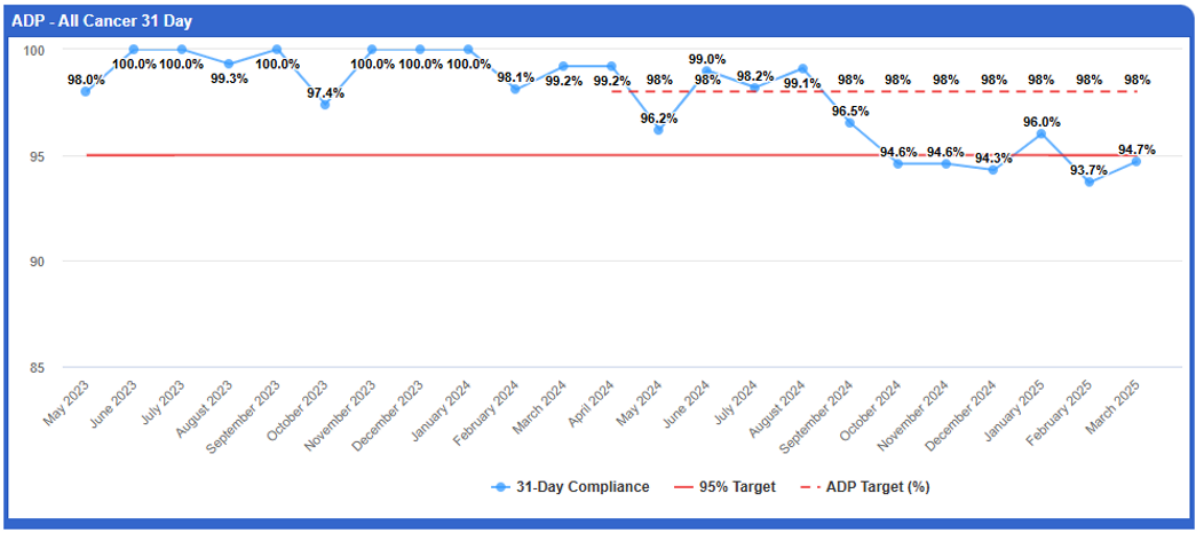
	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25
NHS A&A	85.6%	77.4%	67.4%	72.4%	68.8%	62.1%	60.4%	68.3%	66.9%
Scotland	72.1%	69.5%	70.3%	70.1%	73.3%	72.6%	66.4%	73.9%	55.7%

Source: Public Health Scotland

31 Day Cancer Treatment

Performance against the 31-day Cancer target of 95% of all patients diagnosed with cancer are to begin treatment within 31 days of decision to treat, has fluctuated throughout 2024/25. Performance reached 99.1% at August 2024, falling to 94.7% at March 2025. This did not meet the Delivery Plan trajectory of 98% (Figure 24).

Figure 24 – Monthly Cancer 31-day Performance



Source: Public Health Scotland

Cancer performance in the first half of 2024/25 was improving and well above the Scottish average, however a number of changes in the second half of the year have proved challenging and resulted in a reduction in performance. Challenges in the Urology pathway, particularly around access to robotic assisted surgery have been reviewed in detail including a detailed national demand and capacity analysis which NHS Ayrshire & Arran participated in. Short term, some additional weekend robotic assisted surgery operating lists have helped to reduce waiting times.

The other major area of challenge has been in the breast cancer pathway where a period of extended sick leave within the small specialist breast radiology team resulted in delays to first clinic appointments. A number of short-term initiatives partly off-set the reduced capacity but this remains an area of challenge going into 2025/26, with plans to recruit an additional breast radiologist being part of the longer term solution. Pathology capacity and associated delays remains a challenge affecting all cancer pathways.

The latest available benchmarking data for March 2025 shows compliance for NHS Ayrshire & Arran (94.7%) was lower than the national average (97.2%) however it had been consistently above the Scotland average throughout 2024/25 (Table 7).

Table 7 - National Benchmarking – 31 Day Cancer Target (95%)

	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25
NHS A&A	98.2%	99.1%	96.5%	94.6%	94.6%	94.3%	96.0%	93.7%	94.7%
Scotland	94.4%	93.7%	93.7%	94.4%	93.7%	93.7%	91.4%	97.1%	97.2%

Source: Public Health Scotland

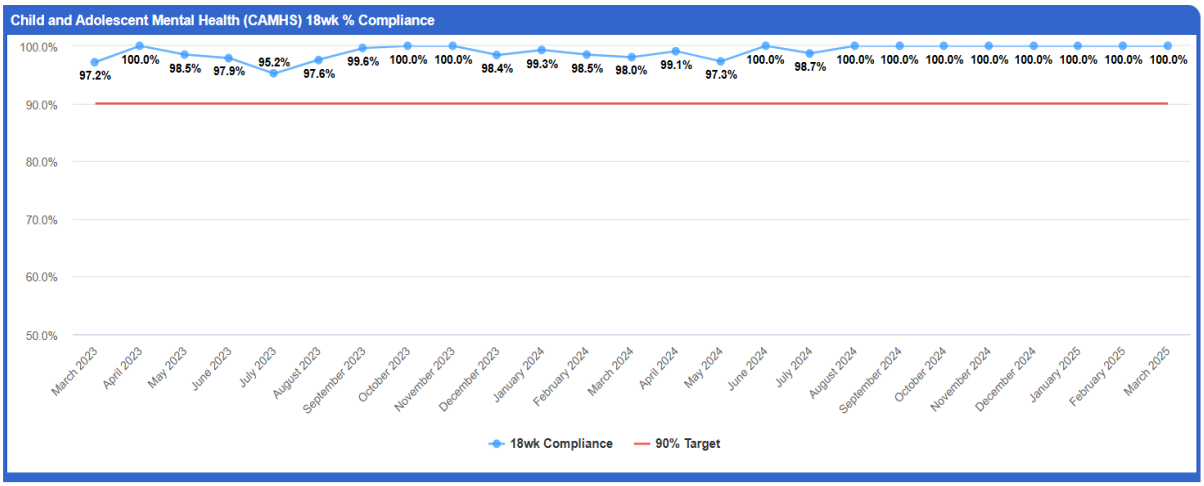
Mental Health

Child and Adolescent Mental Health Services (CAMHS)

The key performance standard that CAMHS is measured against is Referral to Treatment (RTT) for all referrals. Scottish Government states that 90% of children and young people referred to CAMHS should be assessed and receive a form of treatment and intervention within 18 weeks of that referral.

Throughout 2024/25, the target was achieved, reaching 100% on several occasions. In March 2025, compliance in relation to Child and Adolescent Mental Health Services (CAMHS) was 100.0%, which was equal to the Delivery Plan trajectory of 100.0% (Figure 25).

Figure 25 – Monthly CAMHS Performance



Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

The latest available benchmarking data for December 2024 shows compliance for NHS Ayrshire & Arran (100.0%) was higher than the national average (93.1%) and has been consistently above the Scotland average throughout 2024/25 (Table 8).

Table 8 - National Benchmarking –18wks CAMHS Target (90%)

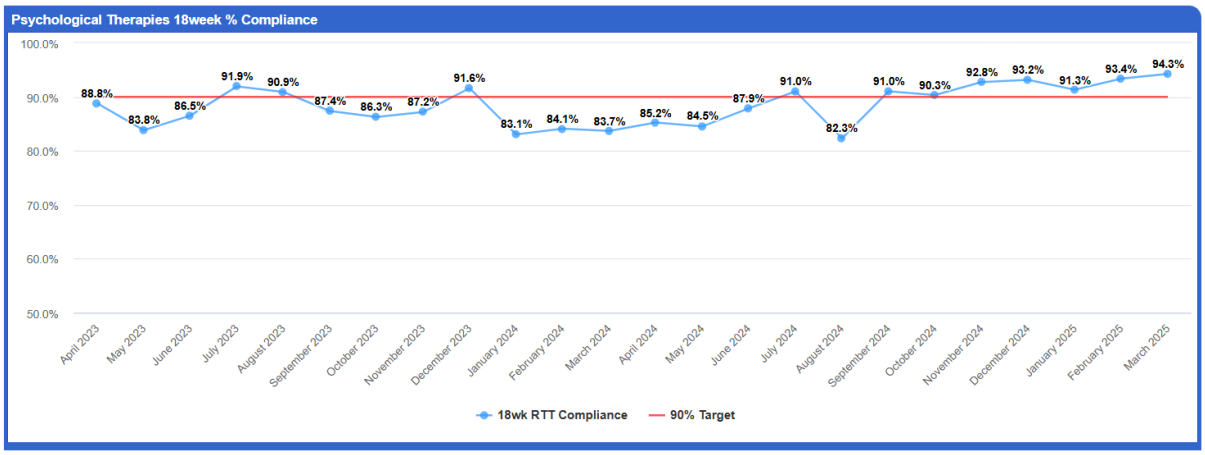
	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
NHS Ayrshire & Arran	99.1%	97.3%	100.0 %	98.7%	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Scotland	81.4%	86.1%	85.0%	86.2%	89.8%	91.3%	89.3%	90.1%	93.1%

Source: Public Health Scotland

Psychological therapies

Waiting times compliance for Psychological Therapies fluctuated during 2024/25 and achieved or exceeded the target of 90% on several occasions. Performance has been steadily increasing since August 2024 when performance was 83.2%, increasing to 94.3% in March 2025; higher than the local Delivery Plan trajectory of 85.0%. Performance has been higher than the Delivery Plan trajectory from September 2024 (Figure 26).

Figure 26 – Monthly Psychological Therapies Performance



Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

The latest available benchmarking data for December 2024 shows compliance for NHS Ayrshire & Arran (93.2%) was higher than the national average (81.6%) and has been consistently above the Scotland average throughout 2024/25 (Table 9).

Table 9 - National Benchmarking –18wks Psychological Therapy Target (95%)

	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
NHS A&A	85.2%	84.5%	87.9%	91.0%	82.3%	91.0%	90.3%	92.8%	93.2%
Scotland	80.2%	80.2%	80.4%	78.7%	79.8%	81.5%	81.1%	78.9%	81.6%

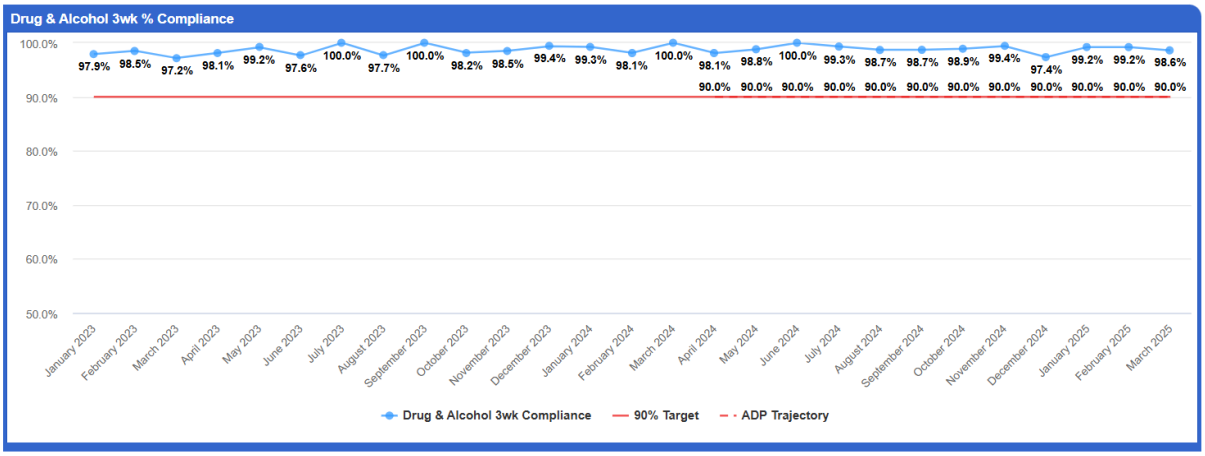
Source: Public Health Scotland

Capacity issues continue to impact on delivery of services. The implementation of the Safe Staffing Act and Psychological Therapies and Intervention Standards, alongside revised Clinical Governance Structure and completion of a GAP analysis will ensure delivery of safer and sustainable services, with stronger clarity and oversight of delivery.

Drug or Alcohol treatment

Compliance levels throughout 2024/25 for Drug or Alcohol treatment continue to exceed the target of 90% with performance of 98.6% at March 2025 (Figure 27).

Figure 27 – Monthly Drug and Alcohol Treatment



Source: NHS Ayrshire & Arran Local Information and Performance Team Report

The latest available benchmarking data for December 2024 shows compliance for NHS Ayrshire & Arran (97.4%) was higher than the national average (95.5%) and has been consistently well above target throughout 2024/25 (Table 10).

Table 10 - National Benchmarking – 3 Weeks Drug and Alcohol Target (90%)

	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
NHS A&A	98.1%	98.8%	100.0%	99.3%	98.7%	98.9%	98.9%	99.4%	97.4%
Scotland	93.2%	93.2%	93.2%	98.8%	98.8%	98.8%	95.5%	95.5%	95.5%

Source: Public Health Scotland

Social Matters

NHS Ayrshire & Arran is committed to promoting equality and upholding human rights in all aspects of our work. Our aim is to deliver fair and equitable services by identifying and addressing barriers to access and inclusion. This commitment reflects both our legal obligations under the Equality Act 2010 and the Public Sector Equality Duty, as well as our core values as a healthcare provider and employer. We strive to embed these principles into our policies, practices, and service delivery to ensure that everyone is treated with dignity, respect, and fairness.

NHS Ayrshire & Arran is fully committed to the prevention of bribery and corruption and works with NHS Scotland Counter Fraud Services. This commitment is embedded in our governance framework, with the principles of the Bribery Act 2010 reflected in our Standing Financial Instructions and the Staff Code of Conduct.

NHS Ayrshire & Arran is an active partner in the Ayrshire Regional Economic Strategy and plays a key role as an anchor institution in supporting Community Wealth Building (CWB). Our commitment to CWB is firmly embedded within local government economic development strategies and forms an integral part of wider social and economic recovery planning.

In 2024/25, we made significant progress in delivering our CWB Plan, reinforcing our role in promoting inclusive economic growth, supporting local businesses, enhancing fair employment, and maximising the use of local assets and resources. Our year 2 annual report is provided here https://www.nhsaaa.net/wp-content/uploads/2024-10-07-BM-P07-Anchor-CWB-Annual-Report-Year-2.pdf

Sustainability & Environmental Reporting

Climate Related Financial Net Zero Disclosure (2025)

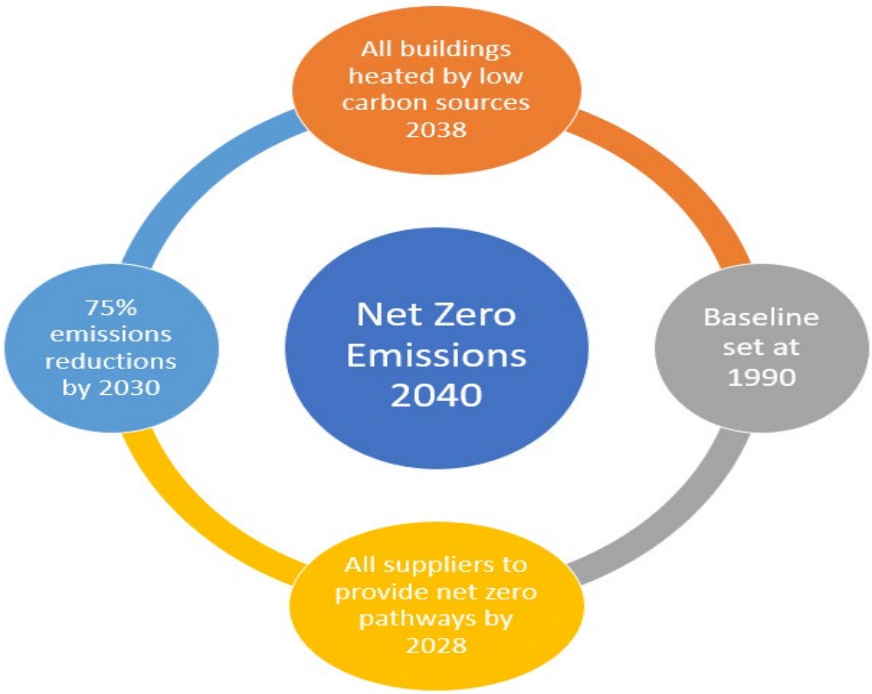
NHS Ayrshire & Arran has reported on climate-related financial disclosures consistent with the HM Treasury's Task Force on Climate Related Disclosure (TCFD) aligned disclosure application guidance which interprets and adapts the framework for the UK public sector. NHS Ayrshire & Arran has complied with the TCFD recommendations with a focus on:

- Governance
- Metrics and targets
- Strategy
- Climate change risk

NHS Ayrshire & Arran plans to develop disclosures for strategy, risk management metrics and targets and changing strategy in future reporting periods in line with central government implementation timetable.

Defining the commitment

Our disclosure sets out the various targets and actions designed to deliver net zero in line with Climate Change Act 2019, limiting global warming to 1.5 degree Celsius. The Scottish Government has stated Scope 1 and 2 emissions require to achieve Net Zero without any offsetting, and offsetting would only be considered and permissible where all other means of reduction have been exhausted.



Our net zero emissions targets are based on covering all greenhouse gasses including our medical gasses which are used every day to enable theatre operations to take place. We report on our emissions in terms of CO2e converting the emissions source to carbon dioxide equivalent tonnes. Short, medium and long-term targets have been developed to ensure we continue to make progress towards emission reduction to achieve Net Zero.

Our Net Zero Targets

- **Short term targets are outlined in the following Table**

Year	Reduction since 1990
2024/25	60%
2025/26	62.5%
2026/27	65%
2027/28	67.5%

All fleet vehicles small to medium will transition to zero (tail pipe) emissions within 2025 (where practicable).

- **Medium term targets – Interim target**

  These are set out to 2030 where we must achieve a 75% reduction in emissions on a 1990 baseline.

  Our complete fleet vehicles will be all zero emissions vehicles.

- **Long term targets**
  - 2035 we must achieve an 87.5% reduction
  - 2038 all buildings to be heated from low carbon emissions technologies
  - 2040 net zero achieve (our own NHS Estate)
  - 2045 net zero achieve (full scope 3 emissions including our value chain emissions)
  - Scope 1 and 2 emissions will be zero. These emissions are

• Fuels	**Scope 1**
• Fleet	
• Refrigeration Gasses	
• Medical gasses	
• Grid electricity	**Scope 2**

- Scope 3 emissions will be as low as we can drive them, with any residual amounts offset.

○ Electricity Losses	**Scope 3**
○ Water	
○ Business Travel	
○ Waste	
○ Inhalers	
○ Working from Home	
○ Leased Assets	
○ Purchased Goods and Services	
○ Capital Goods	
○ Transport and Distribution	
○ Employee Commuting	
○ Transportation and distribution	**Scope 3 – downstream**
○ Processing of sold products	
○ Use of sold products	
○ End of life treatment	
○ Leased Assets	
○ Franchises	
○ Investments	

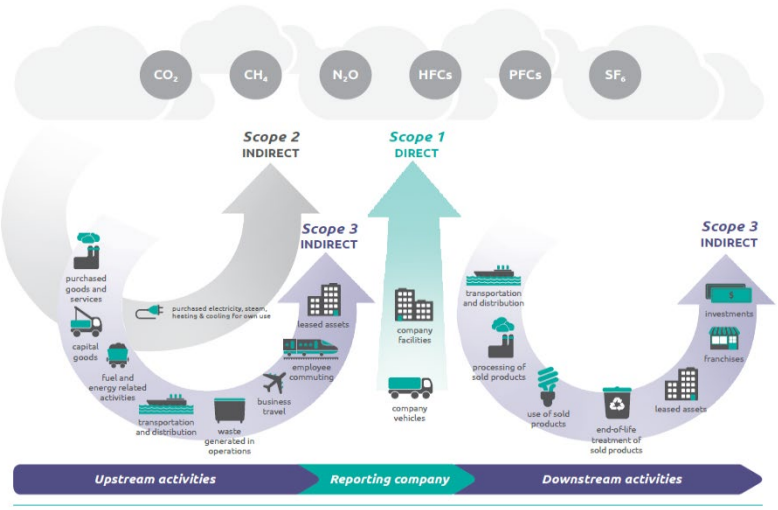
Scope 3 emissions include 15 main topic areas where we will be addressing these in the coming years. Given the NHS sits at the bottom of the carbon and supply chain, all our 6,000+ suppliers feed directly into the organisation and we must work with them to help them achieve net zero, as in turn will make us net zero.

We will be aiming to use greenhouse gas (GHG) protocol Corporate Value Chain accounting and reporting scope 3 standard.

Our Value chain targets will be set in line with NHS England:

- All suppliers to the NHS will provide a net zero route map by 2028
- All suppliers to the NHS will half their emissions by 2032

Our scope 3 emissions will be targeted as detailed in the scope 3 reporting diagram.



Science Based Targets initiative reassurances will be sought in the coming years ahead. Currently our targets are verified and tracked by NHS Assure – Health Facilities Scotland – National Services Scotland on behalf of the boards along with Scottish Government.

Carbon credits and offsetting

Any offsetting we will do, will be undertaken within Scotland and not out with our own borders to ensure that we are not pushing problems overseas inadvertently.

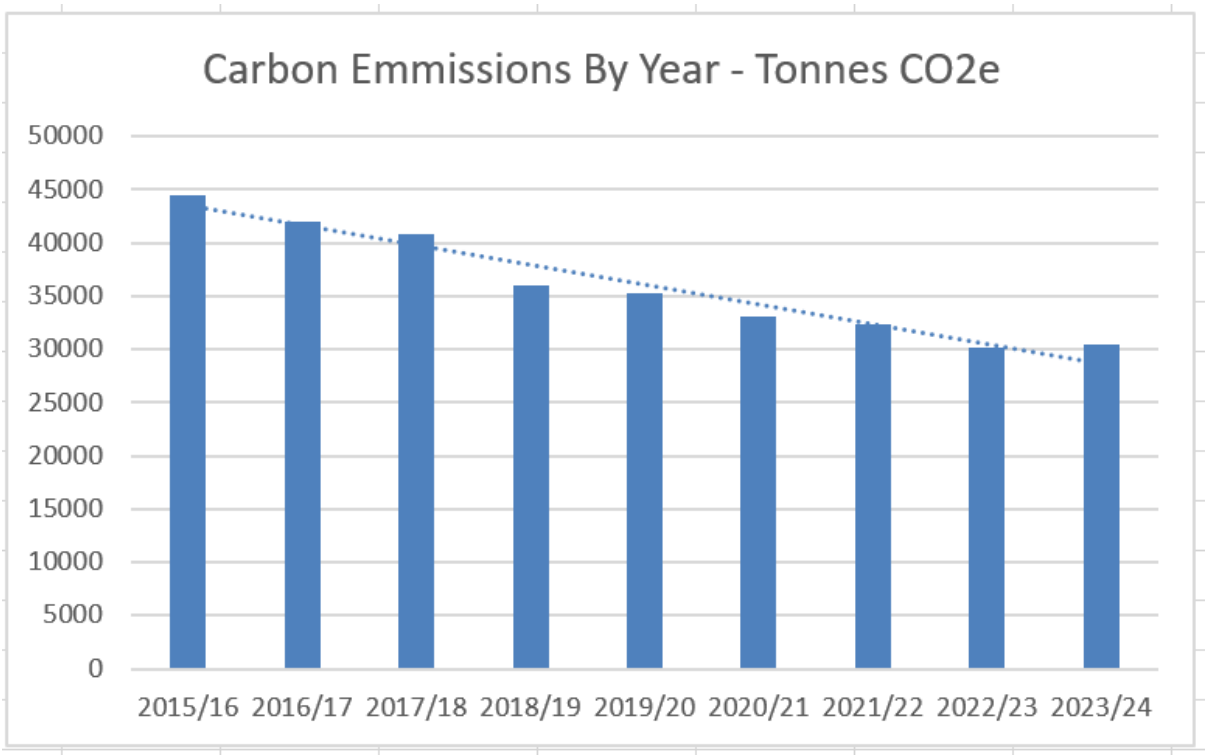
We have committed to reducing our scope 3 emissions by half by 2032 for our supply chain with any other left-over emissions being removed through schemes by 2045.

Carbon Footprint

To gain a full value chain Greenhouse Gas (GHG) protocol scope 3 emissions report, we AI (Artificial Intelligence) may be required to give a broad oversight as to what our total carbon footprint might look like.

Carbon Emissions – Overview

The following Table outlines Carbon Emissions reduction trajectory per annum from Year 1 (2015) baseline.



Moving forward our focus will remain on full scope 3 reporting emissions, as this will be addressing where 93% of our footprint (according to recent carbon accounting CO2A software) will be and suppliers are increasingly being asked for more information as we tender goods and services. This will enable enhanced data capture for reporting. There are recognised challenges associated with the collection of data where relates to alternative models of working (e.g. home, distributed etc) which requires further investigation.

Our Net Zero plan is based on conformance with the GHG Protocol Corporate Standard where we report our scope 1 and 2 emissions along with some scope 3 emissions. We have set out our targets for the short, medium, and long term in achieving these targets and the table above shows the emissions which are covered.

Impacts

Pathway to Net Zero

Our Climate Change and Sustainability Strategy 2021-2032 sets out the ambition and challenges that are facing us over the coming years and provides a framework for the actions needed.

Published here https://www.nhsaaa.net/wp-content/uploads/Climate-Change-and-Sustainability-Strategy-2021-2032-1.pdf

Our sustainability strategy gives us this framework to ensure the organisation moves towards a net zero way of operating which will affect every aspect of our function.

Re-training of our workforce as we transition away from gas and move over to zero direct emissions heating sources. Renewable equipment skills will be required with understanding of how these systems integrate into complex building.

Transportation decarbonisation funding from Switched on Fleets has now ceased, however SG have allocated funding of £0.2 million for electric vehicle (EV) charging infrastructure in 2025/26 in addition to rolling forward brokerage of £0.3 million i.e. a total of £0.5 million available for EV charging points. Joint working is being undertaken addressing the use of 3rd party investors and organisations to progress this work. We are currently addressing a regional approach pan Ayrshire, energy master planning exercise with our three local council partners addressing decarbonisation including transport. This will assist future pathways and collaborative funding opportunities.

Medical gasses will require funding for technologies to capture, storage, destruction or reuse of agents which would otherwise pollute the atmosphere and contribute to GHG emissions. Theatre anaesthetics along with Nitrogen Oxide and Entonox gasses may require technology interventions to address their usage, along with reducing waste from the systems that we inherently have at present. Staff and patient travel will need addressed with policies on how staff travel using low carbon transportation, along with our greenspace and biodiversity plans which will increase our natural capital, improving health and climate outcomes.

A review of operational resourcing required to support the wider Net Zero programme of key deliverables remains under continuous review in the absence of national funding.

Policies

New polices are required in many areas of the organisation with progress overseen by well-established governance in order to drive the required organisational change. Examples would be our energy, environment, sustainable procurement, EV car management, waste, transport and travel polices.

We are reducing carbon emissions through our policies ensuring no “like for like” purchases are being undertaken and the most efficient equipment is being procured.

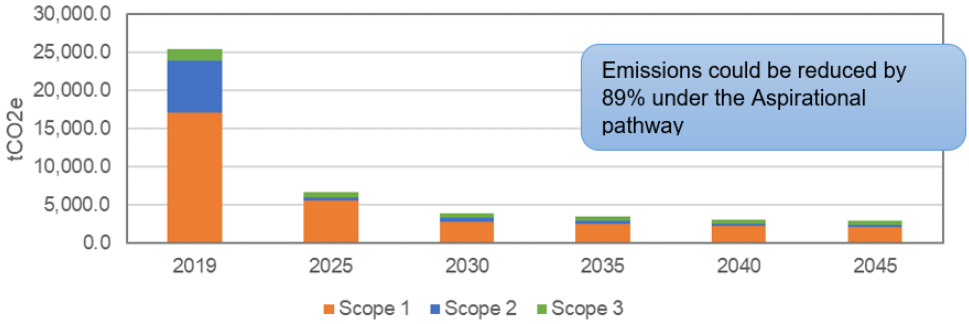
A realistic medicine policy is also to be approved, along with our electric vehicle car management policy as we migrate from ICE (Internal Combustion Engine) engines to electric. Business travel is an area in which we need to get address to reduce our emissions. We are currently updating our master overarching active travel plan and subsequent site based green travel plans.

Our commitment to Net Zero and Sustainable practices will embed into the organisation through changes in our corporate strategies, plans, and vision statement. Within our delivery plan, we put forward our actions that we are undertaking to make progress in this area of climate change mitigation and adaptation. It covers 17 main topic areas for decarbonisation ranging from medical gasses, theatres, waste, buildings, and transport. We have a group set up internally called the Integrated Joint Program Board which oversees all capital spend.

As part of the process for capital funding sustainability and climate change are areas within the application process to ensure all capital applications consider these areas and capture any information around how they will impact the board. We are looking to start collating this information and reporting on this annual through our public sector duties climate change reporting.

Our sustainable procurement policy will help drive changes in the way we procure goods and services and push for low carbon options, with a net zero focus. We already have guidance in our energy policy which addressed whole life carbon of goods and services, and addresses end of life options, recycling, upcycling, and disposal routes to consider for the purchasing of goods and services.

An initial Net Zero pathway report has been completed setting out the scope and scale of the key challenges we face and the target timescales required to complete.



Scope (tCO_2e)	2019	2025	2030	2035	2040	2045
Scope 1	17,106.7	5,478.4	2,770.2	2,488.8	2,223.9	2,050.8
Scope 2	6,776.8	485.4	488.8	384.9	273.8	271.5
Scope 3	1,503.9	749.5	674.5	586.9	513.1	516.1
Total	**25,387.3**	**6,713.3**	**3,933.5**	**3,460.7**	**3,010.8**	**2,838.4**
% change	**0.0%**	**73.6%**	**84.5%**	**86.4%**	**88.1%**	**88.8%**

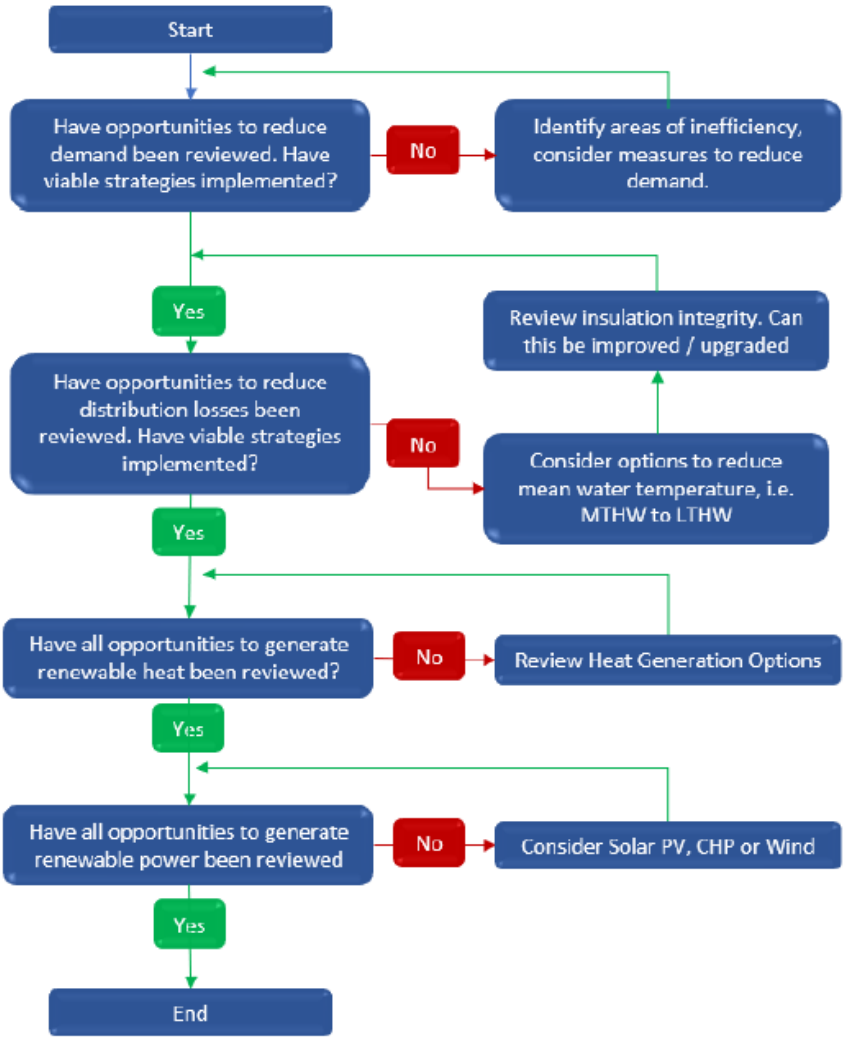
Quick uptake and investment in market technologies is the best outcome for the board to become net zero the report finds. Spend for achieving this is still very uncertain given today's current market costs, inflation and increases of goods and materials, combined with availability. An estimated range of capital investment of £80-120 million is required from this initial pathway report. However much more in-depth work is required per building to understand the cost implications.

Our pathway for investment currently sits with Scottish Government and we can apply for grant funding via the Green Public Sector Estates Decarbonisation Scheme (GPSED).

How are we going to achieve this strategy of net zero?

Transition plan

It is essential that the building energy profile is understood and measures to reduce the demand and improve efficiency is considered as a first instance.



Our pathway overall and methodology will remain the same for each building however individual measures may be different due to the diverse nature of our estate profile.

Each building will focus on reduction of consumption within each making efficiency savings for power and heat, optimising system performance of assets, addressing our backlog maintenance requirements at the same time, whilst shrinking our running costs, reducing our carbon emissions.

Estates and Facilities Strategy

Evaluating operational energy use at the design of new facilities will help to support the delivery of high performing premises, with operational energy use consistent with net zero targets. As a Health board, we will continue to focus on the following areas through a phased implementation approach:

- **Stage 1 – External improvements in efficiencies.**
- **Stage 2 – Internal Efficiencies.**
- **Stage 3 – replacement heating plant – low carbon.**
- **Stage 4 – onsite / off site renewables.**

Waste

Driving forward the circular economy will be key in us achieving an overhaul and paradigm shift in how we treat waste. Turning our waste into a resource to in fact eliminate waste. The Health Board continues to be proactive on the reduction of single use items, plastic PPE (Personal Protective Equipment) with every patient encounter.

We will continue to monitor and review product packaging, and surgical instruments to start making an impact. Although NHSAA currently has the lowest food waste across Scotland, we will continue to review how this can be further improved upon, through adoption of regional and national best practices.

Fleet Decarbonisation

By 2025 all small and medium fleet vehicles will transition to zero emissions vehicles, and by 2030 for all large vehicles and will result in the reduction of emissions.

*Procurement of **goods and services***

Moving forward will be addressing the carbon impacts from the procurement of goods and services. We will consider the LCC (Life Cycle Carbon) and LCA (Life Cycle Assessment) of each of our goods and equipment we purchase. Where it is appropriate to do so we will look to reuse or recycle the products at their end of life

Capital development works will aim to align with current and future design standards (where possible and practicable) to support the route map towards Net Zero.

Climate ***change adaptation***

Getting ready and adapting to extreme weather impacts will reduce our risks to events such as flooding, fires, high winds, snowfall, and elevated temperatures. These events are increasing in frequency and last year cost the UK (United Kingdom) government over £1billion in capital to rectify. We will aim to adapt our buildings to mitigate the climate change risks ensuring minimal disruptions to patients and staff during these events so we can cope with changing weather patterns

Governance is in place to monitor, oversee and report on progress against agreed milestones.

Active ***travel***

How staff travel around has a significant impact on our carbon emissions including how our staff commute to work (scope 3 emissions). Estates and facilities teams are responsible for the upkeep of the infrastructure to assist active travel across all our buildings. Cycle storage, lockers, staff showers, etc… all investments made to support the aims of promoting active travel. Our active travel plans are aligned with our net zero strategy promoting low carbon transportation.

Organisation ***decarbonisation plan***

The pathway to net zero will be delivered through the following areas of work.

Supply ***chain partners***

NHS Ayrshire & Arran has over 6,500 suppliers it uses. While we are not solely responsible for these emissions these form part of our scope 3 emissions. Medical and non-medical equipment, food and catering, healthcare out with a hospital service, medicines, and pharmaceuticals. We will be working with our supply chain to identify and encourage solutions to deliver improved patient outcomes and reduce the impact on the planet. Ensuring that our supply chain is decarbonising their processes, we aim to have all our suppliers provide us with their net zero plans by 2028, to do business with our supply chain. We have a focus on procuring goods that we can indeed recycle, reuse, and move away from a linear chain of use and burn, to one which is circular.

Food and catering

Addressing the larger contractual issues to help us buy local fresh produce and meat using local suppliers where a regenerative method of agriculture is being addressed, with no harmful chemicals and pesticides are being used to reach net zero the use of fossil fuel-based pesticides and herbicides cannot be used in industrial farming methods, so a shift to regenerative farming methods required.

Medicines

Anaesthetic gases and inhalers make up a large share of our scope 1 & 3 greenhouse gas emissions and will need to be addressed to meet net zero emissions. These emissions occur at point of use, and the rest of the emissions are found in manufacturing and transportation within the supply chain.

The Scottish Green Theatre Work plan helps us decarbonise our medical gasses and reduce the carbon impact of theatres. We have already phased out the use of Desflurane across our theatres.

Making a shift to low carbon inhalers will also be required and we recently released our new green prescribing guidance to health practitioners across the NHS Ayrshire & Arran to start making shifts in the way we prescribe medicines.

We will be:

- Reducing anaesthetic gas emissions in theatres
- Low flow rates for gases
- Address changes in the way we use anaesthetic gases
- Capture, store, re-use these gases creating a circular economy and destroying those being released into the atmosphere
- Moving over to lower carbon MDI (Metered Dose Inhaler) devices
- Creating green disposal routes for inhalers
- Shift to low carbon inhalers

Nitrous Oxide remains in use across the various clinical areas, and we plan to be net zero emissions from 2038. Progress has been made to reduce Nitrous Oxide within our acute hospital sites and community site through the use of alternative forms of dispensing (e.g. cylinders) and decommissioning of redundant manifolds. We continue to identify areas of wastage within the wider system supported through consumption data.

Governance is in place to monitor, oversee and report on progress against agreed milestones.

Digital Transformation to net zero

Information and Communications Technology (ICT) can emit substantial amounts of CO2 as we start to collect more data per patient and in real time, which increases our emissions from digital, increasing our infrastructure. Whilst efficiencies are improving in the digital technologies a rapid growth in data is being seen. We will ensure that a net zero trajectory is incorporated within our plans. Enabling digital care models, reducing the need to travel, develop a low carbon model of care for digital systems across the estate, ensuring that our data centres private or public are net zero emissions, digitisation of clinical records and creating digital hospitals.

Embedding climate change and sustainability

We are making clear that it is everyone's responsibility within the organisation to help us reach our climate change, net zero, and sustainability goals to ensure we rise to the challenges ahead of us which will mean transforming the way we operate and carry out our services, addressing the health of the community in which we serve. National and local polices and strategies are in place to help us deliver what is required, bolstered by NHS Assure, Health Facilities Scotland and our local authority partners in which we work jointly with achieving net zero. Our new Net Zero buildings and refurbishment policy ensures that all capital works are aligned with net zero and we build for the future addressing climate change adaptation and resilience.

Uncertainties and assumptions

Within our plan assumptions have been made based upon current uncertainties. Capital models are being addressed to identify areas of risk and uncertainty and look at how we can work together as a public sector all with the same goal to achieve, which may help unlock funding from the private sector.

Achieving Net Zero on Anaesthetic gases will be challenging, and Scottish Government have stated that we must not offset our scope 1 emissions. This will require creative minds and use of technology to fully support.

The National electricity grid decarbonisation plan also shows it never achieves Net Zero emissions, so we will need to develop our business cases to show how we are dealing with this carbon in our reporting and methods to achieve net zero emissions. Creation of an all-electric estate does not mean that we are Net Zero, and this must be communicated to all parties as we design and mitigate our climate change obligations in law.

Performance

*Methodology for setting targets and **measuring progress***

Our targets and methodology are in line with the Scottish Governments DL (2021)38 policy for the NHS Scotland. We have aligned ourselves as an organisation to limit global warming by 1.5 degrees as part of our CoP21 commitments (2015) Paris Agreement, and we are using the GHG (greenhouse gas) protocol standard as a means of reporting our emissions. Granted we are using the Corporate Standard at present but are looking to widen our reporting out to include all our scope 3 emissions including our value chain.

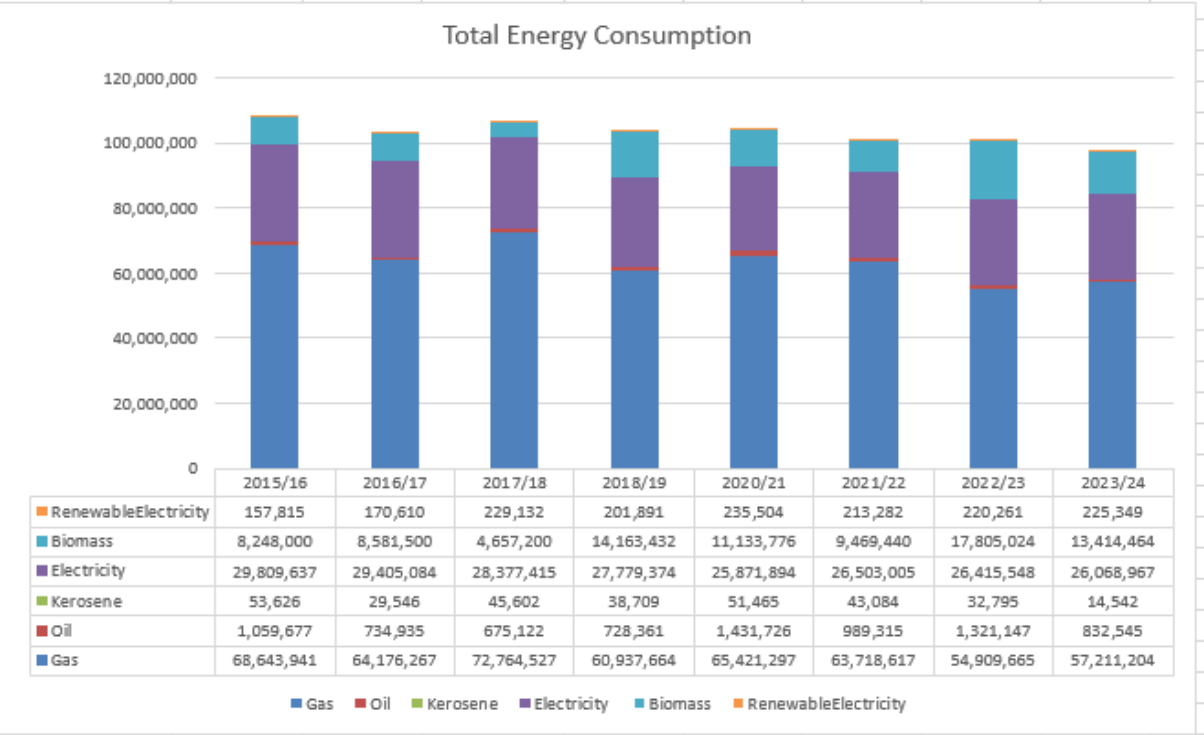
At present as an organisation, NHS Scotland has not made Science Based Target commitments, but we are looking to these in the future for alignment and certification of our greenhouse gas emissions targets.

*Measuring Progress – **Performance metrics and targets***

Current progress shows that we remain on track to meet our net zero emissions target. There are still opportunities to make easy savings which will keep us busy for next decade or so, before things become increasingly concentrated, as our infrastructure investment increases to larger and larger pieces of plant equipment and investment in power supplies to support these.

Data is collected from a wider range of internal sources to enable reporting and trend analysis over time. This information is used to support the Boards Annual Climate Emergency and Sustainability reporting requirements (e.g. Greenhouse gas emissions, building energy consumption, Medical gases, Fleet etc). This information remains essential to support the development of performance in year trends across the Boards estate and realistic and achievable future targets.

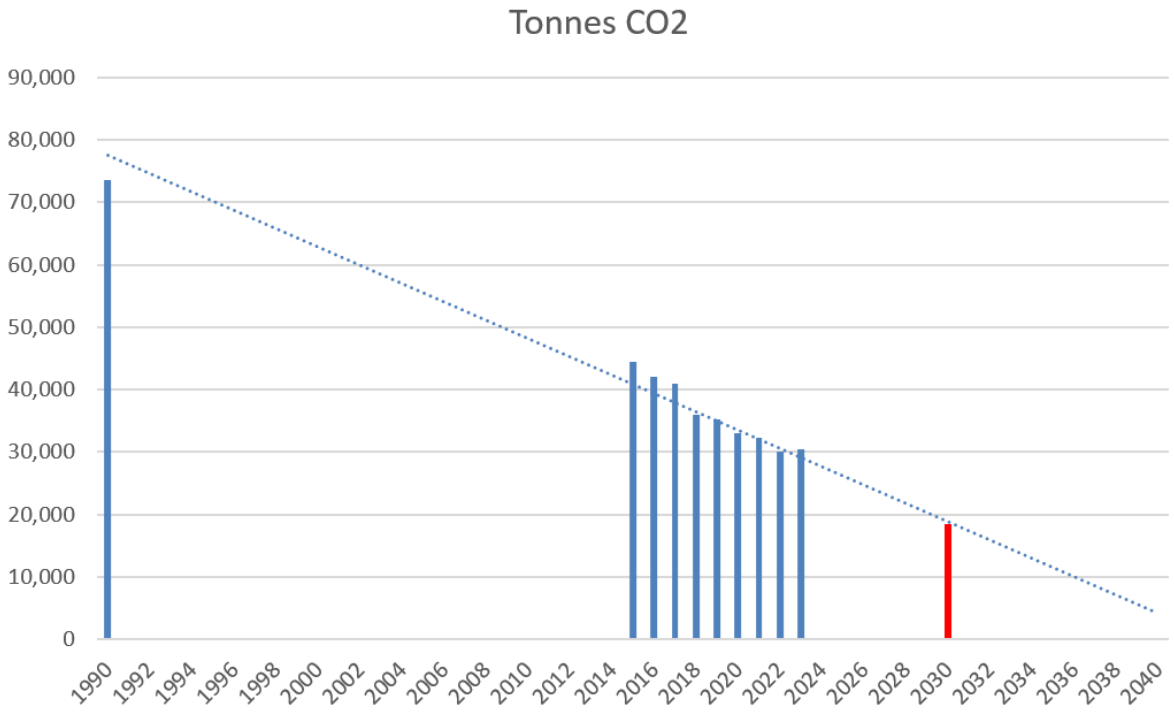
The increased use of existing digital systems is being considered as a more intelligent and efficient way of presenting future reports related to performance metrics and targets.

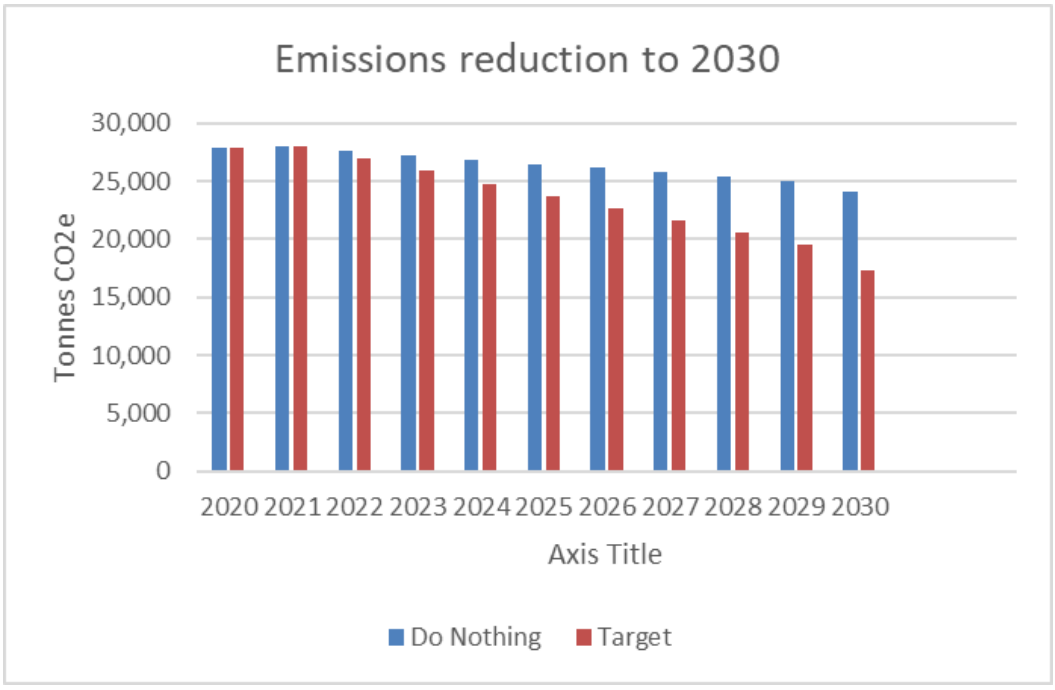


	2015/16	2016/17	2017/18	2018/19	2020/21	2021/22	2022/23	2023/24
RenewableElectricity	157,815	170,610	229,132	201,891	235,504	213,282	220,261	225,349
Biomass	8,248,000	8,581,500	4,657,200	14,163,432	11,133,776	9,469,440	17,805,024	13,414,464
Electricity	29,809,637	29,405,084	28,377,415	27,779,374	25,871,894	26,503,005	26,415,548	26,068,967
Kerosene	53,626	29,546	45,602	38,709	51,465	43,084	32,795	14,542
Oil	1,059,677	734,935	675,122	728,361	1,431,726	989,315	1,321,147	832,545
Gas	68,643,941	64,176,267	72,764,527	60,937,664	65,421,297	63,718,617	54,909,665	57,211,204

As of 2023/24 we have reduced our emissions by 60% based over 1990 baseline, achieving a 32% reduction since 2015/16.

Over the next 5 years we must reduce our carbon emissions by a further 15% averaging around 2.5% each year until 2030.





*Decarbonisation pathway targets vs progress **to date***

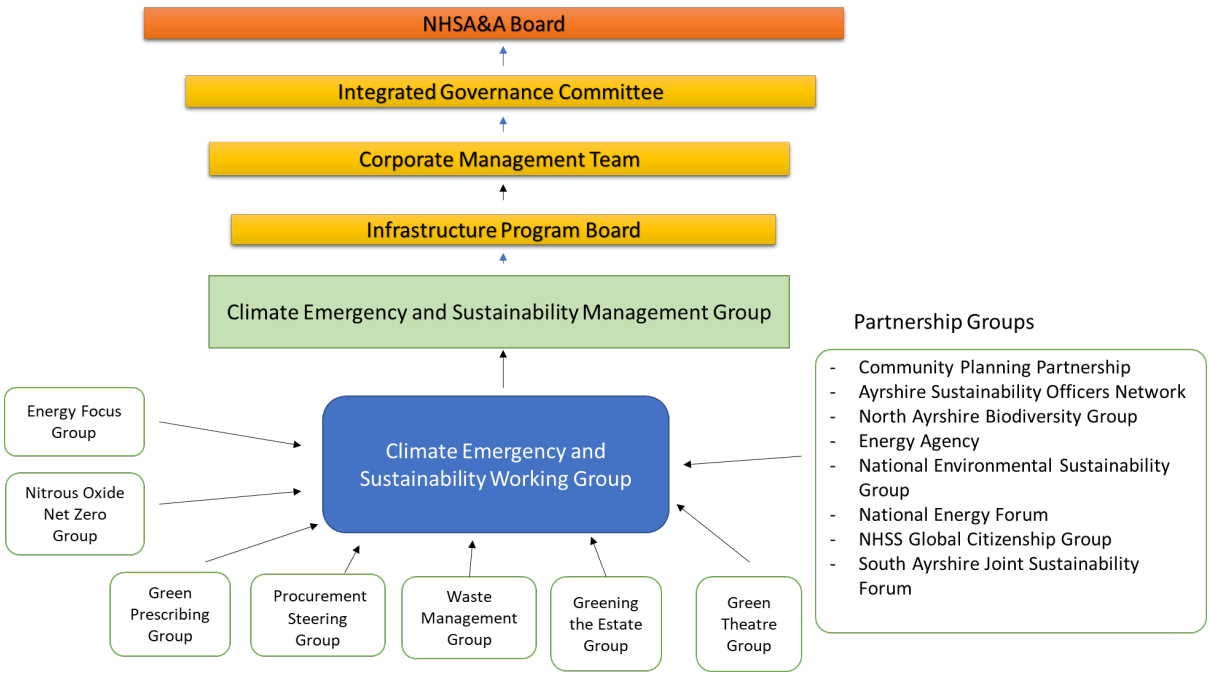
Year	**Emissions (CO2e tonnes)**	**Target**	**Actual Achieved**
1990	73,491	100%	100%
2019	35,207	47.5%	52%
2020	33,001	50%	55%
2021	32,325	52.5%	56%
2022	30,146	55%	59%
2023	30,409	57.5%	59%
2024		60%	
2025		62.5%	
2030 (interim target)		75%	

Management, leadership & governance and monitoring

NHS Ayrshire & Arran has the Climate Emergency and Sustainability Operational Group (CESOG) which is chaired by the Director of Infrastructure and Support Services. The group is responsible for delivering the climate change and sustainability requirements placed on the board as set out in the Chief Executives letter CEL (2021)38 "A Policy for NHS Scotland on the Climate Emergency and Sustainable Development" and the Scottish Government's Climate Change Act 2009. This work is linked nationally with NHS Scotland's National Services Scotland Health Facilities Scotland division / NHS Assure, where all sustainability topics sit under this umbrella proving oversight to the Scottish Government of progress on the current policy. The executive lead is the Director of Infrastructure and Support Services.

The non-executive role in climate change and sustainability have been defined and we have a non-exec champion who sits on the board. The operational group reports directly into the Climate Emergency and Sustainability Strategic Group (CESSG). This group is chaired by the boards champion for sustainability and climate change who is responsible for challenging the organisation to ensure that the policy requirements are being met and whose role is to oversee the progression in terms of sustainability and climate change actions. This provides a governance route that reports directly to the corporate management team and then to the performance management group, and further into the board. The strategic group has overall responsibility for delivering on policy and strategy as set out internal and by Scottish Government.

An outline of the organisation's governance structure for climate action and sustainability is shown in the following chart.



Each year we must produce a Public Sector Duties Climate Change Report, which highlights our emissions for that particular year, along with the actions we have taken to meet the required public sector asks contained with the climate change act. We must demonstrate how we are meeting the net zero targets, show our mitigation measures that have been undertaken, show how we are meeting climate change adaptation commitments, evaluating our risks, and what procurement actions we are undertaking. This report is peer reviewed by NHS Assure / Health Facilities Scotland.

*Audit and Risk **Management***

Audit

Environmental Sustainability was carried out by the board's internal auditor, Azets, as part of NHS Ayrshire & Arran's 24-25 audit commitments. This was the first audit and forms a baseline position. The final audit report recommended a gap analysis be completed to identify areas where data is not currently collected, or that may currently be under-reported, with key areas of consideration to taken forward at the request of the Boards appointed Sustainability Lead against the target completion date(s). Governance is in place to monitor, oversee and report on progress against agreed milestones. Progress against the board strategy is monitored by CESOG and CESSG

Risk management

Climate related corporate and operational risks have been developed on the Boards Risk Management System to accurately describe the impact on the organisation and are reviewed at regular intervals by Risk owner as determined by the overall risk score to ensure the assessment and control measures remain accurate, up to date and relevant over time. Changes to existing risks require to be reported through existing internal governance to ensure appropriate oversight and escalation.

To ensure consistence of approach to Risk Management all risks are assessed against the Health Boards Severity Consequence index. A workshop was held with all relevant service leads across the organisation to review the wider Risk Register ensuring risk descriptions, scoring and mitigation were accurate and relevant. The Risk Register will continue to be reviewed on a regular basis by leads. Significant changes made to risks or the changing of risk status on the register will continue to be reported to the Climate Emergency & Sustainability Operational Group (CESOG) in line with agreed governance.

Climate risks identified include:

- **Risk ID 808** – Compliance - Climate Change Risk Assessment and Adaptation Planning Risk
- **Risk ID 809** - Compliance - Climate Emergency and Sustainability Policy Requirements

Risk ID 810 - Failure to achieve the mandated 2030 carbon reduction targets set by Scottish Government for public sector bodies. In addition to the formal reporting of the above risks., there is also an operational risk register where progress against the workstreams is monitored. Any variance is captured in the regular update reports which are presented at CESOG and will be reflected in the register. Where required, these risks will be flagged to CESSG for further discussion.

*Adaptation Plan Delivery Plan 2024**/25***

The Boards Caring for Ayrshire Vision provides a set of principles and associated care settings that describe how health and care services could, in the future, be provided to our communities. This high-level vision is driven by the need to rebalance health and care so that it is less acute focussed and there is a stronger emphasis on delivering care in a variety of alternative and more locally based settings.

In moving towards realising that longer term vision, there are a range of shorter-term challenges that the Board faces, particularly around service and financial sustainability, in relation to a range of services. There is a need to consider alternative delivery models that address these challenges whilst aligning service delivery to the wider Caring for Ayrshire vision – effectively building a set of shorter-term actions.

NHS Ayrshire & Arran's "Climate Change and Sustainability Strategy 2021-2032" sets out the framework for the board's pathway to climate change mitigation and adaptation. The strategy outlines our sustainable development to be undertaken across all areas in the organisation and will prompt action plans for each work-stream to improve our environmental sustainability. Progress achieved within the above priority areas will be monitored through existing internal governance within the organisation and reported as appropriate.

Signed: Claire Burden Date: 30 June 2025
Chief Executive

Accountability Report

1. Corporate Governance Report

a) The Directors' Report

Naming convention

NHS Ayrshire & Arran is the common name for Ayrshire and Arran Health Board.

Date of Issue

The Accountable Officer authorised these financial statements for issue on 30 June 2025.

Appointment of auditors

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. The Auditor General appointed Fiona Mitchell-Knight, Audit Director, Audit Scotland to undertake the audit of Ayrshire and Arran Health Board. The general duties of the auditors of health bodies, including their statutory duties, are set out in the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General.

Board membership

The Health Board is a board of governance whose membership will be conditioned by the functions of the Board. Members of Health Boards are selected on the basis of their position or the particular expertise which enables them to contribute to the decision-making process at a strategic level.

The Health Board has collective responsibility for the performance of the local NHS system as a whole, and reflects the partnership approach which is essential to improving health and health care.

Mrs L Bowie, Chair

(except 1 June 2024 – 30 November 2024)

Ms L Semple, Non-Executive Director

(Interim Board Chair 17 June 2024 – 13 December 2024)

Ms C Burden, Chief Executive

Cllr M Burns, Non-Executive Director

Ms S Cowan, Non-Executive Director

Dr S Das, Non-Executive Director

Mrs J Ford Non-Executive Director

Mr E Hope, Employee Director

Mr T Hopkins, Non-Executive Director

Cllr L Lyons, Non-Executive Director

Mr D Lindsay, Director of Finance

Mr M Mazzucco, Non-Executive Director

Mr N McAleese, Non-Executive Director

Dr C McGuffie, Medical Director

Mrs L McNiven, Director of Public Health

Ms S Morrow, Non-Executive Director

Cllr D Reid, Non-Executive Director

Ms J White, Non-Executive Director

Mrs J Wilson, Nurse Director

The Statement of Board Members' responsibilities

Under the National Health Service (Scotland) Act 1978, the Health Board is required to prepare accounts in accordance with the directions of Scottish Ministers which require that those accounts give a true and fair view of the state of affairs of the Health Board as at 31 March 2025 and of its operating costs for the year then ended. In preparing these accounts the Directors are required to:

- Apply on a consistent basis the accounting policies and standards approved for the NHS Scotland by Scottish Ministers;
- Make judgements and estimates that are reasonable and prudent;
- State where applicable accounting standards as set out in the Financial Reporting Manual have not been followed where the effect of the departure is material; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Board will continue to operate.

The Health Board members are responsible for ensuring that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the Board and enable them to ensure that the accounts comply with the National Health Service (Scotland) Act 1978 and the requirements of the Scottish Ministers. They are also responsible for safeguarding the assets of the Board and hence taking reasonable steps for the prevention of fraud and other irregularities.

The NHS Board members confirm they have discharged the above responsibilities during the financial year and in preparing the accounts.

Board Members' and Senior Managers' Interests

Details of any interests of board members, senior managers and other senior staff in contracts or potential contractors with the Health Board as required by IAS 24 are disclosed in note 24. A register of interests, which includes details of company directorships or other significant interests held by Board members that may conflict with their management responsibilities, is available by contacting Ayrshire & Arran Health Board, Eglinton House, Ailsa Hospital, Dalmellington Road, Ayr KA6 6AB, or can be accessed on the Board's website at: https://www.nhsaaa.net/wp-content/uploads/Register-of-interests-gifts-and-hospitality-Board-Members-2024-2025-1.pdf

All Directors appointed by the Cabinet Secretary (shown in the remuneration report) are also Trustees of the Ayrshire and Arran Endowments, which are consolidated into these accounts. Most of the Non-Executive board members also sit on one of the three Integration Joint Boards whose accounts are also consolidated.

Directors' third-party indemnity provisions

Directors have no third-party indemnity provisions.

Remuneration for non-audit work

No remuneration was paid to external auditors in respect of any non-audit work carried out on behalf of Ayrshire and Arran Health Board.

Value of Land

Land is shown in the balance sheet at market value.

Contingent Liabilities

Note 14 to the accounts disclose the value of contingent liabilities with the significant one related to CNORIS which is explained in note 13b.

Public Services Reform (Scotland) Act 2010

Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010 imposed duties on the Scottish Government and listed public bodies to publish information on expenditure and certain other matters as soon as is reasonably practicable after the end of each financial year.

This information is available on our website at the following link Policies, Procedures and Strategies - NHS Ayrshire & Arran (nhsaaa.net)

Personal data related incidents reported to the Information Commissioner

Throughout the year 2024/25, one personal data related incident was considered to meet the criteria for notification to the Information Commissioner's Office (ICO). This incident was duly reported and NHS Ayrshire & Arran await further correspondence from the ICO.

Disclosure of Information to Auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Board's auditors are unaware; and each director has taken all the steps that he / she ought reasonably to have taken as a director to make himself / herself aware of any relevant audit information and to establish that the Board's auditors are aware of that information.

b) The Statement of Accountable Officers' responsibilities

Under Section 15 of the Public Finance and Accountability (Scotland) Act, 2000, The Principal Accountable Officer (PAO) of the Scottish Government has appointed me as Accountable Officer of Ayrshire and Arran Health Board.

This designation carries with it, responsibility for:

- The propriety and regularity of financial transactions under my control;
- The economical, efficient and effective use of resources placed at the Board's disposal; and
- Safeguarding the assets of the Board.

In preparing the Accounts I am required to comply with the requirements of the Government's Financial Reporting Manual and in particular to:

- Observe the accounts direction issued by the Scottish Ministers including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government's Financial Reporting Manual have been followed and disclose and explain any material departures; and
- Prepare the accounts on a going concern basis
- I have taken reasonable steps to gain assurance from Directors
- As far as I am aware, there is no relevant audit information of which our auditors are unaware.

I confirm that the Annual Report and Accounts as a whole are fair, balanced and reasonable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

I am responsible for ensuring proper records are maintained and that the Accounts are prepared under the principles and in the format directed by Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as accountable officer as intimated in the Departmental Accountable Officers letter to me of 17 December 2021.

2. Governance Statement

Scope of responsibility – Claire Burden, Chief Executive

As Accountable Officer, I am responsible for maintaining an adequate and effective system of internal control that supports compliance with the organisation's policies and promotes achievement of the organisation's aims and objectives, including those set by Scottish Ministers. In addition, I am responsible for safeguarding the public funds and assets assigned to the organisation.

DL (Directors Letter) (2024) 08 sets out the framework document for how NHS Boards operate with Scottish Government, including governance and accountabilities.

Purpose of internal control

The system of internal control is based on an ongoing process designed to identify, prioritise and manage the principal risks facing the organisation. The system aims to evaluate the nature and extent of risks and manage risks efficiently, effectively and economically.

The system of internal control is designed to manage, rather than eliminate the risk of failure to achieve the organisation's aims and objectives. As such, it can only provide reasonable, and not absolute, assurance.

The process within the organisation is in line with guidance from Scottish Ministers in the Scottish Public Finance Manual (SPFM) and supplementary NHS guidance. This has been in place for the year up to the date of approval of the annual report and accounts.

The SPFM provides guidance on the proper handling and reporting of public funds. The SPFM sets out the relevant statutory, parliamentary and administrative requirements; emphasises the need for efficiency, effectiveness and economy; and promotes good practice and high standards of propriety. The Board has complied with the SPFM throughout 2024/25.

Governance Framework of the Board

The Scottish Government published the second edition of The Blueprint for Good Governance in NHS Scotland on 23 December 2022 (through DL (2022) 38). The Blueprint sets out what good governance is and how it operates in the NHS in Scotland. This includes the respective roles of Boards, Board members, the Executive Leadership Team, and the Scottish Government.

The Ayrshire and Arran NHS Board self-assessment survey on the Blueprint for Good Governance was undertaken through November 2023. It was completed by 92 per cent of Board members, including the executive team and directors/senior managers who normally attend Board meetings. NHS Education Scotland facilitated a Board workshop in January 2025, which focused on the Blueprint for Good Governance.

The Board reviews its Code of Corporate Governance regularly. This brings all aspects of Corporate Governance (including Standing Orders, Standing Financial instructions and Scheme of Delegation) into a single code. The revisions to the code were agreed by the Health Board at its meeting in October 2024, having been reviewed by the Integrated Governance Committee and Audit and Risk Committee.

We have a process in place to assign government circulars and directives to a lead director and to follow up any actions taken.

The Board receives approved minutes from each Governance Committee to confirm that their remit has been fulfilled. Where necessary a committee can escalate issues for Board scrutiny. The Board has considered their minutes and has received their annual reports. The Board is satisfied that the Governance Committees have fulfilled their remit.

There are also three Integration Joint Boards in Ayrshire who are separate legal entities, who have delegated functions and budgets from the three Ayrshire local authorities and Health Board, and who commission services from the Health Board.

Review of Adequacy and Effectiveness

As Accountable Officer, I am responsible for reviewing the adequacy and effectiveness of the system of internal control. My review is informed by:

- discussions with and letters of assurance from directors who are responsible for developing, implementing and maintaining internal controls across their areas;
- minutes and annual reports from Governance Committees;
- the work of the internal auditors who submit regular reports to the Audit and Risk Committee, which include their independent and objective opinion on the effectiveness of risk management, control and governance processes together with recommendations for improvement;
- national reports, such as Healthcare Improvement Scotland reviews; and
- the work of the service auditors in relation to the control frameworks, which are reported through the Annual Service Audit Reports:
    - Practitioner and Counter Fraud Services (PCFS) in the discharge of their services to support the payments of family health services practitioners on behalf of NHS Scotland Health Boards;
    - ATOS and NSS (National Services Scotland) Digital and Security in the discharge of their services to support National IT Services on behalf of NHS Scotland Health Boards; and
    - NHS Ayrshire & Arran in the discharge of their services to operate the National Single Instance (NSI) financial ledger services on behalf of NHS Scotland Boards.

In accordance with the principles of best value, the Board aims to foster a culture of continuous improvement. As part of this, Directorates are encouraged to review, identify and improve the efficient and effective use of resources. Business cases and Board papers are assessed and considered for their Best Value characteristics, as published in the 2011 Best Value Guidance to Accountable Officers. I can confirm that a self-assessment against best value principles was done by Corporate Management Team in 2024/25 and arrangements have been made to secure best value as set out in the SPFM.

Each year the Board's internal auditors design their audit programme to review the highest risk areas within the Board strategic risk register. The Board internal auditor changed to Azets in April 2023. The 2024/25 internal audit programme was recommended by the Audit and Risk Committee and approved at the March 2024 Board meeting. Each report produced by internal audit is considered by the Audit and Risk Committee but is also referred to the most relevant governance committee (Staff, Healthcare, Information, Performance, and Integrated) for detailed scrutiny.

The internal audit programme gives assurance on a broad range of internal controls and in addition a focused review of key financial controls. The overall internal audit opinion for the period 1 April 2024 to 31 March 2025 is that NHS Ayrshire & Arran has a framework of governance, risk management and controls that provides reasonable assurance regarding the effective and efficient achievement of objectives, except in relation to aspects of financial sustainability and the management of GP sustainability payments.

Ayrshire and Arran NHS Board receives a financial management report at every Board meeting. In addition, the Performance Governance Committee receives a range of finance and performance reports to ensure effective scrutiny. In May 2024, the Board approved the revenue plan for 2024/25, which was a £53.5 million deficit. The financial position at the end of the year was better than the forecast (£51.1 million deficit), as the Board received additional funding from Scottish Government during the year. In recognition of the Board's financial challenges, we have remained at level 3 of the Scottish Government escalation ladder throughout the year.

Risk Assessment

NHS Scotland bodies are subject to the requirements of the Scottish Public Finance Manual (SPFM) and must operate a risk management strategy in accordance with relevant guidance issued by Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.

NHS Ayrshire & Arran is committed to continuous development and improvement, developing systems in response to any relevant reviews and developments in best practice.

The Risk and Resilience Scrutiny and Assurance Group chaired by the Chief Executive ensures that these matters are kept under review.

As at March 2025, there are four strategic risks which are rated as “very high risk”:

- Planned care waiting times
- Information governance
- Financial outturn
- Emergency Department crowding

Planned care waiting times: The number of outpatients waiting more than a year has risen. This increases the likelihood of an emergency admission to hospital. By engaging with the Centre for Sustainable Development, we have been able to encourage innovation and make improvements to benefit our patients. The £8 million access funding in 2024/25 has also helped to support capacity. NHS Ayrshire & Arran has multiple governance and improvement structures in place to manage planned care and reduce waiting times, including the fortnightly Access Monitoring Group and monthly CfSD champion meetings. Clinical and operational teams collaborate through specialty working groups, summits, and national programmes to share learning and implement redesign initiatives. A new budget management process supports Access expenditure, while waiting list validation and deep-dive analyses help maintain accuracy and identify pressure points. Despite progress in areas like diabetes redesign, challenges remain due to workforce and funding constraints, and further local engagement is needed to fully realise national improvement opportunities.

Information Governance: Non-compliance with information governance standards may result in breaches of legislation, leading to enforcement actions by regulatory authorities, legal proceedings, significant financial penalties, and a loss of public confidence in the Board. Furthermore, under data protection laws, individuals affected by such breaches may be entitled to compensation for both financial loss and emotional distress. To mitigate this risk all staff at NHS Ayrshire & Arran must complete mandatory Information Governance (IG) training, including induction and role-specific modules, with refresher training every two years. The organisation also has designated leads and policies in place for Freedom of Information, Corporate Records Management, and Data Protection, accessible via AthenA. Key initiatives include improving the Information Asset Register, enhancing DPIA processes, and implementing FairWarning for system access audits. Ongoing efforts focus on staff awareness, policy compliance, and strengthening IG resources and governance through training, newsletters, and oversight committees.

Financial outturn: The financial outturn for 2024/25 was a deficit of £50.3 million and the budget set for 2025/26 is a £33.1 million deficit. Financial sustainability requires extensive clinically led service redesign. To mitigate the risk, the Finance Department provides monthly financial reports to the Corporate Management Team, with updates on CRES savings and project progress using BRAG ratings. Regular meetings, chaired by senior clinical leaders, monitor agency staffing costs, while the Financial Improvement and Scrutiny Group—led by the Chief Executive—focuses on in-year CRES delivery and overspend recovery. Acute services receive finance business partnering support, and a clinically led management structure is being implemented to drive redesign and cost control. Key actions include closing unfunded beds and reducing nursing agency spend through shorter hospital stays. An internal audit report in 2024/25 was critical of financial processes to deliver cash releasing efficiency savings and a more robust approach has been introduced.

Emergency Department (ED) crowding: Emergency department crowding for NHS Ayrshire & Arran is a result of a lack of patient flow into acute hospital wards and the main influencer in this congestion is the average length of stay of all patients. As patients remain in hospital on average for more days than in other parts of Scotland, patients wait longer in the emergency department before moving to a bed when required, and all patients in the emergency department wait longer to be seen. A range of ongoing controls are in place to reduce identified risks, with progress tracked quarterly. Key actions include improving collaboration between acute services and HSCPs, expanding community-based care like Hospital at Home, and embedding discharge criteria across care settings. Targets include reducing acute site occupancy from 126% to 99%, lowering average length of stay (ALoS) for ED admissions, and decreasing the number of long-stay non-delayed patients. These efforts are supported by structured reporting and oversight through the Unscheduled Care Programme Board. A whole system urgent and unscheduled care recovery plan is in place and monitored by Acute Service senior leaders as well as the Scottish Government. Our Board has had visibility and update on the ongoing improvement work through reports and discussion at governance committees and Board meetings throughout 2024/25.

The strategic risk register also contains fourteen other high risks in the following areas:

- general practice sustainability;
- transformational change programme (2);
- promoting attendance and staff wellbeing;
- personal development review process;
- mandatory and statutory training;
- cyber security;
- statutory management of the estate;
- infection prevention and control;
- failure of digital services;
- registrant workforce supply and capacity;
- provision of data and intelligence for the purposes of planning;
- speech and language therapy; and
- medical workforce supply and capacity.

All of these are being actively managed by the relevant risk owner and monitored at the quarterly Risk and Resilience Scrutiny and Assurance Group. A quarterly report on relevant risks is taken to each governance committee of the Board.

The following operational scrutiny arrangements were put in place and have remained in place from 2024/25 as shown in the diagram below.

Our Risk and Resilience Scrutiny and Assurance Group, chaired by the Chief Executive, meets regularly to review our risks. The Governance Committees of the Board also consider the strategic risks aligned to their committee every quarter. This robust process ensures ongoing focus on identification and mitigation of key risks in these challenging times.

Disclosures

On 13 February 2024, Healthcare Improvement Scotland (HIS) carried out an unannounced inspection of Marchburn ward at East Ayrshire Community Hospital. This identified four areas of good practice and two areas for improvement related to segregation and secure storage of clinical waste.

During 2024/25, the Board internal auditors produced two red rated reports:

- cash releasing efficiency savings process covering the setting and reporting of targets, communication and reporting and the delivery of underpinning action plans to generate the required savings; and
- GP sustainability payments, where limited organisational understanding of the nature and value of payments to section 17C practices resulted in inconsistent practices being applied.

Management have taken action to address weaknesses identified and progress is monitored by Audit and Risk Committee. At May 2025 Audit and Risk Committee, internal audit reported that they had obtained sufficient evidence to close six of the nine recommendations and assess a further one as superseded. A short life working group has been established chaired by the Head of Primary Care to take forward the actions arising from this internal audit report.

Subject to the above, during the 2024/25 financial year, no significant control weaknesses or issues have arisen, and no significant failures have arisen in the expected standards for good governance, risk management and control.

3. Remuneration & Staff Report

The Health Board has a Remuneration Committee, which is a sub-committee of the Staff Governance Committee. Membership of the sub-committee consists of Non-Executive Board members, including the Employee Director. The Chair of the Board is the Chair of the Remuneration Committee.

The Remuneration Committee membership is as follows:

Mrs Leslie Bowie, Chair

Councillor Douglas Reid

Mr Ewing Hope

Mr Liam Gallacher (joined January 2024)

The Committee is responsible for providing assurance to the Board regarding the probity and corporate governance aspects of the appointment, appraisal and remuneration of those covered by Executive Pay Arrangements and to monitor terms and conditions of employment in accordance with central direction.

The committee met four times during 2024/25 – 24 July 2024, 17 October 2024, 10 December 2024 and 17 February 2025.

Ms Linda Semple was appointed as interim Boad Chair due to Mrs Bowie's period of absence and therefore chaired the Committee meetings in July 2024 and October 2024. Following the meeting in July 2024, the Remuneration Committee agreed to meet to ensure that Senior Manager objectives were aligned to Board and National priorities including our Board financial improvement programme.

An additional meeting to review the Director objectives, therefore, was held in October 2024.

A further additional meeting was held in December 2024 for the Committee to review and approve an internal settlement agreement proposal.

Directors - Remuneration

Remuneration of the Chief Executive, Executive Directors, Directors and Senior Managers is determined in line with directions issued by the Scottish Government Health and Social Care Directorates (SGHSCD). All posts at this level are subject to rigorous job evaluation arrangements by the National Evaluation Committee and the pay scales applied reflect the outcomes of these processes. All extant policy guidance issued by the SGHSCD has been appropriately applied and agreed by the Remuneration Committee.

Performance Appraisal

Performance appraisals, for those covered by Executive Pay Arrangements, are carried out in line with the guidance from the National Performance Management Committee and overseen by the Remuneration Committee. The Committee agrees the individual in-year objectives of the Board's Executive Directors and Directors and approves their annual performance assessments each year. Annual pay rises, for those covered by Executive Pay arrangements, are dependent on achieving specified levels of performance, in line with national agreement, and are implemented in line with the national Pay and Conditions circular.

Staff Turnover

The most recent published staff turnover rate for the Board was 7.2% (2024/25).

Staff Engagement

The most recent staff survey was carried out in 2024, and the employee engagement index from the survey was 78, on a scale of 0 - 100. The previous survey was in 2023, when the employee engagement index was also 78.

Staff Report (audited)

Payments to Non-Executive Directors and Executive Directors' (Audited)

The following tables provide a breakdown of Non-Executive Directors' and Executive Directors' remuneration 2024/25

Remuneration (salary, benefits in kind and pensions) 2024-25

Single total figure of remuneration					
Board Members	**Directors' Gross Salary (Bands of £5,000)**	**Benefits in kind (£'000)**	**Total Earnings in Year (Bands of £5,000)**	**(i) Pension Benefits (£'000)**	**Total Remuneration (Bands of £5,000)**
	2024/25	**2024/25**	**2024/25**	**2024/25**	**2024/25**
Executive					
Claire Burden, Chief Executive	145-150	0	145-150	39	185-190
Derek Lindsay, Director of Finance	120-125	0	120-125	68	190-195
(ii) Dr Crawford McGuffie, Medical Director	245-250	0	245-250	176	375-380
Jennifer Wilson Nurse Director	110-115	0	110-115	63	175-180
Lynne McNiven, Director of Public Health	110-115	0	110-115	109	220-225
Non-executive					
Lesley Bowie, Chair	45-50	0	45-50	0	45-50
Councillor Marie Burns	10-15	0	Oct-15	0	Oct-15
Sheila Cowan	15-20	0	15-20	0	15-20
Sukhomoy Das	10-15	0	10-15	0	10-15
Jean Ford	15-20	0	15-20	0	15-20
William Gallacher	10-15	0	10-15	0	10-15
(iii) Ewing Hope	70-75	0	70-75	48	105-110
(iv) Tom Hopkins	210-215	0	210-215	102	310-315
Councillor Lee Lyons	10-15	0	10-15	0	10-15
Marc Mazzucco	15-20	0	15-20	0	15-20
Neil McAleese	10-15	0	10-15	0	10-15
Councillor Douglas Reid	10-15	0	10-15	0	10-15
Linda Semple	30-35	0	30-35	0	30-35
Joyce White	10-15	0	10-15	0	10-15
Sharon Morrow (from 6 January 2025)	0-5	0	0-5	0	0-5

(i) The above column for pension benefits is net of employee pension contributions to their pensions whereas the pension benefits below include employee contributions. Where there has been a decrease in the pension benefit due to the high inflation rate, the benefit has been shown as zero.

(ii) Dr Crawford McGuffie is the Medical Director, and £45,000 - £50,000 of his salary is in respect of non-Board duties.
(iii) Ewing Hope is the employee director, and £60,000-£65,000 of his salary and all pension benefits are in respect of non-Board duties.

(iv) Tom Hopkins is a stakeholder director for the Area Clinical Forum, and £200,000-205,000 of his salary and all pension benefits are in respect of non-Board duties.
(v) There were no bonus payments in 2024/25

Pension Benefits							
Board Members	**Accrued pension at pension age as at 31/03/2025 (Bands of £5,000)**	**Accrued lump sum at pension age as at 31/03/2025 (Bands of £5,000)**	**Real increase in pension at pension age (Bands of £2,500)**	**Real increase in lump sum at pension age (Bands of £2,500)**	**Cash Equivalent Transfer Value (CETV) at 31/03/2024 £'000**	**(viii) Cash Equivalent Transfer Value (CETV) at 31/03/2025 £'000**	**Real increase in CETV £'000**
Claire Burden, Chief Executive	05-Oct	0	2.5-5.0	0	95	142	45
Derek Lindsay, Director of Finance	50-55	135-140	2.5-5	2.5-5	1,172	1,289	98
Dr Crawford McGuffie, Medical Director	85-90	220-225	7.5-10	15-17.5	1,810	2,069	228
Jennifer Wilson, Nurse Director	40-45	35-40	2.5-5.0	0-2.5	556	685	67
Lynne McNiven, Director of Public Health	60-65	160-165	5-7.5	7.5-10	1,364	1,511	124
Tom Hopkins, Non-executive Director	30-35	75-80	5-7.5	7.5-10	510	616	98
Ewing Hope, Non-executive Director	15-20	45-50	0-2.5	2.5-5	409	473	57

(vi) The real discount rate used to evaluate CETV has been as advised by the UK Government Actuaries Department.

Remuneration (salary, benefits in kind and pensions) 2023/24

Single total figure of remuneration					
Board Members	**Directors' Gross Salary (Bands of £5,000)**	**Benefits in kind (£'000)**	**Total Earnings in Year (Bands of £5,000)**	**(i) Pension Benefits (£'000)**	**Total Remuneration (Bands of £5,000)**
	2023/24	**2023/24**	**2023/24**	**2023/24**	**2023/24**
Executive					
Claire Burden, Chief Executive	140-145	0.0	140-145	37	175-180
Derek Lindsay, Director of Finance	115-120	0.0	115-120	0	115-120
(ii) Dr Crawford McGuffie, Medical Director	235-240	0.0	235-240	0	235-240
Jennifer Wilson Nurse Director	105-110	0.0	105-110	40	145-150
Lynne McNiven, Director of Public Health	125-130	0.0	125-130	1	125-130
Non-executive					
Lesley Bowie, Chair	30-35	0.0	30-35	0	30-35
Margaret Anderson (to 31/05/23)	0-5	0.0	0-5	0	0-5
Councillor Marie Burns	5-10	0.0	5-10	0	5-10
(iii) Adrian Carragher (to 17/08/23)	30-35	0.0	30-35	5	35-40
Sheila Cowan	10-15	0.0	10-15	0	10-15
Sukhomoy Das	5-10	0.0	5-10	0	5-10
Christie Fisher (to 29/02/24)	5-10	0.0	5-10	0	5-10
Jean Ford	10-15	0.0	10-15	0	10-15
William Gallacher (from 01/01/24)	0-5	0.0	0-5	0	0-5
(iv) Ewing Hope	105-110	0.0	105-110	76	185-190
Tom Hopkins (from 18/08/24) (v)	110-115	0.0	110-115	26	135-140
Councillor Lee Lyons	5-10	0.0	5-10	0	5-10
Robert Martin (to 30/04/23)	0-5	0.0	0-5	0	0-5
Marc Mazzucco	10-15	0.0	10-15	0	10-15
Neil McAleese (from 01/05/23)	5-10	0.0	5-10	0	5-10
Councillor Douglas Reid	5-10	0.0	5-10	0	5-10
Linda Semple	10-15	0.0	10-15	0	10-15
Joyce White (from 01/04/23)	5-10	0.0	5-10	0	5-10

(i) The above column for pension benefits is net of employee pension contributions to their pensions whereas the pension benefits below include employee contributions. Where there has been a decrease in the pension benefit due to the high inflation rate, the benefit has been shown as zero.
(ii) Dr Crawford McGuffie is the Medical Director, and £40,000 - £45,000 of his salary is in respect of non-Board duties.

(iii) Adrian Carragher was a stakeholder director for the Area Clinical Forum, and £25,000 - £30,000 of his salary and all pension benefits are in respect of non-Board duties.
(iv) Ewing Hope is the employee director, and £100,000 - £105,000 of his salary and all pension benefits are in respect of non-Board duties.
(v) Tom Hopkins is a stakeholder director for the Area Clinical Forum, and £105,000-£110,000 of his salary and all pension benefits are in respect of non-Board duties.
(vi) There were no bonus payments in 2023/24

Pension Benefits							
Board Members	**Accrued pension at pension age as at 31/03/2024 (Bands of £5,000)**	**Accrued lump sum at pension age as at 31/03/2024 (Bands of £5,000)**	**Real increase in pension at pension age (Bands of £2,500)**	**Real increase in lump sum at pension age (Bands of £2,500)**	**(vii)Restated Cash Equivalent Transfer Value (CETV) at 31/03/2023 £'000**	**(viii) Cash Equivalent Transfer Value (CETV) at 31/03/2024 £'000**	**Real increase in CETV £'000**
Claire Burden, Chief Executive	5-10	0	2.5-5.0	0	49	95	43
Derek Lindsay, Director of Finance	45-50	130-135	0-2.5	(2.5)-(5.0)	1,078	1,172	21
Dr Crawford McGuffie, Medical Director	75-80	205-210	0-(2.5)	(12.5)-(15.0)	1,721	1,810	(27)
Jennifer Wilson, Nurse Director	35-40	34	2.5-5.0	0-2.5	479	556	45
Lynne McNiven, Director of Public Health	55-60	150-155	0-2.5	(2.5)-(5.0)	1,273	1,364	5
Adrian Carragher, Non-executive Director (to 17/08/24)	20-25	60-65	0-2.5	0-(2.5)	470	525	24
Tom Hopkins, Non-executive Director (from 18/08/24)	25-30	65-70	2.5-5.0	0-2.5	437	510	44
Ewing Hope, Non-executive Director	15-20	40-45	2.5-5.0	7.5-10	298	409	91

(vii) The CETV transfer value at 31/03/2023 has been restated using the value without inflation.
(viii) The real discount rate used to evaluate CETV has been as advised by the UK Government Actuaries Department.

The UK Government have consulted on a remedy for the impact of the McCloud judgement in relation to members moved into the 2015 scheme. This will mean that members who joined the pension scheme before April 2012 will be given the choice at retirement whether accrual from April 2015 to March 2022 will be under the 2015 scheme or the legacy scheme. The benefits and related CETVs disclosed are based on accrual in the 2015 scheme and are subject to potential future adjustments that may arise from this remedy.

All executive Board members have permanent UK employment contracts. Non-executive Board members are appointed for a fixed term.

Senior Managers

All contracts of employments are in accordance with the Executive and Senior Managers terms and conditions. Staff are normally appointed on a permanent basis unless there is a genuine occupational reason for the appointment to be temporary or fixed term. All current staff hold substantive contracts.

Executive and Senior Managers are required to provide six month's notice of their intention to resign and likewise the Board is required to serve six month's notice should the Board terminate the contract. Either party can waive the right to notice. The Board may elect to immediately terminate the contract and make a payment in lieu of notice. Senior managers are the members of the Corporate Management Team.

Alistair Reid	Director of Allied Health Professionals
Kirstin Dickson	Director for Transformation and Sustainability
Nicola Graham	Director for Information and Support Services
Roisin Kavanagh	Director of Pharmacy
Sarah Leslie	Director of Human Resources
Vicki Campbell	Head of Primary Care and Urgent Care Services
*Tim Eltringham	Director of South Ayrshire Health and Social Care Partnership
*Craig McArthur	Director of East Ayrshire Health and Social Care Partnership
*Caroline Cameron	Director of North Ayrshire Health and Social Care Partnership

*not employed by NHS Ayrshire & Arran

Fair Pay Disclosures (Audited)

Commentary

	2024	2025	% Change
Range of staff remuneration	23,364-366,239	26,763-388,692	6.00
Highest earning Director's total remuneration (£)	235,000 - 240,000	245,000-250,000	4.00
Median (total pay & benefits)	38,178	39,955	5.00
Median (salary only)	38,164	39,926	5.00
Ratio	6.16	6.20	0.69
25th Percentile (total pay & benefits)	30,386	32,294	6.28
25th Percentile (salary only)	30,358	32,255	6.25
Ratio	7.74	7.67	(0.92)
75th Percentile Pay (total pay & benefits)	48,297	49,846	3.21
75th Percentile Pay (salary only)	48,095	49,623	3.18
Ratio	4.89	4.98	1.10

Boards are required to disclose the relationship between the remuneration of the highest-paid director and the median remuneration of the Board's workforce. The banded total remuneration of the highest-paid director in NHS Ayrshire & Arran in the financial year 2024/25 was the Medical Director at £245,000 - £250,000 (2023/24 was the Medical Director at £235,000 - £240,000), an increase of 4%. In 2024/25 this was 6.20 times the median remuneration (salary only) of the workforce, which was £39,926 while in 2023/24 this was 6.16 times the median remuneration (salary only), which was £38,164.

In 2024/25, the 25th Percentile Pay (salary only) was £32,255 and the 75th Percentile Pay (salary only) was £49,623. The remuneration of the highest paid director was 7.67 times the 25th Percentile Pay, and 4.98 times the 75th Percentile Pay.

There was an increase of 5% year on year in the median remuneration of the workforce. During 2024/25, there were 11 clinical members of staff whose remuneration was higher than the highest earning director. During 2023/24, there were 8 clinical members of staff whose remuneration was higher than the highest paid director.

The average salary (including inward secondees) increased from £43,902 in 2023/24 to £46,476, in 2024/25, an increase of 6%.

Total remuneration for this purpose includes salary, non-consolidated performance related pay, as well as severance payments. It does not include employer pension contributions, the cash equivalent transfer value of pensions or benefits in kind.

The pay analysis above including the median pay ratio reflects the implementation of the Scottish Government pay agreements.

Staff Report (Audited)

a) Higher Paid Employees' Remuneration

Employees whose remuneration fell within the following ranges:

Salary band	2024		2025	
	clinicians	other	clinicians	other
£ 70,001 to £ 80,000	107	19	136	27
£ 80,001 to £ 90,000	55	12	65	6
£ 90,001 to £100,000	37	7	45	7
£100,001 to £110,000	31	5	36	7
£110,001 to £120,000	39	4	26	5
£120,001 to £130,000	41	2	46	1
£130,001 to £140,000	31	-	36	1
£140,001 to £150,000	41	1	33	-
£150,001 to £160,000	30	-	31	1
£160,001 to £170,000	18	-	22	-
£170,001 to £180,000	24	-	29	-
£180,001 to £190,000	16	1	21	-
£190,001 to £200,000	19	-	14	1
£200,001 and above	31	-	67	-

The table above shows the number of staff falling into each salary bank.

Five of these individuals are seconded to other organisations. This includes the highest paid non clinician.

B Staff numbers and Costs (Audited)

Staff Costs

Staff Costs	Executive Board Members £000	Non-Executive Members £000	Permanent Staff £000	Inward Secondee £000	Other Staff £000	Outward Secondee £000	2025 Total £000	2024 Total £000
Salaries and wages	714	221	486,853	-	-	(1,994)	485,794	455,189
Social security costs	97	14	55,233	-	-	-	55,344	51,150
NHS scheme employers' costs	156	-	95,109	-	-	-	95,265	82,456
Other employers' pension costs			-					
Inward secondees	-	-	-	33,101	-	-	33,101	29,399
Agency and other directly engaged st	-	-	-	-	16,296	-	16,296	16,937
	967	**235**	**637,195**	**33,101**	**16,296**	**(1,994)**	**685,800**	**635,131**
Compensation for loss of office/early retirement	-	-	-	-	-	-	-	-
Total	**967**	**235**	**637,195**	**33,101**	**16,296**	**(1,994)**	**685,800**	**635,131**
Included in the total staff costs above were costs of staff engaged directly on capital projects, charged to capital expenditure of:							86	141

Staff Numbers

Staff Numbers	Executive Board Members	Non-Executive Members	Permanent Staff	Inward Secondee	Other Staff	Outward Secondee	2025 Total	2024 Total
Whole time equivalent (WTE)	5	4	10,442	331	165	(15)	10,932	11,036
Included in the total staff numbers above were:								
staff engaged directly on capital projects, charged to capital expenditure of:							1	2
disabled staff of:							99	112

C Staff Composition (Not audited)

Staff composition - an analysis of the number of persons of each sex who were directors and employees

	2025				2024			
	Male	Female	Prefer not to say	Total	Male	Female	Prefer not to say	Total
Executive Directors	2	3		5	2	3	0	5
Non-Executive Directors and Employee Director	8	6		14	7	6	0	13
Senior Employees	105	403		508	108	397	0	505
Other	1,793	9,419		11,212	1,738	9,340	0	11,078
Total Headcount	1,908	9,831	0	11,739	1,855	9,746	0	11,601

D Sickness Absence (Not audited)

	2025	2024
Sickness absence rate	5.6%	5.7%

E Staff policies applied during the financial year relating to the employment of disabled persons (Not audited)

In accordance with the Staff Governance Standards, NHS Ayrshire & Arran is committed to ensuring that all staff are treated fairly and equally regardless of their protected characteristic. Therefore, all staff, including those staff with a disability, have the same opportunities in every aspect of their employment journey beginning at the recruitment stage.

In accordance with current policy:

- All disabled applicants who meet the minimum criteria for a job vacancy will be invited to attend for interview and their suitability for the post will be based on their skills, knowledge and experience. This includes existing staff who apply for a promoted post.

- Reasonable adjustments will be made both in terms of duties and/or equipment required to retain an employee in work should they become disabled during their employment.

- Individual training needs are primarily identified and agreed at the annual PDP meeting. The subsequent development plan is created to meet the needs of the employee thus providing all staff with the same opportunity for development.

NHS Ayrshire & Arran also participates in a number of employability initiatives to support people with a disability to gain work experience and sustainable employment eg the Management Trainee Scheme for disabled graduates, which is a 2-year employment opportunity for disabled graduates providing them with a challenging and rewarding experience of employment; Project Search which is a partnership programme with NHS Ayrshire & Arran, East Ayrshire Council and Ayrshire College that provides real work experience combined with training in employability for young people with a learning disability and/or autism spectrum condition.

F Exit packages (Audited)

EXIT PACKAGES

	2024		2025	
Exit package cost band	**Total number of exit packages by cost band**	**Cost of exit packages (£000)**	**Total number of exit packages by cost band**	**Cost of exit packages (£000)**
<£10,000	0	0	0	0
£10,001 - £25,000	0	0	1	10
£25,001 - £50,000	0	0	1	27
£50,001 - £100,000	0	0	0	0
£100,001- £150,000	0	0	0	0
£150,001- £200,000	0	0	0	0
£200,001- £250,000	0	0	0	0
>£250,000	0	0	0	0
Total	**0**	**0**	**2**	**37**

There were no compulsory redundancies in 2023/24 or 2024/25.

G Trade Union Regulations (Not audited)

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. 2024/25 information is below.

Table 1 Relevant Union Officials

Number of Employees who were relevant union officials during the relevant period (inclusive of full-time equivalent)	Full-time equivalent employee number
6	**4.5**

Table 2 Percentage of time spent on facility time

Percentage of Time spent on facility time	Number of Employees
0%	0
1 - 50%	3
51-49%	3
100%	1

Table 3 Percentage of pay bill spent on facility time

First Column	Figures
Total cost of Facility time	£341,000
Provide the total pay bill	£687,708,000
Provide the percentage of the total paybill spent on facility time	0.05%

Table 4 Percentage Time spent on paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	100%

4. Parliamentary Accountability Report

Losses and Special Payments

On occasion, the Board is required to write off balances that are no longer recoverable. Individual losses and special payments over £300,000 require formal approval to regularise such transactions and their notation in the annual accounts. There was one individual losses or special payments over £300,000 totalling £0.3 million in 2024/25 settled under the CNORIS scheme. The Board is also required to provide for CNORIS claims notified to it and which will be settled at a future date, details of these provisions can be found in Note 13. In 2023/24 there were two individual payments or special losses over £300,000 totalling £4.822 million.

Fees and Charges

As required in the fees and charges guidance in the Scottish Public Finance Manual, NHS Ayrshire & Arran charges for services provided on a full cost basis whenever applicable. NHS Ayrshire & Arran host, on behalf of NHS Scotland, the financial ledger and helpdesk. The staffing, software and managed technical service costs are met by the Board then recharged to the other twenty-one Boards. Income from Boards of £3.1 million (2023/24 £3.3 million) offset the costs for the year of £3.1 million (2023/24 £3.3 million).

Signed Claire Burden …… Date 30 June 2025

Chief Executive

Independent Auditor's Report to Members of Ayrshire & Arran NHS Board, the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Ayrshire and Arran NHS Board and its group for the year ended 31 March 2025 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Consolidated Statement of Comprehensive Net Expenditure, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Taxpayers' Equity and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Government Financial Reporting Manual (the 2024/25 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the board and its group as at 31 March 2025 and of the net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 FReM; and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 3 April 2023. My period of appointment is five years, covering 2022/23 to 2026/27 I am independent of the board and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the

board and its group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the board and its group. However, I report on the board's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

Risks of material misstatement

I report in my separate Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Chief Executive's Responsibilities as the Accountable Officer, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the ability of the board and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the board's operations.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the health sector to identify that the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers are significant in the context of the board;
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the board;
- inquiring of the Accountable Officer concerning the board's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and

- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the board's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on the audited parts of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Other information

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material

inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on the Performance Report and Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, My conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Fiona Mitchell-Knight, FCA
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

30 June 2025

Consolidated Statement of Comprehensive Net Expenditure

NHS Ayrshire and Arran
Statement of Consolidated Comprehensive Net Expenditure
for the year ended 31st March 2025

2024 £000		Note	2025 £000
636,893	Employee expenditure	3a	687,708
146,152	Independent Primary Care Services	3b	158,222
183,226	Drugs and medical supplies	3b	188,361
825,536	Other health care expenditure	3b	892,386
1,791,807			**1,926,677**
(614,303)	Less: operating income	4	(663,797)
12,637	Associates and joint ventures accounted for on an equity basis		6,516
1,190,141	**Net expenditure for the year**		**1,269,396**
	Other Comprehensive Net Expenditure		
(23,501)	Net (gain) / loss on revaluation of property, plant and equipment		(8,189)
(116)	Net (gain) / loss on revaluation of available for sale financial assets		(106)
(23,617)	**Other Comprehensive Expenditure**		**(8,295)**
1,166,524	**Comprehensive Net Expenditure**		**1,261,101**

Consolidated Statement of Financial Position

NHS Ayrshire and Arran
Consolidated Statement of Financial Position
for the year ended 31st March 2025

Consolidated 2024 £000	Board 2024 £000		Note	Consolidated 2025 £000	Board 2025 £000
490,647	490,647	Property, plant and equipment	7a	485,969	485,969
9,582	9,582	Right of Use assets	17a	9,618	9,618
		Financial assets:			
8,736	434	Investments	10	8,631	600
16,195	-	Investments in associates and joint ventures	26	9,679	-
20,250	20,250	Trade and other receivables	9	27,252	27,252
545,410	**520,913**	**Total non-current assets**		**541,149**	**523,439**
6,920	6,920	Inventories	8	6,158	6,158
		Financial assets:			
41,845	41,845	Trade and other receivables	9	31,289	31,281
364	134	Cash and cash equivalents	11	342	135
175	175	Assets classified as held for sale	7	-	-
49,304	**49,074**	**Total current assets**		**37,789**	**37,574**
594,714	**569,987**	**Total assets**		**578,938**	**561,013**
(16,917)	(16,917)	Provisions due within one year	13a	(17,426)	(17,426)
-	-	Financial liabilities:		-	-
(94,759)	(94,573)	Trade and other payables	12	(94,423)	(94,409)
(111,676)	**(111,490)**	**Total current liabilities**		**(111,849)**	**(111,835)**
483,038	**458,497**	**Non-current assets less net current liabilities**		**467,089**	**449,178**
(73,148)	(73,148)	Provisions due outwith one year	13a	(71,811)	(71,811)
		Financial liabilities:			
(62,524)	(62,524)	Trade and other payables	12	(54,775)	(54,775)
(135,672)	**(135,672)**	**Total non-current liabilities**		**(126,586)**	**(126,586)**
347,366	**322,825**	**Assets less liabilities**		**340,503**	**322,592**
		Taxpayers' Equity			
159,866	159,866	General fund	SoCTE	157,513	157,513
162,959	162,959	Revaluation reserve	SoCTE	165,079	165,079
16,194	-	Other reserves - associates and joint ventures	SoCTE	9,678	-
8,347	-	Fund held on Trust	SoCTE	8,233	-
347,366	**322,825**	**Total taxpayers' equity**		**340,503**	**322,592**

The Notes to the Accounts, numbered 1 to 26 , form an integral part of these Accounts.

The Accounting Officer authorised these financial statements for issue on 30th June 2025

Adopted by the Board on 30 June 2025

Director of Finance Derek Lindsay

Chief Executive Claire Burden

Consolidated Statement of Cash Flows

NHS Ayrshire and Arran
Statement of Consolidated Cash Flows
for the year ended 31st March 2025

2024 £000		Note	2025 £000	2025 £000
	Cash flows from operating activities			
(1,190,141)	Net operating cost	SoCTE	(1,269,396)	
34,223	Adjustments for non-cash transactions	2b	31,703	
5,156	Add back: interest payable recognised in net operating cost	2b	4,305	
(377)	Investment income		(233)	
(20,378)	Movements in working capital	2b	3,046	
(1,171,517)	**Net cash outflow from operating activities**	**26c**		**(1,230,575)**
	Cash flows from investing activities			
(19,956)	Purchase of property, plant and equipment		(10,790)	
(12,241)	Investment Additions	10	(12,791)	
0	Transfer of assets to / (from) other NHS Scotland bodies		0	
261	Proceeds of disposal of property, plant and equipment		175	
11,779	Receipts from sale of investments		12,732	
377	Interest received		233	
(19,780)	**Net cash outflow from investing activities**	**26c**		**(10,441)**
	Cash flows from financing activities			
1,198,166	Funding	SoCTE	1,248,924	
(245)	Movement in general fund working capital		1	
1,197,921	Cash drawn down	SoCTE	1,248,925	
(1,483)	Capital element of payments in respect of finance leases and On-balance sheet PFI contracts	2b	(3,626)	
0	Interest paid		0	
(5,156)	Interest element of finance leases and On-balance sheet PFI/PPP contracts	2b	(4,305)	
1,191,282	**Net Financing**	**26c**		**1,240,994**
(15)	Net decrease in cash and cash equivalents in the period	11		(22)
379	Cash and cash equivalents at the beginning of the period			364
364	**Cash and cash equivalents at the end of the period**			**342**
	Reconciliation of net cash flow to movement in net debt/cash:			
(15)	Increase (decrease) in cash in year			(22)
379	Net cash at 1 April			364
364	**Net cash at 31 March**			**342**

The Notes to the Accounts, numbered 1 to 26 , form an integral part of these Accounts.

Consolidated Statement of Changes in Taxpayers' Equity

NHS Ayrshire and Arran
Consolidated Summary of Changes in Taxpayers' Equity
for the year ended 31st March 2025

	Note	General Fund	Revaluation Reserve	Associates & Joint Ventures	Funds Held on Trust	Total Reserves
		£000	£000	£000	£000	£000
Balance at 31 March 2024		159,866	162,959	16,194	8,347	347,366
Prior year adjustments for changes in accounting policy and material errors	21	-	-	-	-	-
Balance at 1 April 2024		**159,866**	**162,959**	**16,194**	**8,347**	**347,366**
Changes in taxpayers' equity for 2024-25 :						
Net gain on revaluation of property, plant and equipment	7a	-	8,189	-	-	8,189
Net loss on revaluation of investments	10	-	-	-	(106)	(106)
Net gain on revaluation of Right of Use Assets	17a	-	73	-	-	73
Impairment of property, plant and equipment		-	(3,867)	-	-	(3,867)
Revaluation and impairments taken to operating costs		-	3,867	-	-	3,867
Release of reserves to the statement of comprehensive net expenditure		(6)	-	-	-	(6)
Transfers between reserves		6,142	(6,142)	-	-	-
Other non cash costs -IFRS 16 Opening Balance	2b	5,459	-	-	-	5,459
Net operating cost for the year	CFS	(1,262,872)	-	(6,516)	(8)	(1,269,396)
Total recognised income and expense for 2024-25		**(1,251,277)**	**2,120**	**(6,516)**	**(114)**	**(1,255,787)**
Funding:						
Drawn down	SCCF	1,248,925	-	-	-	1,248,925
Movement in General Fund (creditor) / debtor	CFS	(1)	-	-	-	(1)
Balance at 31 March 2025	**SoFP**	**157,513**	**165,079**	**9,678**	**8,233**	**340,503**

The Board made an adjustment after an independent review of the IFRS 16 calculations pertaining to the Board's two NPD/PFI agreements which are disclosed at Note 18b. This related to the opening position brought forward from 2023/24 however the adjustments were made in 2024/25 and the 2023/24 position has not been restated. It was assessed that a restatement was not required under the requirements of IAS 8, as the prior period adjustment was not material. The impact in the 2024/25 statements has been a reduction in our long term liabilities of £5.459m within the Statement of Financial Position and an increase in our General Fund of £5.459m.

Changes in taxpayers' equity for 2023-24 :

Prior Year	Note	General Fund	Revaluation Reserve	Associates & Joint Ventures	Funds Held on Trust	Total Reserves
		£000	£000	£000	£000	£000
Balance at 31 March 2023		144,373	142,674	28,831	8,011	323,889
Prior year adjustments for changes in accounting policy and material errors	21	-	-	-	-	-
Balance at 1 April 2023		**144,373**	**142,674**	**28,831**	**8,011**	**323,889**
Changes in taxpayers' equity for 2020-21						
Net gain on revaluation of property, plant and equipment	7a	-	23,501	-	-	23,501
Net gain / (loss) on revaluation of investments	10	-	-	-	116	116
Net gain / (loss) on revaluation of Right-of-Use assets		-	1,270	-	-	1,270
Impairment of property, plant and equipment	17a	-	(2,716)	-	-	(2,716)
Impairment of intangible assets		-	-	-	-	-
Revaluation and impairments taken to operating costs		-	2,716	-	-	2,716
Release of reserves to the statement of comprehensive net expenditure		-	-	-	-	-
Transfers between reserves		4,486	(4,486)	-	-	-
Pension reserve movements		-	-	-	-	-
Other non cash costs [please specify]	2b	(9,435)	-	-	-	(9,435)
Net operating cost for the year	CFS	(1,177,724)	-	(12,637)	220	(1,190,141)
Total recognised income and expense for 2023-24		**(1,182,673)**	**20,285**	**(12,637)**	**336**	**(1,174,689)**
Funding:						
Drawn down	SCCF	1,197,921	-	-	-	1,197,921
Movement in General Fund (creditor) / debtor	CFS	245	-	-	-	245
Balance at 31 March 2024	**SoFP**	**159,866**	**162,959**	**16,194**	**8,347**	**347,366**

Notes to the Accounts

Note 1 – Accounting Policies

1. Authority

In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 appended, these Accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury, which follows International Financial Reporting Standards (IFRS) as adopted by the United Kingdom, Interpretations issued by the IFRS Interpretations Committee (IFRIC) and the Companies Act 2006, to the extent that they are meaningful and appropriate to the public sector. They have been applied consistently in dealing with items considered material in relation to the accounts.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in section 30 below.

(a) Standards, amendments and interpretations effective in current year

There are no new standard, amendments or interpretations effective in the year 2024/25.

(b) Standards, amendments and interpretations effective in current year

There are no new standards, amendments or interpretations early adopted in 2024/25 financial year.

Standards, amendments and interpretations issued but not adopted this year

The table below summarises recent standards, amendments and interpretations with a prior effective date but not adopted in the 2024/25 financial year.

Standard	Current Status
IFRS 14 Regulatory Deferral Accounts	Effective for accounting periods starting on or after 1 January 2016. Not applicable to NHS Scotland bodies.
IFRS 17 Insurance Contracts	Effective for accounting periods beginning on or after 1 January 2023. However, this Standard is not yet adopted in FReM. Expected adoption by the FReM from April 2025.
IFRS 18 Presentation and disclosure in financial statements	Effective for periods starting on or after 1 January 2027, this standard has not yet been endorsed by the UKEB or adopted by HM Treasury

IFRS 19 Subsidiaries without public accountability: disclosures	Effective for periods starting on or after 1 January 2027, this standard has not yet been endorsed by the UKEB or adopted by HM Treasury.

2. Basis of Consolidation

In accordance with IFRS 10 – Consolidated Financial Statements, the Financial Statements consolidate the Ayrshire and Arran Health Board Endowment Fund.

NHS Endowment Funds were established by the NHS (Scotland) Act 1978. The legal framework under which charities operate in Scotland is the Charities and Trustee Investment (Scotland) Act 2005. Under the 1978 Act Endowment Trustees are also members of the NHS Board. The Board members (who are also Trustees) are appointed by Scottish Ministers.

Ayrshire and Arran Health Board Endowment Fund is a Registered Charity with the Office of the Charity Regulator of Scotland (OSCR) and is required to prepare and submit Audited Financial Statements to OSCR on an annual basis.

The basis of consolidation used is Merger Accounting. Any intra-group transactions between the Board and the Endowment Fund have been eliminated on consolidation.

The integration of health and social care services under the terms of the Public Bodies (Joint Working) Scotland Act 2014 and associated secondary legislation impacts on Health Board disclosure requirements in the annual accounts.

In line with statutory guidance issued by the Integrated Resources Advisory Group (IRAG) IJBs are deemed to be joint venture. In accordance with IFRS 11 Joint Arrangements, the primary financial statements have been amended for the additional disclosure required to accurately reflect the Board's interest in Integration Joint Boards using the equity method of accounting.

During 2021/22, NHS Ayrshire & Arran purchased Cumnock SPV Holdings Limited and Cumnock SPV Limited, which are not consolidated as they are not material. Further information is contained in Note 24 to the Annual Accounts.

Note 26 to the Annual Accounts provides further details on the consolidation of the Endowment Fund and IJBs within the Financial Statements.

3. Retrospective Restatements

There have been no retrospective restatements made in the financial statements for this year.

4. Going Concern

The accounts are prepared on the going concern basis, which provides that the NHS Board will continue in operational existence for the foreseeable future, unless

informed by Scottish Ministers of the intention for dissolution without transfer of services or functions to another entity.

5. Accounting Convention

The Accounts are prepared on an historical cost basis, as modified by the revaluation of property, plant and equipment, intangible assets, inventories, and financial assets and liabilities (including derivative instruments) at fair value are determined by the relevant accounting standards and the FReM.

6. Funding

Most of the expenditure of the Health Board as Commissioner is met from funds advanced by the Scottish Government within an approved revenue resource limit (RRL). Cash drawn down to fund expenditure within this approved RRL is credited to the general fund.

All other income receivable by the board that is not classed as funding is recognised in the year in which it is receivable.

Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met and is measured as the sums due under the sale contract.

Non-discretionary funding outwith the RRL is allocated to match actual expenditure incurred for the provision of specific Family Health Services (compromised of General Pharmaceutical, General Medical, General Dental and General Ophthalmic services) as designated by the Scottish Government. Non-discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the RRL in the Statement of Resource Outturn.

Funding for the acquisition of capital assets received from the Scottish Government is credited to the general fund when cash is drawn down.

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in the Statement of Comprehensive Net Expenditure except where it results in the creation of a non-current asset such as property, plant and equipment.

7. Property, plant and equipment

The treatment of capital assets in the accounts (capitalisation, valuation, depreciation, particulars concerning donated assets) is in accordance with the NHS Capital Accounting Manual.

Title to properties included in the accounts is held by Scottish Ministers.

7.1 Recognition

Property, Plant and Equipment is capitalised where: it is held for use in delivering services or for administrative purposes; it is probable that future economic benefits will flow to, or service potential be provided to, the Board; it is expected to be used for more than one financial year; and the cost of the item can be measured reliably.

All assets falling into the following categories are capitalised:

1) Property, plant and equipment assets which are capable of being used for a period which could exceed one year and have a cost equal to or greater than £5,000.

2) In cases where a new hospital would face an exceptional write off of items of equipment costing individually less than £5,000, the Board has the option to capitalise initial revenue equipment costs with a standard life of 10 years.

3) Assets of lesser value may be capitalised where they form part of a group of similar assets purchased at approximately the same time and cost over £20,000 in total (including VAT where this is not recoverable), or where they are part of the initial costs of equipping a new development and total over £20,000 (including VAT where this is not recoverable).

7.2 Measurement

Valuation:

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

Thereafter, valuations of all land and building assets are reassessed by valuers annually. The valuations are carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual (Red Book) insofar as these terms are consistent with the agreed requirements of the Scottish Government.

In general, operational assets which are in use delivering from line services or back-office functions are valued at current market value in existing use. However, to meet the underlying objectives established by the Scottish Government the following accepted variations of the RICS Appraisal and Valuation Manual are adopted:

- Specialised operational assets are valued on a modified replacement cost basis to take account of modern substitute building materials and locality factors only.
- Non specialised equipment, installations and fittings are valued at fair value using the most appropriate valuation methodology available. A depreciated historical cost basis is considered an appropriate proxy for fair value in respect of such assets which have short useful lives or low values (or both).

All assets that are not held for their service potential (i.e. investment properties and assets held for sale), including operational assets which are surplus to requirements where there are no restrictions on disposal which would prevent access to the market, are measured subsequently at fair value as follows:

- Specialised NHS Land, buildings, equipment, installations and fittings are stated at depreciated replacement cost, as a proxy for fair value as agreed by the District Valuer.
- Non-specialised land and buildings, such as offices, are stated at fair value.

Surplus assets with restrictions on their disposal, are valued at current value in existing use. Assets have been assessed as surplus where there is no clear plan to bring the asset back into future use as an operational asset. They should only be treated as surplus when they become available for disposal.

Assets under construction are valued at current cost. This is calculated by the expenditure incurred to which an appropriate index is applied to arrive at current value. These are also subject to impairment review.

Subsequent expenditure:
Subsequent expenditure is capitalised into an asset's carrying value when it is probable the future economic benefits associated with the item will flow to the Board and the cost can be measured reliably. Where subsequent expenditure does not meet these criteria, the expenditure is charged to the Statement of Comprehensive Net Expenditure. If part of an asset is replaced, then the part it replaces is de-recognised, regardless of whether or not it has been depreciated separately.

Revaluations and Impairment:
Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in the Statement of Comprehensive Net Expenditure, in which case they are recognised as income. Movements on revaluation are considered for individual assets rather than groups or land/buildings together. Gains and losses on revaluation are reported in the Statement of Comprehensive Net Expenditure.

Permanent decreases in asset values and impairments arising from a reduction in service potential or consumption of economic benefit are charged gross to the Statement of Comprehensive Net Expenditure. Any related balance on the revaluation reserve is transferred to the General Fund.

Temporary decreases in asset values or impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned and thereafter are charged to the Statement of Comprehensive Net Expenditure.

7.3 Depreciation

Items of Property, Plant and Equipment are depreciated to their estimated residual value over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Depreciation is charged on each main class of tangible asset as follows:

1) Freehold land is considered to have an infinite life and is not depreciated.
2) Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the Board, respectively.
3) Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification.
4) Buildings, installations and fittings are depreciated on current value over the estimated remaining life of the asset, as advised by the appointed valuer. They are assessed in the context of the maximum useful lives for building elements.
5) Equipment is depreciated over the estimated life of the asset.
6) Leased Property, plant and equipment held under leases are depreciated over the shorter of the lease term and the estimated useful life. Unless there is reasonable certainty the Board will obtain ownership of the asset by the end of the lease term in which case it is depreciated over its useful life.

Depreciation is charged on a straight-line basis.

The following asset lives have been used:

Asset Category/Component	Useful Life (years)
Buildings Structure (Depreciated Replacement Cost)	3 to 72
Buildings Engineering (Depreciated Replacement Cost)	1 to 33
Buildings (Existing Use Value)	2 to 40
Moveable Engineering Plant	15
Furniture and Medium Life Equipment	10
Short/Medium Life Medical Equipment	7
Information Technology	5
Vehicles and Soft Furnishings	5
Office, Short Life Medical and Other Equipment	5

8. Intangible Assets

8.1 Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Board's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Board and where the cost of the asset can be measured reliably.

Intangible assets that meet the recognition criteria are capitalised when they are capable of being used in a Board's activities for more than one year and they have a cost of at least £5,000.

The main classes of intangible assets recognised are:

Internally generated intangible assets:
Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- the Board intends to complete the asset and sell or use it;
- the Board has the ability to sell or use the asset;
- how the intangible asset will generate probable future economic or service delivery benefits e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the Board to complete the development and sell or use the asset; and
- the Board can measure reliably the expenses attributable to the asset during development.

Expenditure so deferred is limited to the value of future benefits.

Software:
Software which is integral to the operation of hardware e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware e.g. application software, is capitalised as an intangible asset.

Software licences:
Purchased computer software licenses are capitalised as intangible assets where expenditure of at least £5,000 is incurred.

Websites
Websites are capitalised only when it is probable that future economic benefits will flow to, or service potential be provide to, the Board; where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

8.2 Measurement

Valuation

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets that are not held for their service potential (i.e. assets held for sale), including operational assets which are surplus to requirements where there are no restrictions on disposal which would prevent access to the market, are measured at fair value. Where an active (homogeneous) market exists, intangible assets are carried at fair value. Where no active market exists, the intangible asset is revalued, using indices or some suitable model, to the lower of depreciated replacement cost and value in use where the asset is income generating. Where there is no value in use, the intangible asset is valued using depreciated replacement cost.

Revaluation and impairment

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in the Statement of Comprehensive Net Expenditure, in which case they are recognised in income.

Permanent decreases in asset values and impairments are charged gross to the Statement of Comprehensive Net Expenditure. Any related balance on the revaluation reserve is transferred to the General Fund.

Temporary decreases in asset values or impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to the Statement of Comprehensive Net Expenditure.

Intangible assets held for sale are reclassified to 'non-current assets held for sale' measured at the lower of their carrying amount or 'fair value less costs to sell'.

Operational assets which are in use delivering front line services or back office functions, and surplus assets with restrictions on their disposal, are valued at current value in existing use. Assets have been assessed as surplus where there is no clear plan to bring the asset back into future use as an operational asset.

8.3 Amortisation

Intangible assets are amortised to their estimated residual value over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Amortisation is charged to the Statement of Comprehensive Net Expenditure on each main class of intangible asset as follows:

1) Internally generated intangible assets. Amortised on a systematic basis over the period expected to benefit from the project.

2) Software. Amortised over their expected useful life

3) Software licenses. Amortised over the shorter term of the license and their useful economic lives.

4) Other intangible assets. Amortised over their expected useful life.

5) Intangible assets which has been reclassified as 'Held for Sale' ceases to be amortised upon the reclassification.

Amortisation is charged on a straight line basis.

The following asset life has been used:

Asset Category	**Useful Life**
Software Licenses	5 to 8 Years
Information Technology Software	5 to 8 Years

9. Non-current assets held for sale

Non-current assets intended for disposal are reclassified as 'Held for Sale' once all of the following criteria are met:

1) the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;

2) the sale must be highly probable ie:

- management are committed to a plan to sell the asset;
- an active programme has begun to find a buyer and complete the sale;
- the asset is being actively marketed at a reasonable price;
- the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale'; and
- the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'Held for Sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

10. Donated Assets

Non-current assets that are donated or purchased using donated funds are included in the Statement of Financial Position initially at the current full replacement cost of the asset. Donated assets are revalued, depreciated/amortised and subject to impairment in the same way as other non-current assets in accordance with the NHS Capital Accounting Manual.

11. Sale of Property, plant and equipment, intangible assets and non-current assets held for sale

Disposal of non-current assets is accounted for as a reduction to the value of assets equal to the net book value of the assets disposed. When set against any sales proceeds, the resulting gain or loss on disposal will be recorded in the Statement of Comprehensive Net Expenditure. Non-current assets held for sale will include assets transferred from other categories and will reflect any resultant changes in valuation.

12. Leases

Scope and classification

Leases are contracts, or parts of a contract that convey the right to use an asset in exchange for consideration. The FReM expands the scope of IFRS 16 to include arrangements with nil consideration. The standard is also applied to accommodation sharing arrangements with other government departments.

Contracts or parts of contract that are leases in substance are determined by evaluating whether they convey the right to control the use of an identified asset, as represented by rights both to obtain substantially all the economic benefits from that asset and to direct its use.

The following are excluded:

- Contracts for low-value items, defined as items costing less than £5,000 when new, provided they are not highly dependent on or integrated with other items; and
- contracts with a term shorter than twelve months (comprising the non-cancellable period plus any extension options that are reasonably certain to be exercised and any termination options that are reasonably certain not to be exercised).

Initial recognition

At the commencement of a lease (or the IFRS 16 transition date, if later), a right-of-use asset and a lease liability are recognised. The lease liability is measured at the present value of the payments for the remaining lease term (as defined above), net

of irrecoverable value added tax, discounted either by the rate implicit in the lease, or, where this cannot be determined, the rate advised by HM Treasury for that calendar year. The liability includes payments that are fixed or in-substance fixed, excluding, for example, changes arising from future rent reviews or changes in an index. The right-of-use asset is measured at the value of the liability, adjusted for any payments made or amounts accrued before the commencement date; lease incentives received; incremental costs of obtaining the lease; and any disposal costs at the end of the lease. However, for peppercorn or nil consideration leases, the asset is measured at its existing use value.

Subsequent measurement

The asset is subsequently measured using the fair value model. The cost model is considered to be a reasonable proxy except for leases of land and property without regular rent reviews. For these leases, the asset is carried at a revalued amount. In these financial statements, right-of use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration have been valued using market prices or rentals for equivalent land and properties. The liability is adjusted for the accrual of interest, repayments, and reassessments and modifications. These are measured by re-discounting the revised cash flows.

Lease expenditure

Expenditure includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rental payments for leases of low-value items or shorter than twelve months are expensed.

Estimates and judgements

The Board determines the amounts to be recognised as the right-of-use asset and lease liability for embedded leases based on the stand-alone price of the lease and non-lease component or components. This determination reflects prices for leases of the underlying asset, where these are observable; otherwise, it maximises the use of other observable data, including the fair values of similar assets, or prices of contracts for similar non-lease components. In some circumstances, where stand-alone prices are not readily observable, the entire contracts are treated as a lease as a practical expedient. The FReM requires right-of-use assets held under "peppercorn" leases to be measured at existing use value.

13. **Impairment of non-financial assets**

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an asset is not held for the purpose of generating cash flows, value in

use is assumed to equal the cost of replacing the service potential provided by the asset, unless there has been a reduction in service potential. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffer an impairment are reviewed for possible reversal of the impairment. Impairment losses charged to the Statement of Comprehensive Net Expenditure (SOCNE) are deducted from future operating costs to the extent that they are identified as being reversed in subsequent revaluations.

14. General Fund Receivables and Payables

Where the Health Board has a positive net cash book balance at the year end, a corresponding creditor is created and the general fund debited with the same amount to indicate that this cash is repayable to the SGHSCD. Where the Health Board has a net overdrawn cash position at the year end, a corresponding debtor is created and the general fund credited with the same amount to indicate that additional cash is to be drawn down from the SGHSCD.

15. Inventories

Inventories are valued at the lower of cost and net realisable value. Taking into account the high turnover of NHS inventories, the use of average purchase price is deemed to represent current cost. Work in progress is valued at the cost of the direct materials plus the conversion costs and other costs incurred to bring the goods up to their present location, condition and degree of completion.

16. Losses and Special Payments

Operating expenditure includes certain losses which would have been made good through insurance cover had the NHS not been bearing its own risks. Had the NHS provided insurance cover, the insurance premiums would have been included as normal revenue expenditure.

17. **Employee Benefits**

Short Term Employe

Salaries, wages and employment-related payments are recognised in the year in which the service is received from employees. The cost of annual leave and flexible working time entitlement earned but not taken by employees at the end of the year is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following year.

Pension Costs

The Board participates in the NHS Superannuation Scheme (Scotland). This scheme is an unfunded statutory pension scheme with benefit underwritten by the UK Government. The scheme is financed by payments from employers and those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay as specified in the regulations. The Board is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme, as

required by IAS 19 'Employee Benefits'. As a result, the amount charged to the Statement of Comprehensive Net Expenditure represents the Board's employer contributions payable to the scheme in respect of the year. The contributions deducted from employees are reflected in the gross salaries charged and are similarly remitted to Exchequer. The pension cost is assessed every four years by the Government Actuary and determines the rate of contributions required. The most recent actuarial valuation is published by the Scottish Public Pensions Agency and is available on their website.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the Statement of Comprehensive Net Expenditure at the time the Board commits itself to the retirement, regardless of the method of payment.

18. Clinical and Medical Negligence Costs

Employing health bodies in Scotland are responsible for meeting medical negligence costs up to a threshold per claim. Costs above this threshold are reimbursed to Boards from a central fund held as part of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) by the Scottish Government.

NHS Ayrshire & Arran provide for all claims notified to the NHS Central Legal Office according to the value of the claim and the probability of settlement. Claims assessed as 'Category 3' are deemed most likely and provided for in full, those in 'Category 2' as 50% of the claim and those in 'Category 1' as nil. The balance of the value of claims not provided for is disclosed as a contingent liability. This procedure is intended to estimate the amount considered to be the liability in respect of any claims outstanding and which will be recoverable from the Clinical Negligence and Other Risks Indemnity Scheme in the event of payment by an individual health body. The corresponding recovery in respect of amounts provided for is recorded as a debtor and that in respect of amounts disclosed as contingent liabilities are disclosed as contingent assets.

NHS Ayrshire & Arran also provides for its liability from participating in the scheme. The participation in CNORIS provision recognises the Board's respective share of the total liability of NHS Scotland as advised by the Scottish Government and based on information prepared by NHS Boards and the Central Legal Office. The movement in the provisions between financial years is matched by a corresponding adjustment in Annually Managed Expenditure provision and is classed as non-core expenditure.

19. Related Party Transactions

Material related party transactions are disclosed in note 24 in line with the requirements of IAS 24. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 3.

20. Value Added Tax

Most of the activities of the Board are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of noncurrent assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

21. PFI /HUB/NPD Schemes

Transactions financed as revenue transactions through the Private Finance Initiative or alternative initiatives such as HUB or the Non-Profit Distributing Model (NPD) are accounted for in accordance with the HM Treasury application of IFRIC 12, Service Concession Arrangements, outlined in the FReM.

Schemes which do not fall within the application of IFRIC 12 are deemed to be off-balance sheet. Where the Board has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by charge to the Statement of Comprehensive Net Expenditure. Where, at the end of the PFI contract, a property reverts to the Board, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up on the balance sheet over the life of the contract by capitalising part of the unitary charge each year.

Transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-balance sheet' by the Board. The underlying assets are recognised as Property, Plant and Equipment and Intangible Assets at their fair value. An equivalent liability is recognised in accordance with IAS 16. Where it is not possible to separate the finance element from the service element of unitary payment streams this has been estimated from information provided by the operator and the fair values of the underlying assets. Assets are subsequently revalued in accordance with the treatment specified for their applicable asset categories.

The total unitary payment is then divided into three: the service charge element, repayment of the capital element of the contract obligation and the interest expense on it (using the interest rate implicit in the contract).

The service charge and the finance cost interest element are charged in the Statement of Comprehensive Net Expenditure.

An IFRS 16 approach requires the liability to be remeasured if there is a change in future lease payments resulting from a change in an index/rate used to determine those payments. The liability does not include estimated future indexation linked increases. There are two elements required:

Initial Remeasurement

The future PPP liability were remeasured at 1 April 2023 to include the indexation linked changes to payments for the capital/infrastructure element which have taken

effect in the cash flows since the PPP arrangements commenced. FReM mandated a cumulative catch-up approach, where the cumulative effect is recognised as an adjustment to the opening balance of General Fund. Comparative information is not restated.

Subsequent Remeasurement

The timing of any subsequent remeasurement of the PPP liability for indexation linked changes will be whenever there is a change in the cash flows i.e., when the adjustment to lease payments takes effect.

22. Provisions

The Board provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated cash flows are discounted using the discount rate prescribed by HM Treasury.

23. Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the Board's control) are not recognised as assets, but are disclosed in note 14 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 14, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or

- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

24. Corresponding Amounts

Corresponding amounts are shown for the primary statements and notes to the financial statements. Where the corresponding amounts are not directly comparable with the amount to be shown in respect of the current financial year, IAS 1 'Presentation of Financial Statements', requires that they should be adjusted and the basis for adjustment disclosed in a note to the financial statements.

25. Financial Instruments

Financial Assets

Business model

The Board's business model refers to how it manages its financial assets in order to generate cash flows and is determined at a level which reflects how groups of

financial assets are managed to achieve a business objective, rather than assessment of individual instruments.

Classification

When the Board first recognises a financial asset, it classifies it based on its business model for managing the asset and the asset's contractual flow characteristics. The Board classifies its financial assets in the following categories: at fair value through profit or loss, amortised cost, and fair value through other comprehensive income. The default basis for financial assets is to be held at fair value through profit or loss, although alternative treatment may be designated where receivables are held to collect principal and interest and/or for sale.

a) Financial assets at fair value through profit or loss
   This is the default basis for financial assets.
b) Financial assets held at amortised cost.
   A financial asset may be held at amortised cost where both of the following conditions are met:
   i. the financial asset is held within a business model where the objective is to collect contractual cash flows; and
   ii. the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and related interest.
c) Financial assets at fair value through other comprehensive income.
   A financial asset may be held at fair value through other comprehensive income where both of the following conditions are met:
   i. the financial asset is held within a business model where the objective is to collect contractual cash flows *and* sell the asset; and
   ii. the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and related interest.

Impairment of financial assets

Provisions for impairment of financial assets are made on the basis of expected credit losses. The Board recognises a loss allowance for expected credit losses on financial assets and this is recognised in other comprehensive income, rather than reducing the carrying amount of the asset in the Statement of Financial Position.

Lifetime expected credit losses are recognised and applied to financial assets by the Board where there has been a significant increase in credit risk since the asset's initial recognition. Where the Board does not hold reasonable and supportable information to measure lifetime expected credit losses on an individual instrument basis, the losses are recognised on a collective basis which considers comprehensive credit risk information.

Recognition and measurement

Financial assets are recognised when the Board becomes party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Board has transferred substantially all risks and rewards of ownership.

(a) Financial assets at fair value through profit or loss

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Comprehensive Net Expenditure.

Financial assets carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the Statement of Comprehensive Net Expenditure.

(b) Financial assets held at amortised cost

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of the asset.

(c) Financial assets held at fair value through other comprehensive income.

Financial Liabilities

Classification

The Board classifies its financial liabilities in the following categories: at fair value through profit or loss, and amortised cost. The Board classifies all financial liabilities as measured at amortised cost, unless:

i. these are measured at fair value on a portfolio basis in accordance with a documented risk management or investment strategy;
ii. they contain embedded derivatives; and/or
iii. it eliminates or reduces 'accounting mismatch' that would otherwise arise from measurement or recognition on an amortised costs basis.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise derivatives. Liabilities in this category are classified as current liabilities. The NHS Board does not trade in derivatives and does not apply hedge accounting.

(b) Financial liabilities held at amortised cost

Financial liabilities held at amortised cost are disclosed in current liabilities, except for maturities greater than 12 months after the Statement of Financial

Position date. These are classified as non-current liabilities. The NHS Board's financial liabilities held at amortised cost comprise trade and other payables in the Statement of Financial Position.

Recognition and measurement

Financial liabilities are recognised when the NHS Board becomes party to the contractual provisions of the financial instrument.

A financial liability is removed from the Statement of Financial Position when it is extinguished, that is when the obligation is discharged, cancelled or expired.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Financial liabilities carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the Statement of Comprehensive Net Expenditure.

(b) Amortised costs

Financial liabilities held at amortised cost are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

26. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. This has been identified as the senior management of the Board.

Operating segments are unlikely to directly relate to the analysis of expenditure shown in note 3.

27. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, cash balances held with the Government Banking Service, balances held in commercial banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position. Where the Government Banking Service is using the National Westminster Bank to provide the banking services, funds held in these accounts should not be classed as commercial bank balances.

28. Foreign exchange

The functional and presentational currencies of the Board are sterling. A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction. Where the Board has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- monetary items (other than financial instruments measured at 'fair value through income and expenditure') are translated at the spot exchange rate on 31 March;
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction; and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expenditure in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

29. Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Board has no beneficial interest in them.

However, they are disclosed in note 25 to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual. In addition where third party monies have been held in a public bank account, commentary is provided in Note 11.

30. Key sources of judgement and estimation uncertainty

The Board makes subjective and complex judgements in applying accounting policies and relies on a range of estimation techniques and assumptions concerning uncertain future events. It is recognised that sources of estimation uncertainty are likely to vary from year to year and the resulting accounting estimates will, by definition, seldom equal the related actual results. As such, key judgements and estimates are continually reviewed, based on historical experience and other factors, including changes to past assumptions and expectations of future events that are believed to be reasonable under the circumstances.

The key judgements exercised in the application of the Board's accounting policies which have the most significant effect on the carrying amounts in the financial statements are summarised below:

A provision for bad debt has been made against invoices with a value of over £2.3 million raised against two Councils for learning disability patients in Woodland View

whose discharge has been delayed for over a year due to the failure to provide a package of care in a community setting.

The key estimates and assumptions that are deemed to present a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are summarised below:

Clinical and Medical Negligence Claims

The Board's accounting policy relating to the provision for clinical and medical negligence is described in section 18 above. The main elements of uncertainty relate to the timing of settlements which could be many years in the future, the probability of making a settlement and the value associated with these potential future settlements. The timing is based on an assessment made by the Board's litigation manager and financial controller at the end of each year. The assessment of probability is carried out by the Board's legal advisors, Central Legal Office (CLO) based on previous experience and records maintained on a national basis which is then reviewed by the litigation manager.

Estimated settlement values are based on initial claims received by the CLO and advised to the Board which are periodically updated by CLO using reports on expected Pursuer costs and cost of living indices.

The accounts contain a provision of £29,831,000 for negligence claims, with an offsetting debtor for reimbursement under CNORIS. There is also a provision of £53,027,000 in respect of the Board's liability from participating in CNORIS.

Valuation of Land and Buildings

The value of land and buildings is based on a valuation provided by a professional valuer. A full revaluation of land and buildings is carried out each year.

The Board considers the revaluation of its property, plant and equipment to be a material estimation made by the District Valuer, who will make a number of estimations around asset values and lives based on their professional knowledge and experience. The carrying amount of the Board's revalued property, plant and equipment is £484.4 million (2023/24: £490.6 million) for the year ended 31 March 2025. The Board commissioned a valuation for 31 March 2025 which was performed in February to April 2025.

NHS Ayrshire and Arran
Summary of Resource Outturn
for the year ended 31st March 2025

Note 2a Summary of Resource Outturn (SORO)

	Note		2025 £000
Summary Of Core Revenue Resource Outturn			
Net Operating Costs	**SoCNE**	**1,269,396**	
Total Non-Core Expenditure (see below)		(39,720)	
Family Health Services Non-Discretionary Allocation		(66,080)	
Endowment Net Operating Costs		(8)	
Associates and Joint Ventures accounted for on an equity basis		(6,516)	
Total Core Expenditure			**1,157,072**
Core Revenue Resource Limit			1,158,184
Saving against Core Revenue Resource Limit (RRL)			**1,112**
Summary Of Non-Core Revenue Resource Outturn			
Capital Grants to Other Bodies		8,680	
Depreciation / Amortisation		12,745	
Annually Managed Expenditure - Impairments		6,245	
Annually Managed Expenditure - Provisions		1,768	
Annually Managed Expenditure - Depreciation of Donated Assets		350	
Annually Managed Expenditure - Pension Valuation		-	
Annually Managed Expenditure - fair value adjustments		62	
Additional Scottish Government non-core funding		6,505	
Donated assets income		(239)	
PFI Depreciation		-	
PFI Remeasurement (Gain)/Loss		1,665	
Right of Use (RoU) Asset Depreciation		1,710	
Annually Managed Expenditure - Right of Use (RoU) Peppercorn Lease Depreciation		229	
Total Non-Core Expenditure		**39,720**	
Non Core Revenue Resource Limit			39,720
Excess against Non Core Revenue Resource Limit (RRL)			**-**

	Resource	Expenditure	Saving
	£000	**£000**	**£000**
Core	1,158,184	1,157,072	1,112
Non-Core	39,720	39,720	-
Total	**1,197,904**	**1,196,792**	**1,112**

Note 2b **Notes to the Cash Flow Statement**

2024 £000		Note	2025 £000
	Consolidated adjustment for non-cash transactions		
18,128	Depreciation	7a	19,236
400	Depreciation Donated Assets	7a	350
1,646	Depreciation of Right of Use (RoU) Assets	17b	1,940
-	Right of Use (RoU) Remeasurement (gain)/loss	17b	-
-	Right of Use asset dilapidation	7d	-
-	Right of Use asset peppercorn leases	7d	-
(1,334)	PFI Remeasurement (Gain)/Loss	7d	-
2,716	Impairments on PPE charged to SOCNE		3,867
(53)	Funding Of Donated Assets	7a	(239)
83	GP Loans fair value adjustment	10	59
12,637	Investment in IJB		6,516
-	Other Non-cash Transactions		(25)
34,223	**Total Expenditure Not Paid In Cash**	CFS	**31,704**
	Consolidated adjustment for non-cash transactions		
	Interest payable		
5,085	PFI Finance lease charges allocated in the year	18	4,180
71	Lease interest	17b	125
5,156	**Total Interest Payable**		**4,305**
	Consolidated movements in working capital		

2024 £000		Note	2025 £000	2025 £000	2025 £000
	Inventories				
(1,111)	Balance Sheet	8	6,920	6,158	
(1,111)	**Net Increase (Decrease)**		6,920	6,158	**762**
	Trade and Other Receivables				
(8,020)	Due within one year	9	41,845	31,289	
10,359	Due after more than one year	9	20,250	27,252	
			62,095	58,541	
2,339	**Net Increase**				**3,554**
	Trade and Other Payables				
(23,385)	Due within one year	12	94,759	94,423	
8,141	Due after more than one year	12	62,524	54,775	
489	Less: property, plant & equipment (capital) included in above		(641)	(198)	
245	Less: General Fund creditor included in above	12	(134)	(135)	
(8,267)	Less: lease and PFI creditors included in above	12	(64,961)	(57,761)	
		SoCCF	91,547	91,104	
(22,777)	**Net (Decrease)**				**(443)**
	Provisions				
1,171	Statement of Financial Position	13a	90,065	89,237	
		SoCCF	90,065	89,237	
1,171	**Net Increase (Decrease)**				**(828)**
(20,378)	**Net Increase (Decrease)**				**3,045**
	Other non-cash costs shown on face of SoCTE				
(9,435)	PFI IFRS 16 Opening Balance	**SoCTE**	5,459		-
(9,435)	**Total other non-cash costs**				**-**

Note 3 Operating Expenses

2024 Consolidated £000		2025 Board £000	2025 Consolidated £000
	Note 3a Staff Costs		
126,525	Medical and Dental	144,415	144,415
291,712	Nursing	311,763	311,763
218,656	Other Staff	231,530	231,530
636,893	**Total Staff Costs**	**687,708**	**687,708**
	Further detail and analysis of employee costs can be found in the Remuneration and Staff Report forming part of the Accountability Report.		
	Note 3b Other Operating Costs		
	Independent Primary Care Services		
75,291	General Medical Services	81,499	81,499
28,318	Pharmaceutical Services	28,219	28,219
33,170	General Dental Services	38,603	38,603
9,373	General Ophthalmic Services	9,901	9,901
146,152		**158,222**	**158,222**
	Drugs and Medical Supplies		
91,588	Prescribed drugs Primary Care	92,663	92,663
53,771	Prescribed drugs Secondary Care	53,980	53,980
703	PPE and Testing Kits	-	-
37,164	Medical Supplies	41,718	41,718
183,226		**188,361**	**188,361**
	Other health care expenditure		
582,864	Contribution to Integration Joint Boards	627,856	627,856
85,675	Goods and services from other NHS Scotland bodies	94,869	94,869
688	Goods and services from other UK NHS bodies	356	356
6,066	Goods and services from private providers	4,999	4,999
7,359	Goods and services from voluntary organisations	6,787	6,787
30,749	Resource Transfer	30,887	30,887
80	Loss on disposal of assets	-	-
110,931	Other operating expenses (analysed in note 3c below)	125,742	125,742
221	External Auditor's remuneration - statutory audit fee	226	226
50	External Auditor's remuneration - IJB	51	51
853	Endowment Fund expenditure	-	613
825,536		**891,773**	**892,386**
1,154,914	**Other Operating Expenditure**	**1,238,356**	**1,238,969**

The Total Health Board contribution provided to the IJB to commission services in 2024-25 was £658.743m
This includes £627.856m reported as the contribution of the Health Board to the Integration Joint Boards and £30.887m reported as Resource Transfer.

Note 3c Analysis of Other Operating Expenses reported in note 3b above

2024 Consolidated £000	Other Operating Expenses reported above includes	Note	2025 Board £000	2025 Consolidated £000
18,129	Depreciation on owned assets		19,235	19,235
17,002	Utility and rates		18,347	18,347
7,735	PFI		8,353	8,353
2,453	CNORIS participation		3,297	3,297
11,475	Equipment and IT additions and maintenance		12,321	12,321
13,216	Hotel Services		13,812	13,812
100	Capital Grants		8,680	8,680
40,821	Other		41,698	41,698
110,931	**Other operating expenses per note 3b above**	**SoCNE**	**125,742**	**125,742**

Note 4 Operating Income

2024 Consolidated £000		2025 Board £000	2025 Consolidated £000
687	Income from Scottish Government	893	893
36,638	Income from other NHS Scotland bodies	41,139	41,139
427	Income from NHS non-Scottish bodies	591	591
5	Income from private patients	7	7
539,955	Income for services commissioned by Integration Joint Board	586,672	586,672
5,046	Patient charges for primary care	6,960	6,960
53	Donations	239	239
411	Profit on disposal of assets	62	62
5,715	Contributions in respect of clinical and medical negligence claims	1,547	1,547
	Non NHS:		
93	Overseas patients (non-reciprocal)	74	74
1,073	Endowment Fund Income	-	605
24,200	Other	25,008	25,008
614,303	**Total Income**	**663,192**	**663,797**

Note 5 Segmental Information

	Acute £000	East HSCP £000	North HSCP £000	South HSCP £000	Corporate £000	Group £000
Net operating cost	499,686	259,934	176,123	116,362	217,291	**1,269,396**
Net operating cost - prior year	463,730	251,129	146,049	126,840	202,393	**1,190,141**

Note 6 Intangible Assets (Non-Current) Consolidated Board

Software Licences	2024 £000	2025 £000
Cost or Valuation		
At 1st April	21	21
At 31st March	**21**	**21**
Amortisation		
At 1st April	21	21
At 31st March	**21**	**21**
Net Book Value		
At 1st April	0	0
At 31st March	**0**	**0**

Note 7 a **Property, Plant and Equipment : Consolidated and Board**

	Land (inc under buildings) £000	Buildings (excluding dwellings) £000	Dwellings £000	Transport Equipment £000	Plant & Machinery £000	Information Technology £000	Furniture & Fittings £000	Assets Under Construction £000	Total 2025 £000
Cost or valuation									
At 31st March 2024	16,313	405,381	1,968	-	56,272	14,861	3,257	22,635	520,687
Additions - purchased	113	2,999	-	37	2,256	2,623	896	1,423	10,347
Additions - donated	-	-	-	-	239	-	-	-	239
Completions	-	365	-	-	-	-	-	(365)	-
Transfers (to) / from non-current assets held for sale	-	-	-	-	-	-	-	-	-
Revaluation	776	(4,051)	(21)	-	-	-	-	-	(3,296)
Impairment Charge	(59)	(3,324)	-	-	-	-	-	(595)	(3,978)
Disposals - purchased	-	-	-	-	(195)	-	-	-	(195)
Disposals - donated	-	-	-	-	(26)	-	-	-	(26)
At 31st March 2025	**17,143**	**401,370**	**1,947**	**37**	**58,546**	**17,484**	**4,153**	**23,098**	**523,778**
Depreciation									
At 31st March 2024	-	-	-	-	22,910	6,034	1,096	-	30,040
Provided during the year - purchased	-	11,469	49	-	4,917	2,477	324	-	19,236
Provided during the year - donated	-	78	-	-	272	-	-	-	350
Transfers (to) / from non-current assets held for sale	-	-	-	-	-	-	-	-	-
Revaluation	-	(11,436)	(49)	-	-	-	-	-	(11,485)
Impairment Charge	-	(111)	-	-	-	-	-	-	(111)
Disposals - purchased	-	-	-	-	(195)	-	-	-	(195)
Disposals - donated				-	(26)	-	-		(26)
At 31st March 2025	-	-	-	-	**27,878**	**8,511**	**1,420**	-	**37,809**
Net book value at March 2024 (SoFP	**16,313**	**405,381**	**1,968**	**-**	**33,362**	**8,827**	**2,161**	**22,635**	**490,647**
Net book value at March 2025	**17,143**	**401,370**	**1,947**	37	**30,668**	**8,973**	**2,733**	**23,098**	**485,969**
Open Market Value of Land in Land and Dwellings included above	6,024	-	845	-	-	-	-	-	-
Asset financing:									
Owned - purchased	17,143	323,646	1,947	37	29,406	8,974	2,733	23,099	**406,985**
Owned - donated	-	3,021	-	-	1,262	-	-	-	**4,283**
On-balance sheet PFI contracts	-	74,703	-	-	-	(1)	-	(1)	**74,701**
Net book value at March 2025	**17,143**	**401,370**	**1,947**	37	**30,668**	**8,973**	**2,733**	**23,098**	**485,969**

Note 7 a **(Prior Year)**

	Land (inc under buildings) £000	Buildings (excluding dwellings) £000	Dwellings £000	Transport Equipment £000	Plant & Machinery £000	Information Technology £000	Furniture & Fittings £000	Assets Under Construction £000	Total 2024 £000
Cost or valuation									
At 31st March 2023	16,019	390,686	1,456	207	79,537	17,850	8,819	16,049	530,623
Additions - purchased	105	2,925	499	-	2,788	3,190	1,289	8,671	19,467
Additions - donated	-	-	-	-	53	-	-	-	53
Completions	-	-	-	-	-	-	-	-	-
Transfers to non-current assets held for sale	-	-	-	-	-	-	-	-	-
Revaluation	230	11,854	70	-	-	-	-	-	12,154
Impairment Charge	-	(84)	-	-	(877)	(522)	-	(2,085)	(3,568)
Disposals - purchased	(41)	-	(57)	(192)	(23,628)	(5,640)	(6,739)	-	(36,297)
Disposals - donated	-	-	-	(15)	(1,601)	(17)	(112)	-	(1,745)
At 31st March 2024	**16,313**	**405,381**	**1,968**	**-**	**56,272**	**14,861**	**3,257**	**22,635**	**520,687**
Depreciation									
At 31st March 2023	-	-	-	207	44,048	9,653	7,749	-	61,657
Provided during the year - purchased	-	11,236	40	-	4,616	2,038	198	-	18,128
Provided during the year - donated	-	77	-	-	323	-	-	-	400
Revaluation	-	(11,309)	(38)	-	-	-	-	-	(11,347)
Impairment Charge	-	(4)	-	-	(848)	-	-	-	(852)
Disposals - purchased	-	-	(2)	(192)	(23,628)	(5,640)	(6,739)	-	(36,201)
Disposals - donated	-	-	-	(15)	(1,601)	(17)	(112)	-	(1,745)
At 31st March 2024	-	-	-	-	**22,910**	**6,034**	**1,096**	-	**30,040**
Net book value at March 2023 (SoFP	**16,019**	**390,686**	**1,456**	-	**35,489**	**8,197**	**1,070**	**16,049**	**468,966**
Net book value at March 2024	**16,313**	**405,381**	**1,968**	-	**33,362**	**8,827**	**2,161**	**22,635**	**490,647**
Open Market Value of Land in Land and Dwellings included above	5,810		845						
Asset financing:									
Owned - purchased	16,313	327,643	1,968	-	32,067	8,827	2,161	22,635	411,614
Owned - donated	-	3,074	-	-	1,295	-	-	-	4,369
On-balance sheet PFI contracts	-	74,664	-	-	-	-	-	-	74,664
Net book value at March 2024	**16,313**	**405,381**	**1,968**	-	**33,362**	**8,827**	**2,161**	**22,635**	**490,647**

Note 7 b. Assets held for Sale

Assets held for Sale - Consolidated and Board		2024 £000	2025 £000
At 1 April		340	175
Transfers (to) / from property, plant and equipment	7a	0	0
Gain or losses recognised on remeasurement of non-current assets held for sale		0	0
Disposals of non-current assets held for sale		(165)	(175)
At 31 March	**SoFP**	**175**	**0**

Note 7c. Property, Plant and Equipment Disclosures

Consolidated 2024 £000	Board 2024 £000		Note	Consolidated 2025 £000	Board 2025 £000
486,278	486,278	Purchased	7a	481,686	481,686
4,369	4,369	Donated	7a	4,283	4,283
490,647	**490,647**	**Net book value of property, plant and equipment at 31 March**		**485,969**	**485,969**
6,655	**6,655**	**Net book value related to land valued at open market value at 31 March**		**6,869**	**6,869**
27,996	**27,996**	**Net book value related to buildings valued at open market value at 31 March**		**29,390**	**29,390**
		Total value of assets held under:			
0	0	Finance Leases		0	0
74,664	74,664	PFI and PPP Contracts		74,701	74,703
74,664	**74,664**			**74,701**	**74,703**
		Total depreciation charged in respect of assets held under:			
0	0	Finance leases		0	0
1,543	1,543	PFI and PPP contracts		1,665	1,665
1,543	**1,543**			**1,665**	**1,665**

All land and 100% of buildings were revalued by an independent valuer, The Valuation Office Agency, as at 31/03/2025 on the basis of fair value (market value or depreciated replacement costs where appropriate). The values were computed in accordance with the Royal Institute of Chartered Surveyors Statement of Asset Valuation Practice and Guidance notes, subject to the special accounting practices of the NHS.

The net impact was an increase of £8.189m (2023-24: an increase of £23.501m) which was credited to the revaluation reserve. Impairment of £3.867m (2023-24 £2.086m) was charged to the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn

Note 7d Analysis of Capital Expenditure

Consolidated 2024 £000	Board 2024 £000			Consolidated 2025	Board 2025 £000
19,467	19,467	Acquisition of Property, plant and equipment	7a	10,347	10,347
53	53	Donated Asset Additions	7a	239	239
0	0	Purchase of Cumnock SPV		0	0
288	288	GP Loans advances	10	225	225
1,649	1,649	Right of Use (RoU) Additions	17a	1,904	1,904
21,457	**21,457**	**Gross Capital Expenditure**		**12,715**	**12,715**
96	96	Net book value of disposal of property, plant and equipme	7a	0	0
165	165	Value of disposal of Non-Current Assets held for sale	7b	175	175
0	0	Right of Use Disposals		1	1
261	**261**	**Capital Income**		**176**	**176**
21,196	**21,196**	**Net Capital Expenditure**		**12,539**	**12,539**
		Summary of Capital Resource Outturn			
20,855	20,856	Core capital expenditure included above		12,075	12,075
20,856	20,856	Core Capital Resource Limit		12,082	12,082
1	**1**	**Saving against Core Capital Resource Limit (CRL)**		**7**	**7**
341	341	Non Core capital expenditure included above		464	464
341	341	Non Core Capital Resource Limit		464	464
0	**0**	**Saving against Non Core Capital Resource Limit (CRL)**		**0**	**0**
21,196	21,196	Total capital expenditure		12,539	12,539
21,197	21,197	Total Capital Resource Limit		12,546	12,546
1	**1**	**Saving against Total Capital Resource Limit**		**7**	**7**

Note 8 Inventories

Consolidated 2024 £000	Board 2024 £000		Consolidated 2025 £000	Board 2025 £000
6,920	6,920	Raw Materials and Consumables	6,158	6,158
6,920	**6,920**		**6,158**	**6,158**

Note 9 Trade and Other Receivables

Consolidated 2024 £000	Board 2024 £000		Note	Consolidated 2025 £000	Board 2025 £000
1,389	1,389	Boards		1,976	1,976
1,389	**1,389**	**NHS Scotland receivables due within one year**		**1,976**	**1,976**
181	181	NHS Non-Scottish Bodies		59	59
372	372	VAT recoverable		0	0
3,654	3,654	Prepayments		4,664	4,664
2,164	2,164	Accrued income		2,850	2,850
21,498	21,498	Other Receivables		19,135	19,127
12,588	12,588	Reimbursement of provisions		2,605	2,605
40,457	**40,457**	**Other receivables due within one year**		**29,313**	**29,305**
41,846	**41,846**	**Total receivables due within one year**	**SoFP**	**31,289**	**31,281**
385	385	Prepayments		0	0
19,865	19,865	Reimbursement of Provisions		27,252	27,252
20,250	**20,250**	**Total Receivables due after more than one year**	**SoFP**	**27,252**	**27,252**
62,096	**62,096**	**Total Receivables**		**58,541**	**58,533**
873	**873**	**Provision for impairment included above**		**3,769**	**3,769**
		WGA Classification			
1,389	1,389	NHS Scotland		1,976	1,976
363	363	Central Government Bodies		262	262
3,480	3,480	Whole of Government Bodies		5,866	5,866
181	181	Balances with NHS Bodies in England and Wales		59	59
56,682	56,682	Balances with bodies external to Government		50,378	50,370
62,095	**62,095**	**Total Current Receivables**		**58,541**	**58,533**
		Movement on the provision for impairment of receivables:			
537	537	At 1 April		873	873
336	336	Provision for impairment		2,896	2,896
0	0	Receivables written off during the year as uncollectable		0	0
0	0	Unused amounts reversed		0	0
873	**873**	**As at 31st March**		**3,769**	**3,769**

As of 31 March 2025, receivables with a carrying value of £3.769m (2023-24: £0.873m) were impaired and provided for.
The ageing of these receivables is as follows:

Consolidated 2024 £000	Board 2024 £000		Note	Consolidated 2025 £000	Board 2025 £000
0	0	Zero to 6 months past due		787	787
873	873	Over 6 months past due		2,982	2,982
873	**873**	**As at 31st March**		**3,769**	**3,769**

The receivables assessed as individually impaired were mainly other Health Bodies, overseas patients, research companies and private individuals and it was assessed that not all of the receivable balance may be recovered.

As at 31 March 2025, receivables with a carrying value of £4.727 million (2023-24: £2.820 million) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:

367	367	Up to 3 months past due	659	659
454	454	3 to 6 months past due	699	699
1,999	1,999	Over 6 months past due	3,379	3,379
2,820	**2,820**	**As at 31st March**	**4,737**	**4,737**

The receivables assessed as past due but not impaired were mainly NHS Scotland Health Boards and Local Authorities. There is no history of default from these customers recently.

Concentration of credit risk is limited due to customer base being large and unrelated / government bodies. Due to this, management believe that there is no future credit risk provision required in excess of the normal provision for doubtful receivables.

The credit quality of receivables that are neither past due nor impaired is assessed by reference to external credit ratings where available. Where no external credit rating is available, historical information about counterparty default rates is used.

Receivables that are neither past due nor impaired are shown by their credit risk below:

2,820	**2,820**	**Existing customers with no defaults in the past**	**4,737**	**4,737**

The maximum exposure to credit risk is the fair value of each class of receivable.
The NHS Board does not hold any collateral as security.

The carrying amount of receivables are denominated in the following currencies:

62,095	**62,095**	**Pounds**	**58,541**	**58,533**

All non-current receivables are due within 5 years. A single exceptions exists - 100% reimbursement due to NHS A&A equal to an annual payment by The Board of three Clinical Negligence settlements during the agreement period.

The carrying amount of short term receivables approximates their fair value.

The effective interest rate on non-current other receivables is 0% (2023-24: 0%).
Pension liabilities are discounted at 2.4% (2023-24: 2.45%).

Note 10 Investments

Consolidated 2024 £000	Board 2024 £000		Note	Consolidated 2025 £000	Board 2025 £000
8,736	434	Other		8,631	600
8,736	**434**	**Total**	SoFP	**8,631**	**600**
8,241	229	At 1 April		8,736	434
11,953	-	Additions	CFS	12,566	-
288	288	GP Loans advances	CFS	225	225
(11,779)	-	Disposals		(12,731)	-
-	-	Impairment recognised in SoCNE		-	-
(83)	(83)	GP Loans Fair Value Adjustment	2b	(59)	(59)
116	-	Revaluation surplus / (deficit) transferred to equity	SoCTE	(106)	-
8,736	**434**	**At 31 March**		**8,631**	**600**
8,736	434	Non-current	SoFP	8,631	600
8,736	**434**	**At 31 March**		**8,631**	**600**

The Board non-current assets represents the current fair value of Loans made by the Board to GP Practices.

Note 11. Cash and Cash Equivalents

2024 £000		2025 £000
379	Balance at 1 April	364
(15)	Net change in cash and cash equivalent balances	(22)
364	Balance at 31 March	**342**
364	**Total Cash - Cash Flow Statement**	**342**
	The following balances at 31 March were held at:	
10	Government Banking Service	57
124	Commercial banks and cash in hand	78
230	Endowment cash	207
364	**Balance at 31 March**	**342**

Note 12 Trade and Other Payables

Consolidated 2024 £000	Board 2024 £000		Note	Consolidated 2025 £000	Board 2025 £000
7,037	**7,037**	**NHS Scotland payables due within 1 year**	SFR 30	**10,584**	**10,584**
0	0	NHS Non-Scottish bodies		0	0
134	134	Amounts Payable to General Fund		135	135
24,153	24,153	FHS Practitioners		24,644	24,644
1,274	1,274	Trade Payables		3,721	3,721
28,599	28,599	Accruals		22,476	22,476
1,334	1,334	Deferred income		1,240	1,240
1,145	1,145	Net obligations under Finance Leases	17b	1,499	1,499
1,766	1,766	Net obligations under PPP / PFI Contracts	18	1,820	1,820
12,270	12,270	Income tax and social security		13,017	13,017
10,171	10,171	Superannuation		11,377	11,377
5,384	5,384	Holiday Pay Accrual		2,891	2,891
0	0	VAT		118	118
1,492	1,306	Other payables		901	887
87,722	**87,536**	**Other payables due within one year**		**83,839**	**83,825**
94,759	**94,573**	**Total payables due within one year**	**SoFP**	**94,423**	**94,409**
856	856	Net obligations under Finance Leases due within 2 years	17b	1,135	1,135
1,054	1,054	Net obligations under Finance Leases due after 2 years but within 5 years	17b	644	644
0	0	Net obligations under Finance Leases due after 5 years	17b	0	0
2,001	2,001	Net obligations under PPP / PFI Contracts due within 2 years	18	2,207	2,207
7,677	7,677	Net obligations under PPP / PFI Contracts due after 2 years but within 5 yea	18	9,110	9,110
50,462	50,462	Net obligations under PPP / PFI Contracts due after 5 years	18	41,346	41,346
474	474	Deferred income		333	333
62,524	**62,524**	**Total payables due after more than one year**	**SoFP**	**54,775**	**54,775**
157,283	**157,097**	**Total payables**		**149,198**	**149,184**
		WGA Classification			
7,037	7,037	NHS Scotland		10,584	10,584
22,441	22,441	Central Government bodies		24,394	24,394
0	0	Whole of Government bodies		1,656	1,656
127,805	127,619	Balances with bodies external to Government		112,564	112,550
157,283	**157,097**			**149,198**	**149,184**
		Borrowings included above comprise:			
3,055	3,055	Leases		3,278	3,278
61,906	61,906	PFI contracts		54,483	54,483
64,961	**64,961**			**57,761**	**57,761**
		Carrying amount of non-current borrowings are:			
1,910	1,910	Leases		1,779	1,779
60,140	60,140	PFI contracts		52,663	52,663
62,050	**62,050**			**54,442**	**54,442**
		The carrying amount of payables are denominated in the following currencies:			
157,283	**157,097**	**Pounds**		**149,198**	**149,184**

Pensions and similar obligations
The Board meets the additional costs of benefits beyond the normal NHS Superannuation Scheme for Scotland benefits in respect of employees who retire early by paying the required amounts annually to the NHS Superannuation Scheme for Scotland over the period between early departure and normal retirement date. The Board provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury Discount Rate of Real discount rate of 2.40% (2.45% 2024) in real terms. The Board expects expenditure to be charged to this provision for a period of up to 28 years.

Clinical & Medical Legal Claims against NHS Board
The Board holds a provision to meet costs of all outstanding and potential clinical and medical negligence claims. All legal claims notified to the Board are processed by the Scottish NHS Central Legal Office who decide upon risk liability and likely outcomes of each case. The provision contains sums for settlement awards, legal expenses and third party costs. Clinical and medical negligence cases lodged can be extremely complex. It is expected that expenditure will be charged to this provision for a period of up to ten years. The amounts disclosed are stated gross and the amount of any expected reimbursements are shown separately as debtors in the notes to the accounts.

Participation in CNORIS
The Board is required to participate in the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) and the above provision relates to its share of future settlements. Further details are given in Note 13(b).

Note 13 b. Clinical Negligence and Other Risks Indemnity Scheme (CNORIS)

		2024 £000	2025 £000
Provision recognising individual claims against the NHS Board as at 31 March	13a	33,352	30,839
Associated CNORIS receivable at 31 March	9	(32,453)	(29,857)
Provision recognising the NHS Board's liability from participating in the scheme	13a	51,207	53,027
Net Total Provision relating to CNORIS at 31 March		**52,106**	**54,009**

The Clinical Negligence and Other Risks Scheme (CNORIS) has been in operation since 2000. Participation in the scheme is mandatory for all NHS boards in Scotland. The scheme allows for risk pooling of legal claims in relation to clinical negligence and other risks and works in a similar manner to an insurance scheme. CNORIS has an agreed threshold of £25k and any claims with a value less than this are met directly from within boards' own budgets. Participants e.g. NHS boards contribute to the CNORIS pool each financial year at a pre-agreed contribution rate based on the risks associated with their individual NHS board. If a claim is settled the board will be reimbursed by the scheme for the value of the settlement, less a £25k "excess" fee. The scheme allows for the risk associated with any large or late in the financial year legal claims to be managed and reduces the level of volatility that individual boards are exposed to.

When a legal claim is made against an individual board, the board will assess whether a provision or contingent liability for that legal claim is required. If a provision is required then the board will also create an associated receivable recognising reimbursement from the scheme if the legal claim settles. The provision and associated receivable are shown in the first two lines above. The receivable has been netted off against the provision to reflect reimbursement from the scheme.

As a result of participation in the scheme, boards should also recognise that they will be required to make contributions to the scheme in future years. Therefore a second provision that recognises the board's share of the total CNORIS liability of NHSScotland has been made and this is reflected in third line above.

Therefore there are two related but distinct provisions required as a result of participation in the scheme. Both of these provisions as well as the associated receivable have been shown in the note above to aid the reader's understanding of CNORIS.

Further information on the scheme can be found at: http://www.clo.scot.nhs.uk/our-services/cnoris.aspx

Note 14 Contingent Liabilities

The following contingent liabilities have not been provided for in the accounts;

2024 £000		2025 £000
23,643	Clinical and medical compensation payments	4,532
203	Employer's liability	4,801
169	Third party liability	0
0	Other - Girvan Groundwater Monitoring	0
24,015	**Total Contingent Liabilities**	**9,333**
23,210	Clinical and medical compensation payments	4,028
233	Employer's liability	115
23,443	**Total Contingent Assets**	**4,143**

The contingent liability includes a number of claims for clinical negligence, employer's liability and third party liability against the Board, which have not been fully provided for in Note 13, and for which the Central Legal Office of the Scottish Government Health Directorates estimates that there is a medium or low risk of the Board having to make settlement.

The contingent asset reflects the corresponding entitlement to recover the costs of any claim settlement through the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) which is explained in more detail in Note 13 above.

A national review of the Agenda for Change (AfC) system included a consistent Once for Scotland process for the delivery of a Banding review for AfC Band 5 nursing staff. Employer's liability includes £4,453k in relation to this review.

Note 15 Events After the End of the Reporting Year

There were no events after the end of the reporting year

Note 16 Capital Commitments

The Board has the following capital commitments which have **not** been provided for in the accounts

2024 £000		2025 £000
300	ACH National Forensic Service in Scotland - Foxgrove	500
100	Stewarton HC Extension	-
128	UHC Ward 4A	-
347	Boardwide Vocera and Viewpoint Digital Reform	-
-	Ailsa Distributed Working	300
875	**Total Capital Commitments**	**800**
	Authorised but not Contracted	
1,945	Digital Reform Plan	1,691
995	Boardwide EV Infrastructure	266
100	UHA ITU	800
2,900	UHC ITU	5,400
1,643	Boardwide EME Equipment	1,000
1,171	Boardiwde General Equipment	1,090
200	Caring for Ayrshire	-
700	Boardwide CCTV/Access/DWR	400
-	UHC Oncology	1,300
9,654	**Total Authorised but not Contracted**	**11,947**

Note 17 a **Right of Use Assets (Board and Consolidated)**

	Buildings	Dwellings	Transport Equipment	Plant & Machinery	**2025**
	£000	£000	£000	£000	**£000**
Cost or valuation					
At 1 April 2024	7,238	85	5,135	-	12,458
Additions	38	84	1,355	427	1,904
Revaluations	73	-	-		73
Revaluations - Peppercorn leases	-	-	-		-
Disposals	(4)	(85)	(1,776)	-	(1,865)
At 31 March 2025	**7,345**	**84**	**4,714**		**12,570**
Depreciation					
At 1 April 2024	482	84	2,310	-	2,876
Provided during the year - (include new	50	84	1,374	202	1,710
Provided during the year - peppercorn leases	230	-	-	-	230
Impairment reversals - Peppercorn leases	-	-	-		-
Disposals	(4)	(84)	(1,776)		(1,864)
At 31 March 2025	**758**	**84**	**1,908**	**202**	**2,952**
Net book value at 1 April 2024	**6,756**	**1**	**2,825**	**-**	**9,582**
Net book value at 31 March 2025	**6,587**	**-**	**2,806**	**225**	**9,618**

Note 17 a **Prior Year : Right of Use Assets (Board and Consolidated)**

	Buildings	Dwellings	Transport Equipment	Plant & Machinery	**2024**
	£000	£000	£000	£000	**£000**
Cost or valuation					
At 1 April 2023	5,964	84	3,904	-	9,952
Additions	4	85	1,560	-	1,649
Disposals - peppercorn leases	-	-	-		-
Revaluations	-	-	-	-	-
Revaluations - Peppercorn leases	1,270	-	-	-	1,270
Disposals	-	(84)	(329)	-	(413)
At 31 March 2024	**7,238**	**85**	**5,135**		**12,458**
Depreciation					
At 1 April 2023	273	83	1,287	-	1,643
Provided during the year - (include new	46	85	1,352	-	1,483
Provided during the year - peppercorn leases	163	-	-	-	163
Impairment reversals - Peppercorn leases	-	-	-		-
Disposals	-	(84)	(329)	-	(413)
At 31 March 2024	**482**	**84**	**2,310**		**2,876**
Net book value at 1 April 2023	**5,691**	**1**	**2,617**	**-**	**8,309**
Net book value at 31 March 2024	**6,756**	**1**	**2,825**	**-**	**9,582**

Note 17 b Lease Liabilities (Board and Consolidated)

	Buildings	Dwellings	Transport Equipment	Plant & Machinery	**2025**
	£000	£000	£000	£000	**£000**
Amounts Falling Due					
Not later than one year	56	1	1,294	148	1,499
Later than one year, not later than 2 years	59	-	1,026	50	1,135
Later than two year, not later than five years	80	-	532	32	644
Later than five years	-	-	-	-	-
Less: Unaccrued interest	-	-	-	-	-
Balance at 31 March 2025	**195**	**1**	**2,852**	**230**	**3,278**
Current	56	1	1,294	148	1,499
Non Current	139	-	1,558	82	1,779
Balance at 31 March 2025	**195**	**1**	**2,852**	**230**	**3,278**

Note 17 b Prior Year : Lease Liabilities (Board and Consolidated)

	Buildings	Dwellings	Transport Equipment	Plant & Machinery	**2024**
	£000	£000	£000	£000	**£000**
Amounts falling due:					
Not later than one year	46	1	1,098	-	1,145
Later than one year, not later than 2 years	46	-	810	-	856
Later than two year, not later than five years	122	-	932	-	1,054
Later than five years	-	-	-	-	-
Less: Unaccrued interest	-	-	-	-	-
Balance at 31 March 2024	**214**	**1**	**2,840**	**-**	**3,055**
Current	46	1	1,099	-	1,146
Non Current	168	-	1,741	-	1,909
Balance at 31 March 2024	**214**	**1**	**2,840**	**-**	**3,055**

Note 17 b

Low value and short term leases

2024 Consolidated £000	2024 Board £000		2025 Consolidated £000	2025 Board £000
855	857	Within one year	1,499	1,499
-	-	Between two and five years (inclusive)	-	-
-	-	After five years	-	-
855	857	**Total**	1,499	1,499

Amounts Recognised in the Statement of Comprehensive Net Expenditure (SoCNE)

2024 Consolidated £000	2024 Board £000		2025 Consolidated £000	2025 Board £000
1,646	1,646	Depreciation	1,940	1,940
71	71	Interest Expense	125	125
-	-	Non Recoverable VAT on lease payments	-	-
855	855	Low value and short term leases	1,499	1,499
-	-	Remeasurement of ROU assets	-	-
2,572	**2,572**	**Total**	**3,564**	**3,564**

Amounts Recognised in the Statement of Cashflows

2024 Consolidated £000	2024 Board £000		2025 Consolidated £000	2025 Board £000
71	71	Low value and short term leases	125	125
1,483	1,483	Remeasurement of ROU assets	1,806	1,806
1,554	**1,554**	**Total**	**1,931**	**1,931**

Note 18 Commitments under PFI Contracts on Balance Sheet

Ayrshire Maternity Unit (AMU) is adjoined to University Hospital Crosshouse in Kilmarnock. The facility provides Area Midwifery services for in-patients, day patients and out-patients. The 30 year contract commenced in July 2006 and will be completed in July 2036. At the end of the contract/concession period the building is available to transfer to the NHS at no additional cost.

Woodland View shares a site in Irvine with the Ayrshire Central Hospital. The building is financed through a Non-Profit Distributing (NPD) model and reached practical completion and handover on the 1st April 2016. The building provides a Mental Health and Frail Elderly Inpatient facility for Ayrshire. The 25 year contract commenced on the 1st April 2016 and will be completed on the 31st March 2041. At the end of the contract/concession period, the building will revert back to NHS ownership.

Under IFRIC 12 the asset is treated as an asset of the Board and included in the Board's accounts as a non-current asset. The liability to pay for the property is in substance a finance lease obligation. Contractual payments therefore comprise two elements; imputed finance lease charges and service charges. The imputed finance lease obligation is as follows:

2024			Ayrshire Maternity Unit	Woodland View	2025
£000			£000	£000	£000
6,992	Rentals due within 1 year		1,806	4,194	6,000
7,068	Due within 1 to 2 years		1,951	4,293	6,244
21,679	Due within 2 to 5 years		7,394	12,619	20,013
75,382	Due after 5 years		17,178	41,882	59,060
111,121	**Gross Minimum Lease Payments**		**28,329**	**62,988**	**91,317**
	less				
(5,226)	Rentals due within 1 year		(1,427)	(2,753)	(4,180)
(5,067)	Due within 1 to 2 years		(1,397)	(2,640)	(4,037)
(14,002)	Due within 2 to 5 years		(3,778)	(7,125)	(10,903)
(24,920)	Due after 5 years		(4,007)	(13,707)	(17,714)
(49,215)	**Interest Element**		**(10,609)**	**(26,225)**	**(36,834)**
	giving	Note			
1,766	Rentals due within 1 year	12	379	1,441	1,820
2,001	Due within 1 to 2 years	12	554	1,653	2,207
7,677	Due within 2 to 5 years	12	3,616	5,494	9,110
50,462	Due after 5 years	12	13,171	28,175	41,346
61,906	**Present value of minimum lease payments**		**17,720**	**36,763**	**54,483**
1,794	Rentals due within 1 year		1,678	1,155	2,833
1,839	Due within 1 to 2 years		1,532	1,056	2,588
5,797	Due within 2 to 5 years		3,058	3,426	6,484
25,713	Due after 5 years		4,593	16,953	21,546
35,143	**Service elements due in future periods**		**10,861**	**22,590**	**33,451**
97,049	**Total Commitments**		**28,581**	**59,353**	**87,934**

2024			2025
£000			£000
5,085	Interest charges		4,180
2,651	Service charges		2,833
-	Principal repayment		1,820
7,736	**Total**	2	**8,833**
-	**Contingent rents (included in Other charges)**		**-**

Note 19 Pension Costs

(a) Ayrshire and Arran Health Board participates in the NHS Pension Scheme (Scotland). The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a four-yearly funding valuation undertaken by the scheme actuary.

The valuation carried out as at 31 March 2016 confirmed that an increase in the employer contribution rate from 14.9% to 20.9% was required from 1 April 2019 to 31 March 2023. The UK Government since confirmed that these employer rates would remain in place until 31 March 2024. In addition, member pension contributions over the period to 30 September 2023 have been paid within a range of 5.2% to 14.7% and have been anticipated to deliver a yield of 9.6%.

The valuation carried out as at 31 March 2020 confirmed that an increase in the employer contribution rate from 20.9% to 22.5% will be required from 1 April 2024 to 31 March 2027. In addition, member pension contributions since 1 October 2023 have been paid within a range of 5.7% to 13.7% and have been anticipated to deliver a yield of 9.8%.

(b) Ayrshire and Arran Health Board has no liability for other employers' obligations to the multi-employer scheme

(c) As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

(d) (i) The scheme is an unfunded multi-employer defined benefit scheme.

ii) It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the Ayrshire and Arran Health Board is unable to identify its share of the underlying assets and liabilities of the scheme.

iii) The employer contribution rate for the period from 1 April 2024 is 22.5% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.8% of pensionable pay.

iv) While a valuation was carried out as at 31 March 2016, work on the cost cap valuation was suspended by the UK Government following the decision by the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that the transitional protections provided as part of the 2015 reforms unlawfully discriminated on the grounds of age.

Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2020 actuarial valuations will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.

v) Ayrshire and Arran Health Board's level of participation in the scheme is 5.22% based on the proportion of employer contributions paid in 2023-24

	2024 £000	2025 £000
Pension cost charge for the year	82,537	95,265
Additional Costs arising from early retirement	574	572
Provisions / Liabilities / Pre-payments included in the Balance Sheet	5,506	5,309
Pension costs for the year for staff transferred from local authority	-	-

Note 20 **Retrospective Restatements**

There are no retrospective statements recognised in these accounts

Note 21 **Restated Primary Statements**

The Cash flow has been re-stated for 2023-24. This is in relation to capital repayments under IFRS 16 - Leases. This has reduced the non cash transactions figure within cash flows from operating activities by £1,334k and a corresponding adjustment has been made within cash flows from financing activities.

Financial Assets - Consolidated	Previous Accounts 2024 £000	Adjustment £000	Restated These Accounts 2024 £000
Cash flows from financing activities			
Funding	1,198,166		1,198,166
Movement in General Fund working capital	(245)		(245)
Cash drawn down	**1,197,921**		**1,197,921**
Capital element of payments in respect of leases and on-balance sheet PFI and Hub contracts	(2,817)	1,334	(1,483)
IFRS 16 - 2022-23 cash lease payment	-		-
Interest paid	-		-
Interest element of leases and on-balance sheet PFI / PPP and Hub contracts	(5,156)		(5,156)
Net financing	**1,189,948**	**1,334**	**1,191,282**
Net Increase / (decrease) in cash and cash equivalents in the period	(15)		(15)
Cash and cash equivalents at the beginning of the period	379		379
Cash and cash equivalents at the end of the period	**364**	**-**	**364**
Reconciliation of net cash flow to movement in net debt/cash			
Increase / (decrease) in cash in year	(15)		(15)
Net debt / cash at 1 April	379		379
Net debt / cash at 31 March	**364**	**-**	**364**

Note 22 a Financial Instruments - Financial Assets and Liabilities

2024 £000	Financial Assets - Consolidated	Note	Financial assets at Fair Value: through Other Comp Income £000	through Profit & Loss £000	2025 £000
8,736	Investments	10		8,631	8,631
23,842	Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	22,044		22,044
364	Cash and cash equivalents	11	342		342
32,942	**Financial Assets per Balance Sheet**		**22,386**	**8,631**	**31,017**
	Financial Assets - Board				
434	Investments	10		600	600
23,842	Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	22,036		22,036
134	Cash and cash equivalents	11	135		135
24,410	**Financial Assets per Balance Sheet**		**22,171**	**600**	**22,771**

2024 £000	Financial Liabilities - Consolidated	Note	Financial liabilities at amortised cost	2025 £000
3,055	Finance lease liabilities	12	3,278	3,278
61,906	PFI Liabilities	12	54,483	54,483
61,036	Trade and other payables excluding statutory liabilities	12	54,768	54,768
125,997	**Financial Liabilities per Balance Sheet**		**112,529**	**112,529**
	Financial Liabilities - Board			
3,055	Finance lease liabilities	12	3,278	3,278
61,906	PFI Liabilities	12	54,483	54,483
60,850	Trade and other payables excluding statutory liabilities	12	54,754	54,754
125,811	**Financial Liabilities per Balance Sheet**		**112,515**	**112,515**

Liquidity	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31st March 2025	**£000**	**£000**	**£000**	**£000**
PFI Liabilities	1,820	2,207	9,110	41,346
Finance lease liabilities	1,499	1,135	644	0
Total	**3,319**	**3,342**	**9,754**	**41,346**
At 31st March 2024				
PFI Liabilities	2,592	2,717	9,670	51,360
Finance lease liabilities	1,145	856	1,053	0
Total	**3,737**	**3,573**	**10,723**	**51,360**

Market Risk

The NHS Board has no powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the NHS Board in undertaking its activities.

i. **Cash flow and fair value interest rate risk**
The NHS Board has no significant interest bearing assets or liabilities and as such income and expenditure cash flows are substantially independent of changes in market interest rates.

ii. **Foreign Currency and Price Risks**
The NHS Board is not exposed to foreign currency risk or equity security price risk.

Note 22 c Fair Value Estimation

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current HM Treasury interest rate that is available for similar financial instruments.

Note 23 Derivative Financial Instruments - Consolidated and Board

There are no derivative financial instruments in 2024-25 or prior years.

Note 24 Related Party Transactions

Cumnock SPV is not consolidated into the accounts of the Health Board as not material.
Hard and soft facilities management services for East Ayrshire Community Hospital continue to be provided to the Board by Cumnock SPV through BAM FM.
During 2024/25 payments of £2.492 million were made to Cumnock SPV Holdings for these services.

Councils
Councils are related parties (separate legal entities from IJBs) and a Councillor from each of the three Councils in Ayrshire sit on the Health Board. Transactions between the Health Board and Councils in 2024/25 were:

Payments made to		**Income received from**	
East Ayrshire Council	£25.3 million	East Ayrshire Council	£2.0 million
North Ayrshire Council	£27.6 million	North Ayrshire Council	£1.4 million
South Ayrshire Council	£23.4 million	South Ayrshire Council	£4.6 million

The North, East and South Ayrshire Integration Joint Boards were each established on 1 April 2015 as partnerships between the respective Ayrshire Council and NHS Ayrshire & Arran, and are responsible for their population for planning and overseeing the delivery of a full range of community, health and social work/social care services , including those for older people, adults, children and families, people in the Criminal Justice System and allied health professionals.

In the year 2024/2025 the following Health Board financial transactions were made with North Ayrshire Integration Joint Board relating to the integrated and health functions:

Contribution made to North Ayrshire IJB	£244.5 million	(2023/24	£228.2 million)
Commissioning income received from North Ayrshire IJB	£217.2 million	(2023/24	£203.0 million)
North Ayrshire IJB balance due from Health Board	£0.5 million	(2023/24	£0.146 million

In the year 2024/2025 the following Health Board financial transactions were made with East Ayrshire Integration Joint Board relating to the integrated and health functions:

Contribution made to East Ayrshire IJB	£208.7 million	(2023/24	£194.4 million)
Commissioning income received from East Ayrshire IJB	£183.9 million	(2023/24	£167.9 million)
East Ayrshire IJB balance due from Health Board	£3.2 million	(2023/24	£2.9 million)

In the year 2024/2025 the following Health Board financial transactions were made with South Ayrshire Integration Joint Board relating to the integrated and health functions:

Contribution made to South Ayrshire IJB	£205.5 million	(2023/24	£191.1 million)
Commissioning income received from South Ayrshire IJB	£185.6 million	(2023/24	£169.1 million)
South Ayrshire IJB balance due from Health Board	£0.000 million	(2023/24	£2.0 million)

Note 24 Related Party Transactions

Health Boards
Scottish Government controls non-departmental public bodies and these accounts are consolidated into the Scottish Government Accounts. Because the Scottish Government Health and Social Care Directorate controls all Health Boards, they are related parties. SFR30 detail all expenditure with other NHS Scotland Bodies to provide health care services for NHS Ayrshire and Arran patients and income received from other NHS Scotland bodies. Income is received from NHS Education for Scotland for junior doctors and income is received from NSS for the cochlear implant national service provided by NHS Ayrshire and Arran to the whole of Scotland.

Directors have control over the Health Boards financial and operating policies. The total remuneration paid to directors is shown in the Remuneration Report. Officers have the responsibility to adhere to a code of conduct which requires them to declare an interest in matters that directly, or indirectly may influence, or be thought to influence their judgement or decisions taken during the course of their work. In terms of any relevant parties, officers with declarations of interest did not take part in any discussion or decisions relating to transactions with these parties.

The Board members' declarations of interest are publicly available on NHS Ayrshire & Arran's website, or can be viewed in person at the Board Headquarters in Ayr.

Other than Councillors on the Board where transactions with Councils are shown above, the Health Board had transactions during the year or worked in partnership with publicly funded or representative bodies in which member of the Board hold official positions as shown below:

Board Member	Position	Organisation	Sales or Purchase in Year	
Derek Lindsay	Director of Finance	Cumnock SPV Ltd		£2.492 million expenditure
Linda Semple	Non-Executive	Golden Jubilee Hospital	£0.550 million income	£10.743 million expenditure
Jean Ford	Non-Executive	NHS Education Scotland	£28.229 million income	£4.982 million expenditure
Joyce White	Non-Executive	Centre Stage		£0.028 million expenditure
Douglas Reid	Non-Executive	Centre Stage		£0.028 million expenditure

Ayrshire & Arran Endowment Funds are managed by Trustees who are also Directors of the Board (as notified in the Remuneration report) and is therefore a related party. The endowment accounts are consolidated into these Health Board accounts. During the year the board made nil payments to Endowments (2023/2024 £0.364m) and received payments from Endowments of £0.282 million (2023/2024 £0.448 million) with a balance of £0.01million (2023/2024 £0.020 million) is due to the Board outstanding at year-end.

No other transactions above £10,000 with related parties occurred in 2024/25

Note 25 **Third Party Assets**

These are not departmental assets and are not included in the accounts. The assets held at the reporting period date to which it was practical to ascribe monetary values comprised monetary assets, such as bank balances and monies on deposit, and listed securities. They are set out in the table immediately below.

	2024 £000	Gross Inflows £000	Gross Outflows £000	2025 £000
Monetary amounts such as bank balances and monies on deposit	250	636	(674)	213

Note 26 a **Consolidated Statement of Comprehensive Net Expenditure**

2024 Group £000		Note	2025 Board £000	2025 Endowment £000	2025 East Health & Social Care Partnership £000	2025 North Health & Social Care Partnership £000	2025 South Health & Social Care Partnership £000	2025 Group £000
636,893	Staff costs	3a	687,708	-	-	-	-	687,708
146,152	Independent Primary Care Services	3b	158,222	-	-	-	-	158,222
183,226	Drugs and medical supplies		188,361	-	-	-	-	188,361
825,536	Other health care expenditure		891,773	613	-	-	-	892,386
1,791,807	**Gross expenditure for the year**		**1,926,064**	**613**	**-**	**-**	**-**	**1,926,677**
(614,303)	Less: operating income	4	(663,192)	(605)	-	-	-	(663,797)
12,637	Associates and joint ventures accounted for on an equity basis		-	-	2,138	1,175	3,203	6,516
1,190,141	**Net expenditure for the year**		**1,262,872**	**8**	**2,138**	**1,175**	**3,203**	**1,269,396**

Note 26 b Consolidated Statement of Financial Position

2024 Group £000			2025 Board £000	2025 Endowment £000	2025 Intergroup Adjustment £000	2025 East Health & Social Care Partnership £000	2025 North Health & Social Care Partnership £000	2025 South Health & Social Care Partnership £000	2025 Group £000
490,647	Property, plant and equipment	SOFP	485,969	-	-	-	-	-	485,969
9,582	Right of Use assets	SOFP	9,618	-	-	-	-		9,618
	Financial assets:								
8,736	Investments	SOFP	600	8,031	-	-	-	-	8,631
16,195	Investments in associates and joint ventures		-	-	-	2,568	1,580	5,531	9,679
20,250	Trade and other receivables	SOFP	27,252	-	-	-	-	-	27,252
545,410	**Total non-current assets**		**523,439**	**8,031**	**-**	**2,568**	**1,580**	**5,531**	**541,149**
	Current Assets								
6,920	Inventories	SOFP	6,158	-	-	-	-	-	6,158
	Financial assets:								
41,845	Trade and other receivables	SOFP	31,281	8	-	-	-	-	31,289
364	Cash and cash equivalents	SOFP	135	207	-	-	-	-	342
175	Assets classified as held for sale	SOFP	-	-	-	-	-	-	-
49,304	**Total current assets**		**37,574**	**215**	**-**	**-**	**-**	**-**	**37,789**
			-	-	-	-	-	-	-
594,714	**Total assets**		**561,013**	**8,246**	**-**	**2,568**	**1,580**	**5,531**	**578,938**
	Current Liabilities								
(16,917)	Provisions	SOFP	(17,426)	-	-	-	-	-	(17,426)
	Financial liabilities:								
(94,759)	Trade and other payables	SOFP	(94,409)	(14)	-	-	-	-	(94,423)
(111,676)	**Total current liabilities**		**(111,835)**	**(14)**	**-**	-	-	-	**(111,849)**
									-
483,038	**Non-current assets less net current liabilities**		**449,178**	**8,232**	**-**	**2,568**	**1,580**	**5,531**	**467,089**
	Non-current Liabilities								
(73,148)	Provisions	SOFP	(71,811)	-	-	-	-	-	(71,811)
	Financial liabilities:								
(62,524)	Trade and other payables	SOFP	(54,775)	-	-	-	-	-	(54,775)
-	Liabilities in associate and joint ventures		-	-	-	-	-	-	-
(135,672)	**Total non-current liabilities**		**(126,586)**	**-**	**-**	**-**	**-**	**-**	**(126,586)**
347,366	**Assets less liabilities**		**322,592**	**8,232**	**-**	**2,568**	**1,580**	**5,531**	**340,503**
	Taxpayers' Equity								
159,866	General fund	SoFP	157,513	-	-	-	-	-	157,513
162,959	Revaluation reserve	SoFP	165,079	-	-	-	-	-	165,079
16,194	Other reserves - joint venture	SoFP	-	-	-	2,568	1,580	5,531	9,679
8,347	Funds Held on Trust	SoFP	-	8,233	-	-	-	-	8,233
347,366	**Total taxpayers' equity**		**322,592**	**8,233**	**-**	**2,568**	**1,580**	**5,531**	**340,504**

Note 26 b Consolidated Statement of Financial Position - Prior Year

		2024 Board	2024 Endowment	2024 Intergroup Adjustment	2024 East Health & Social Care Partnership	2024 North Health & Social Care Partnership	2024 South Health & Social Care Partnership	2024 Group
		£000	£000	£000	£000	£000	£000	£000
Property, plant and equipment	SOFP	490,647	-	-	-	-	-	490,647
Right of Use assets	SOFP	9,582						9,582
Financial assets:								
Investments	SOFP	434	8,302	-	-	-	-	8,736
Investments in associates and joint ventures		-	-	-	4,706	2,755	8,734	16,195
Trade and other receivables	SOFP	20,250	-	-	-	-	-	20,250
Total non-current assets		**520,913**	**8,302**	**-**	**4,706**	**2,755**	**8,734**	**545,410**
Current Assets								
Inventories	SOFP	6,920	-	-	-	-	-	6,920
Financial assets:								
Trade and other receivables	SOFP	41,845	-	-	-	-	-	41,845
Cash and cash equivalents	SOFP	134	230	-	-	-	-	364
Assets classified as held for sale	SOFP	175	-	-	-	-	-	175
Total current assets		**49,074**	**230**	**-**	**-**	**-**	**-**	**49,304**
		-	-	-	-	-	-	-
Total assets		**569,987**	**8,532**	**-**	**4,706**	**2,755**	**8,734**	**594,714**
Current Liabilities								
Provisions	SOFP	(16,917)	-	-	-	-	-	(16,917)
Financial liabilities:								
Trade and other payables	SOFP	(94,573)	(186)	-	-	-	-	(94,759)
Total current liabilities		**(111,490)**	**(186)**	**-**	**-**	**-**	**-**	**(111,676)**
								-
Non-current assets plus net current assets		**458,497**	**8,346**	**-**	**4,706**	**2,755**	**8,734**	**483,038**
Non-current Liabilities								
Provisions	SOFP	(73,148)	-	-	-	-	-	(73,148)
Financial liabilities:								
Trade and other payables	SOFP	(62,524)	-	-	-	-	-	(62,524)
Liabilities in associate and joint ventures		-	-	-	-	-	-	-
Total non-current liabilities		**(135,672)**	**-**	**-**	**-**	**-**	**-**	**(135,672)**
Assets less liabilities		**322,825**	**8,346**	**-**	**4,706**	**2,755**	**8,734**	**347,366**
Taxpayers' Equity								
General fund	SoFP	159,866	-	-	-	-	-	159,866
Revaluation reserve	SoFP	162,959	-	-	-	-	-	162,959
Other reserves - joint venture	SoFP	-	-	(1)	4,706	2,755	8,734	16,194
Funds Held on Trust	SoFP	-	8,347	-	-	-	-	8,347
Total taxpayers' equity		**322,825**	**8,347**	**(1)**	**4,706**	**2,755**	**8,734**	**347,366**

Note 26 c Consolidated Statement of Cash Flows

2024 Group		2025 Board	2025 Endowment	2025 East Health & Social Care Partnership	2025 North Health & Social Care Partnership	2025 South Health & Social Care Partnership	2025 Group
£000	**Cash flows from operating activities**	£000	£000	£000	£000	£000	£000
(1,190,141)	Net operating cost	(1,262,872)	(8)	(2,138)	(1,175)	(3,203)	(1,269,396)
34,223	Adjustments for non-cash transactions	25,188	-	2,138	1,175	3,203	31,704
5,156	Add back: interest payable recognised in net operating cost	4,305	-	-	-	-	4,305
(377)	Investment income	-	(233)	-	-	-	(233)
(20,378)	Movements in working capital	3,225	(180)	-	-	-	3,045
(1,171,517)	**Net cash outflow from operating activities**	**(1,230,154)**	**(421)**	**-**	**-**	**-**	**(1,230,575)**
	Cash flows from investing activities						
(19,956)	Purchase of property, plant and equipment	(10,790)	-	-	-	-	(10,790)
(12,241)	Investment Additions	(225)	(12,566)	-	-	-	(12,791)
-	Transfer of assets to/(from) other NHS bodies	-	-	-	-	-	-
261	Proceeds of disposal of property, plant and equipment	175	-	-	-	-	175
11,779	Receipts from sale of investments	-	12,732	-	-	-	12,732
377	Interest received	-	233	-	-	-	233
(19,780)	**Net cash outflow from investing activities**	**(10,840)**	**399**	**-**	**-**	**-**	**(10,441)**
	Cash flows from financing activities						
1,198,166	Funding	1,248,924	-	-	-	-	1,248,924
(245)	Movement in general fund working capital	1	-	-	-	-	1
1,197,921	Cash drawn down	1,248,925	-	-	-	-	1,248,925
(1,483)	Capital element of payments in respect of leases and on-bala	(3,626)	-	-	-	-	(3,626)
-	Interest paid	-	-	-	-	-	-
(5,156)	Interest element of leases and on-balance sheet PFI / PPP cc	(4,305)	-	-	-	-	(4,305)
1,191,282	**Net Financing**	**1,240,994**	**-**	**-**	**-**	**-**	**1,240,994**
(15)	Net Increase in cash and cash equivalents in the period	-	(22)	-	-	-	(22)
379	Cash and cash equivalents at the beginning of the period	135	229	-	-	-	364
364	**Cash and cash equivalents at the end of the period**	**135**	**207**	**-**	**-**	**-**	**342**
	Reconciliation of net cash flow to movement in net debt/cash	-		-	-	-	
(15)	Increase / (decrease) in cash in year	-	(22)	-	-	-	(22)
379	Net debt / cash at 1 April	135	229	-	-	-	364
364	**Net cash at 31 March**	**135**	**207**	**-**	**-**	**-**	**342**

DIRECTIONS BY THE SCOTTISH MINISTERS

The Scottish Ministers, in exercise of their functions under section 86(1) and (3) of the National Health Service (Scotland) Act 1978, in relation to the functions of Health Boards in that section which apply to NHS Ayrshire & Arran by virtue of that Act, and all other powers enabling them to do so, hereby DIRECT that:

1. NHS Ayrshire & Arran must prepare a statement of accounts for each financial year in accordance with the accounting principles and disclosure requirements set out in the edition of the Government Financial Reporting Manual which is applicable for the financial year for which the statement of accounts is prepared.

2. In preparing a statement of accounts in accordance with paragraph 1, NHS Ayrshire & Arran must use the NHS Ayrshire & Arran Annual Accounts template which is applicable for the financial year for which the statement of accounts is prepared.

3. In preparing a statement of accounts in accordance with paragraph 1, NHS Ayrshire & Arran must adhere to any supplementary accounting requirements set out in the following documents which are applicable for the financial year for which the statement of accounts is prepared –

   (a) The NHS Scotland Capital Accounting Manual,

   (b) The Manual for the Annual Report and Accounts of NHS Boards and for Scottish Financial Returns, and

   (c) The Scottish Public Finance Manual.

4. A statement of accounts prepared by NHS Ayrshire & Arran in accordance with paragraphs 1, 2 and 3, must give a true and fair view of the income and expenditure and cash flows for that financial year, and of the state of affairs as at the end of the financial year.

5. NHS Ayrshire & Arran must attach these directions as an appendix to the statement of accounts which it prepares for each financial year.

6. In these Directions –

   "financial year" has the same meaning as that given by Schedule 1 of the Interpretation Act 1978,

   "Government Financial Reporting Manual" means the technical accounting guide for the preparation of financial statements issued by HM Treasury,

   "Manual for the Annual Report and Accounts of NHS Boards and for Scottish Financial Returns" means the guidance on preparing annual accounts issued to Health Boards by the Scottish Ministers,

   "NHS Act 1978" means the National Health Service (Scotland) Act 1978 (c. 29),

   "NHS Scotland Capital Accounting Manual" means the guidance on the application of accounting standards and practice to capital accounting transactions in the NHS issued by the Scottish Ministers,

NHS Ayrshire & Arran is a Health Board established under section 2(1) of the National Health Service (Scotland) Act 1978

"NHS Ayrshire & Arran Annual Accounts template" means the Excel spreadsheet issued to NHS Ayrshire & Arran by the Scottish Ministers as a template for their statement of accounts, and

"Scottish Public Finance Manual" means the guidance on proper handling and reporting of public funds issued by the Scottish Ministers.

7. Any expressions or definitions, where relevant and unless otherwise specified, take the meaning which they have in section 108 of the NHS Act 1978.

8. This Direction will come into force on the day after the day on which it is signed.

9. This Direction will remain in force until such time that it is varied, amended or revoked by a further Direction of the Scottish Ministers under section 86 of the NHS Act 1978.

Signed by the authority of the Scottish Ministers

Dated 22 March 2022