



Annual Report and accounts 2025-26













NHS
Ayrshire & Arran

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Annual Report and Accounts 2025/26

NHS Ayrshire and Arran

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PART 1: PERFORMANCE REPORT

1. Performance Overview

1.1 Statement by the Interim Chief Executive

2025/26 has been a year of significant challenge and important progress for NHS Ayrshire & Arran. The organisation has continued to operate within a highly demanding environment, characterised by sustained growth in demand, increasing complexity of care, workforce pressures and a difficult financial position. Within this context, our focus has remained on delivering safe, effective and person-centred care, while progressing key priorities set out in our NHS Ayrshire & Arran Delivery Plan.

Towards the end of 2025/26, the Board was escalated to Stage 4 of the NHS Scotland Support and Intervention Framework. This reflects the scale of the financial challenges facing the organisation and the need for enhanced national support to strengthen financial governance and accelerate recovery. While this represents a significant development, it is important to recognise that this escalation is not a reflection of the quality of care delivered by our staff, but rather the financial and system pressures experienced across the organisation.

Despite these challenges, there has been meaningful progress in several priority areas. In Planned Care, significant improvements have been achieved in reducing the number of patients waiting over 52 weeks for treatment, delivering against the key national and local commitment. Cancer performance has also improved significantly over the course of the year, with delivery against local trajectories for both the 62-day and 31-day standards. Across mental health services, national waiting time standards have largely been maintained.

However, system-wide performance remains under considerable pressure. In particular, Unscheduled Care continues to be impacted by challenges in patient flow, high levels of hospital occupancy and delays in discharge. These issues are closely linked to capacity constraints across both hospital and community services and continue to affect the pace and sustainability of improvement across the wider system. Our Ayrshire Urgent Care services continues to deliver strong performance focusing on the redirection for urgent care into appropriate community pathways. Whole system flow is a key priority moving forward and we will continue to invest focusing on the principles of Right Care, Right Place.

Our financial position remains a significant challenge. Like many health boards, NHS Ayrshire & Arran is experiencing significant and ongoing cost pressures driven by rising demand, workforce challenges and increasing complexity of care. During the year, progress has been made in delivering savings and strengthening financial management arrangements, supported by a renewed focus on operational grip and governance. This

includes the establishment of a Programme Management Office to support delivery of both immediate savings and longer term transformation.

Alongside this, we have continued to progress our transformation programme, Caring for Ayrshire, which aims to deliver a more sustainable, whole-system model of health and care. Early progress has been made in a number of areas, supported by clinically led pathway redesign and service reform, as well as strengthened collaboration with our Health and Social Care Partnerships and regional partners.

During 2025/26, the organisation has also undergone a period of leadership transition, including the appointment of a new Interim Chief Executive and Interim Director of Finance. This has strengthened the leadership team and provided renewed focus on performance, governance and financial recovery.

Looking ahead to 2026/27, the Board remains focused on stabilising performance, strengthening financial sustainability and delivering further improvement in priority areas. This will require continued partnership working, disciplined financial management and sustained focus on system-wide solutions to address flow and capacity challenges. While the challenges remain significant, I am confident that, with the continued support of the Scottish Government and the commitment of our staff and partners, we can build on the progress made this year and move towards a more sustainable future.

I would like to take this opportunity to thank all staff across NHS Ayrshire & Arran and our partner organisations for their continued professionalism, resilience and commitment in what has been a challenging year.



Gordon James, Interim Chief Executive, NHS Ayrshire & Arran

1.2 Overview

This Performance Report provides a summary of NHS Ayrshire & Arran's performance during 2025/26, structured in accordance with the requirements of the Government Financial Reporting Manual (FreM) and the NHS Scotland Annual Accounts Manual. It

presents a balanced and evidence-based assessment of the Board's performance against its Delivery Plan commitments, including areas of progress, areas where performance has been sustained, and areas where performance has fallen short of the planned trajectories.

The report is divided into two sections. The Performance Overview provides a high-level summary of the organisation, its strategic context, and its overall performance and key risks. The Performance Analysis section provides a more detailed assessment of performance across key service areas, including Planned Care, Urgent and Unscheduled Care, Mental Health, Cancer, Workforce and Quality of Care. This is drawn from routine performance reporting and year-end position for 2025/26.

The Delivery Plan, incorporating Operational Improvement Plan priorities, sets out the Board's intended trajectories for improvement across the year. Performance is assessed against these trajectories, alongside national standards and local priorities, with consideration given to the impact of demand, workforce capacity and financial constraints on delivery.

1.3 Purpose and Activities

NHS Ayrshire & Arran is a statutory body responsible for planning, delivering and assuring safe, effective and person centred health services for the population of more than 366,000 across North, East and South Ayrshire. The Board delivered a wide range of services including acute hospital care, primary care, community health services and mental health services, working in partnership with the three Health and Social Care Partnerships. The organisation employs approximately 11,700 staff across a range of clinical and support roles and is responsible for ensuring that services are delivered in line with national standards, local priorities and available resources. The NHS Board provides strategic leadership and is accountable for the performance, governance and sustainability of the organisation. During 2025/26, the Board maintained a clear focus on delivery of its Delivery Plan commitments, alongside ensuring that services remained safe and effective in the context of sustained system pressures and increased demand.

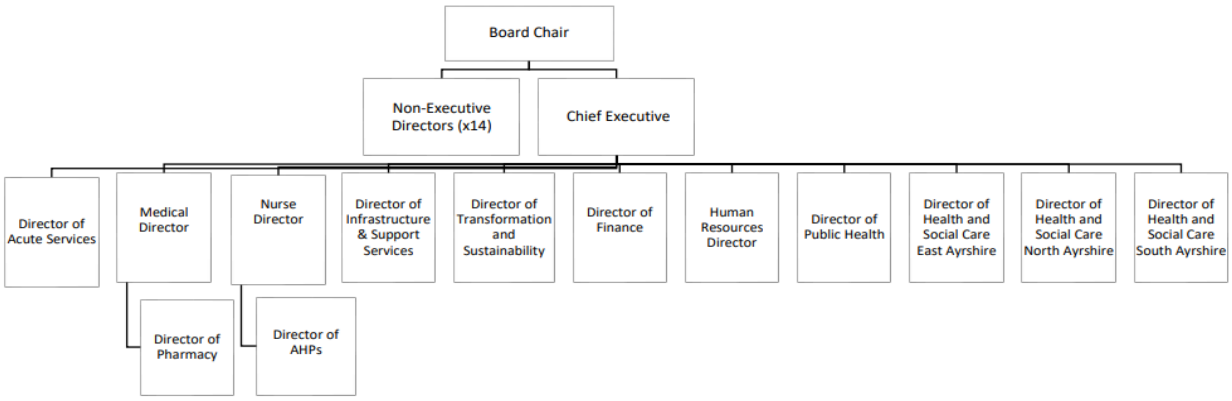
1.4 Organisational Structure and Governance

The NHS Board is supported by a structured governance framework designed to provide oversight of performance, quality, risk and financial management. Performance is scrutinised operationally and at Corporate Management Team meetings as well as managed through a number of established governance committees. Escalation routes are in place to the NHS Board where required. These arrangements ensure that risks to delivery are identified, escalated and actively managed through the Board's governance framework. This also supports regular review of performance against Delivery Plan

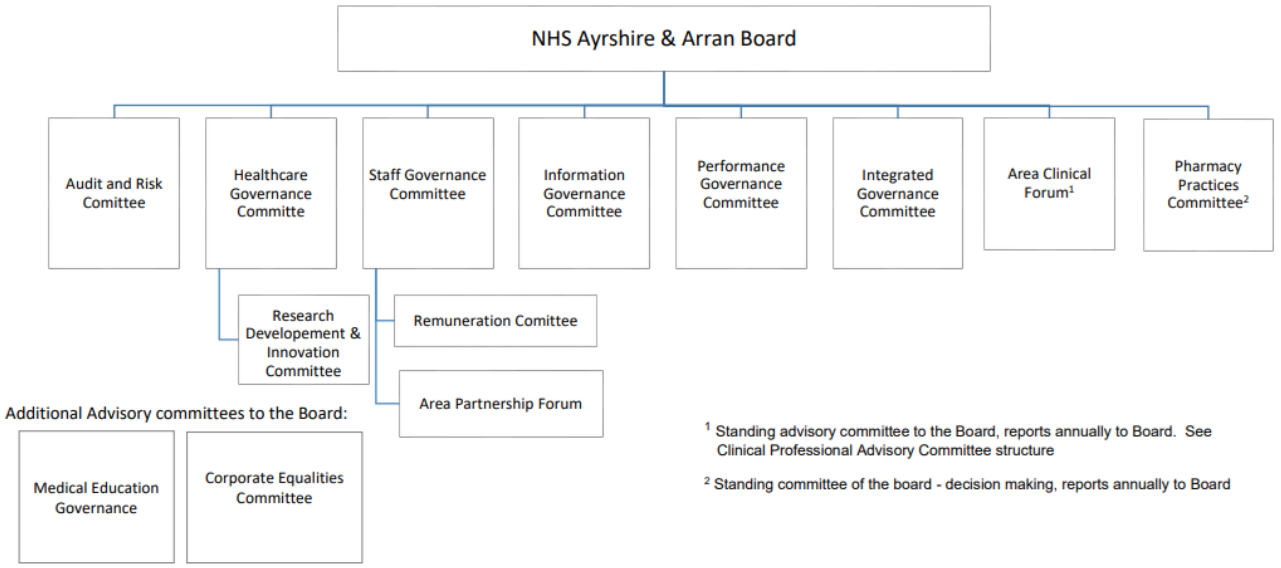
commitment, enabling early identification of risks and the implementation of mitigating actions.

In addition to formal Board and Committee structures, a range of operational governance groups are in place to support delivery of key priorities, including Planned Care, Unscheduled Care and Flow and Discharge without Delay. These groups provide detailed oversight of performance and support co-ordinated action across services in line with National policy and direction.

Board Structure:



Governance structure:



Through this framework, the Board maintains oversight of performance, ensures accountability for delivery and monitors key risks affecting service provision.

Audit and Risk Committee
In 2025/26, the Committee provided assurance on the effectiveness of governance, risk management and internal control. It considered and reviewed internal and external audit findings, scrutinised financial reporting and the annual accounts, and monitored audit findings, counter fraud activity and implementation of recommendations. It maintained oversight of risk management, including review of the Strategic Risk Register and Risk Appetite Statement, and supported improvements in risk reporting. The Committee also reviewed key governance policies and supported approval of the Governance Statement and Code of Corporate Governance.

Healthcare Governance Committee
During 2025/26, the Committee provided system-wide assurance on healthcare governance, with a focus on patient safety, patient experience and quality improvement. It considered corporate governance, annual reporting, HSCP/IJB clinical governance, audit and scrutiny reports, SPSO matters and risk. The Committee maintained oversight of strategic healthcare risks and drew assurance from core governance structures across services and system committees.

Information Governance Committee
In 2025/26, the Committee provided assurance on the management, security and use of information. It monitored compliance with legislation and national standards across information governance, records management and IT security, including cyber resilience.

The Committee reviewed performance, audit findings and improvement actions, and maintained oversight of relevant risks, ensuring information is managed and protected appropriately.

Integrated Governance Committee
During 2025/26, the Committee provided assurance across cross-cutting governance priorities, including Community Wealth Building, climate emergency and sustainability, organisational resilience, civil contingencies, digital strategy delivery, and statutory duties such as corporate parenting and UNCRC (United Nations Convention on the Rights of the Child). It scrutinised associated strategic risks and monitored progress on business continuity arrangements.

Staff Governance Committee
In 2025/26, the Committee provided assurance on staff governance arrangements, promoting a culture of partnership and supporting delivery of the Staff Governance Standard. It oversaw workforce strategies, people management and related policies, monitored whistleblowing and national reporting, and reviewed audit findings and actions. The Committee maintained oversight of relevant risks, ensuring staff are effectively supported and managed.

During 2025/26, the Board advanced key workforce and Staff Governance priorities in partnership with Staff Side, progressing preparatory work for implementation of the final hour of the Reduced Working Week from April 2026 in line with the PCS(AfC) 2025–28 agreement and through engagement with the Area Partnership Forum. The Board implemented the Once for Scotland Mandatory Training framework as part of the Protected Learning Time agenda, continued the review of Band 5 nursing roles under Agenda for Change Pay Reform, and maintained a strong focus on Equality, Diversity and Inclusion, with active staff networks contributing to policy development and responses to national developments.

Performance Governance Committee
During 2025/26, the Committee scrutinised organisational performance, resource use and strategic planning to support delivery of Board objectives. It oversaw financial planning, budget setting and investment decisions, and monitored service and financial performance, benefits realisation and transformational change. The Committee promoted strong performance management and maintained oversight of risks, providing assurance on the effective use of resources.

1.5 Strategic Context

During 2025/26, NHS Ayrshire & Arran operated within a challenging national and local context, characterised by sustained demand for services, workforce constraints and financial pressure. The Board's priorities were set out within the Delivery Plan, which incorporated Operational Improvement Plan (OIP) priorities and aligned to national policy objectives for recovery and reform. These priorities focused on reducing long waits, improving access to urgent and unscheduled care, and maintaining performance across mental health and cancer services.

Alongside delivery of operational priorities, the organisation continued to progress its transformation programme, “Caring for Ayrshire”, which aims to deliver a sustainable, whole-system model of health and care. During the year, NHS Ayrshire & Arran was subject to an increased level of national oversight, reflecting the scale of the financial and operational challenges faced by the organisation. Within this context the Board maintained a focus on stabilising performance, delivering priority improvements for patients and developing a longer-term plan for sustainable service delivery.

During the year, NHS Ayrshire & Arran was escalated to Stage 4 of the NHS Scotland Support and Intervention Framework, reflecting the scale of the financial challenges facing the organisation and the need for enhanced support and oversight. Stage 4 escalation provides access to targeted, intensive support from the Scottish Government, including strengthened governance and financial management arrangements. This escalation however does not reflect the quality of care provided by staff, but rather the financial and system pressures experienced across the organisation.

NHS Ayrshire & Arran along with the three Councils (East Ayrshire Council, North Ayrshire Council and South Ayrshire Council) and the three IJB’s (East Ayrshire Integration Joint Board, North Ayrshire Integration Joint Board and South Ayrshire Integration Joint Board) has established the Ayrshire Transformation Board to strengthen integrated working, support system-wide reform and provide a coordinated approach to addressing the shared operational, financial and service challenges facing the Ayrshire system.

1.6 Performance Summary

NHS Ayrshire & Arran’s Delivery Plan for 2025/26 set out a series of improvement trajectories across Planned Care, Urgent and Unscheduled Care, Diagnostics and Mental Health services, aligned to national priorities for recovery and reform. Performance over the year reflects a mixed position, with significant progress in priority areas, alongside continued challenges in overall system performance.

Within Planned Care substantial improvements have been achieved, particularly in reducing the number of patients waiting over 52 weeks for an Outpatient or Inpatient/Daycase appointment and treatment. This represents a key Delivery Plan commitment and aligns with national policy priorities to eliminate long waits. These improvements have been supported by sustained delivery of planned activity and targeted service interventions, including Waiting List initiatives, utilising additional funding. However, despite this progress, overall Waiting List sizes for outpatient and Inpatient/Daycase appointments remain above planned levels, indicating underlying demand and capacity pressures continue to outpace recovery to some degree. While meaningful progress has been achieved, aligning demand, workforce and financial resources continues to be a challenge.

Performance in cancer services has also shown positive progress. The 62-day standard improved over the course of the year and surpassed Delivery Plan trajectories in the final reporting period. Whilst the 31-day standard has been consistently delivered throughout the year. This reflects focused improvement effort by the local teams in line with national priorities, although recognising that performance remains below the 95% National standard for the 62-day pathway with achievement of 86.3% in March which was the second best Health Board performance in Scotland.

Performance against the national mental health waiting time standards remained strong across CAMHS and Drug and Alcohol services. Performance against the Psychological Therapies remained slightly below the national standard.

Across urgent and unscheduled care, performance has remained below Delivery Plan trajectories across all key indicators. While some improvement has been observed in the latter part of 2025/26 sustained challenges remain in relation to Emergency Department performance, patient flow, occupancy levels and delayed discharges. These factors continue to constrain capacity across the system and impact on the delivery of planned improvements in other areas. Demand for unscheduled care services has increased over the year with Emergency Department attendances rising compared to the previous year. This increased demand, combined with system flow challenges, including length of stay and delays in discharges, continues to place significant pressure on performance. The scale of improvement required to deliver sustained performance remains closely linked to the availability of recurring financial resources and the ability to balance capacity across the system.

Across all areas delivery has been influenced by a combination of workforce constraints, increasing demand, and financial pressures. While targeted improvement actions have delivered measurable progress in priority areas, these underlying system constraints continue to limit the pace and sustainability of improvement. Workforce availability, including sickness absence and challenges in recruiting to key clinical roles, continued to impact capacity across a number of service areas.

Our annual intake recruitment programme for newly qualified Registered Nursing and Midwifery staff, undertaken in collaboration with our partners the University of West of Scotland, continues to be successful and this has provided an important lever in terms of additional nursing capacity for our Acute Division associated with the implementation of the Reduced Working Week (RWW). Looking ahead we are aware of reduced outturn of newly qualified practitioners in forthcoming years associated with reduced undergraduate intake numbers and attrition from programmes which is concerning. We are continuing to work in collaboration with Ayrshire College around access routes to health and social care jobs and further developing apprenticeship opportunities. Clinical registrant supply, across job families, continues to be an ongoing high risk for the Board in terms of national supply

being unable to meet demand. Our volume of consultant vacancies is particularly illustrative of this albeit we are seeing are positively seeing a downward trend in relation to this. The Board continues to have an overall low organisational turnover rate in comparison to NHS Scotland and other territorial mainland Boards.

During 2025/26, the organisation has also experienced a period of leadership transition, with appointment of a new Interim Chief Executive and Interim Director of Finance. Alongside this the Board has been escalated to an increased level of national oversight, including escalation to stage 4. Within this context, the progress achieved in key priority areas, particularly in reducing long waits and in improving cancer performance represents a positive step in stabilising performance and establishing a platform for further improvement.

A summary of performance across key indicators is provided at the start of the Performance Analysis section, with detailed analysis set out in the sections that follow.

1.7 Principal Risks and Uncertainties

Principal Risks and Uncertainties

NHS Ayrshire and Arran operates within a complex and challenging environment and is exposed to a range of risks which may impact on the achievement of its strategic objectives, statutory duties and delivery of safe, effective and sustainable services. These include risks that may impact delivery of key national and local performance standards, financial balance, and quality and safety outcomes.

The Board has established a comprehensive system of internal control and risk management designed to identify, evaluate and manage these risks. Risk management arrangements are integrated with corporate governance, performance management and financial planning processes to ensure that risk considerations inform decision-making across the organisation.

A single risk management system is used across the organisation, incorporating:

- an operational risk register, used to manage risks at a local and service level; and
- a Strategic Risk Register which focuses on those risks that, if not effectively managed, could have a significant impact on organisational objectives, statutory duties, financial sustainability, quality of care or public confidence..

Principal Risks

During 2025/26, the Board continued to manage a number of strategic risks, many of which reflect system-wide pressures affecting health and social care across Scotland. These risks have evolved over the year in response to sustained demand, workforce challenges and financial constraints, and are supported by defined mitigating actions and governance oversight.

The principal risks relate to the following themes:

- Sustained demand pressures within urgent and unscheduled care pathways (including Emergency Department crowding and waiting times)
- Financial sustainability and delivery of recurrent efficiencies
- Workforce capacity, wellbeing and skills
- Information governance, cyber security and digital resilience
- Compliance with regulatory and statutory requirements
- Estate safety, maintenance and infrastructure resilience
- Provision of data and intelligence for planning and decision-making
- Infection prevention, control and surveillance capability

These risks are supported by defined mitigating actions and are routinely reviewed through governance committee structures. While progress has been made across several areas during the year, the Board acknowledges that certain elements of these risks remain elevated and require ongoing attention.

Overview of Strategic Risk Profile

The Board's strategic risk register reflects a comprehensive assessment of the most significant risks to delivery of organisational objectives. Risks are assessed using a standardised methodology considering likelihood and impact, with both current and target risk levels monitored over time.

A small number of risks have been assessed at a very high level during the reporting period, primarily reflecting:

- system-wide demand pressures affecting urgent care pathways
- financial sustainability challenges
- compliance and infrastructure-related risks

These risks are subject to enhanced scrutiny and continue to be actively managed through established governance arrangements.

Risk Appetite

The Board approved a refreshed Risk Appetite Statement during 2025/26. This supports clearer alignment between risk, performance and decision-making, and is embedded within governance processes. Where risk exposure exceeds defined appetite levels, enhanced mitigating actions and escalation arrangements are implemented.

While mitigating controls are in place for all principal risks, a number remain above the Board's risk appetite and continue to require focused management action particularly in relation to urgent and unscheduled care capacity, financial sustainability and estate infrastructure.

Urgent and Unscheduled Care Capacity and Patient Flow

The Board continues to face sustained pressure across urgent and unscheduled care services, particularly within Emergency Departments and acute inpatient pathways. High system demand and delayed discharge can impact patient flow, hospital occupancy and overall service performance.

This is recognised as a whole-system challenge requiring coordinated action across acute services, community services and partnerships with Integration Joint Boards and local authorities. During the year, improvement activity focused on strengthening discharge planning, enhancing frailty assessment and improving escalation and resilience arrangements.

The Board continues to receive regular assurance on patient flow and operational performance and remains focused on reducing risk to patient experience and safety.

Financial Sustainability

Financial sustainability remains a significant risk for NHS Ayrshire & Arran. Increasing demand, cost pressures and workforce challenges continue to impact the Board's financial position, resulting in reliance on external financial support to achieve a breakeven outcome.

Throughout 2025/26, the Board delivered a substantial programme of savings and financial improvement. However, the use of non-recurrent measures remains a challenge. Strengthened financial governance arrangements, tighter expenditure controls and enhanced performance management continue to be prioritised.

The Board is subject to enhanced national oversight and support arrangements which provide additional assurance and assistance to support financial recovery and longer-term sustainability.

Workforce Capacity, Wellbeing and Skills

Workforce capacity and capability continue to represent a key strategic risk, including medical and non-medical workforce supply, staff wellbeing and compliance with mandatory training requirements.

During 2025/26, workforce pressures have remained significant, reflecting vacancy levels, sickness absence and wider system challenges.

Mitigating actions include targeted recruitment activity, workforce planning, strengthened governance of attendance and development processes, and ongoing investment in staff wellbeing support.

Information Governance and Cyber Security

NHS Ayrshire and Arran holds and processes significant volumes of personal and sensitive information. Ensuring compliance with data protection legislation and maintaining the confidentiality, integrity and availability of information remains a key strategic risk.

The organisation continues to strengthen its information governance framework, including policies, staff awareness, system controls and incident management arrangements. These actions support the Board's statutory responsibilities and help maintain public trust.

Compliance with Regulatory and Statutory Requirements

The Board operates within a complex legislative and regulatory framework, including compliance with data protection, freedom of information and clinical governance requirements.

During 2025/26, capacity constraints and competing priorities have impacted the pace of improvement in some compliance areas, and this risk remains under close review.

Mitigating actions include ongoing policy development, training, audit and assurance processes, supported by governance committee oversight.

Estate Safety, Maintenance and Infrastructure Resilience

The condition of the estate and associated infrastructure remains a key area of risk, including backlog maintenance and statutory compliance requirements.

This risk has remained high during 2025/26 due to the scale of infrastructure requirements and competing investment priorities.

Mitigating actions include prioritised capital investment aligned to risk, planned maintenance programmes and strengthened oversight of statutory compliance requirements. This risk also links to wider infrastructure resilience, including digital systems.

Infection Prevention and Surveillance Capability

Effective infection prevention and control arrangements are critical to patient safety. Current surveillance arrangements rely significantly on manual processes, which presents challenges in terms of resilience and timely analysis.

The Board recognises the need to continue modernising infection surveillance systems and strengthening digital capability. This work forms part of wider patient safety and quality improvement priorities.

Governance and Risk Management Outlook

Governance

The Board's assurance framework aligns sources of assurance to each principal risk and is subject to regular review. Assurance over the management of principal risks is derived from a range of sources, including:

- Internal audit
- External audit
- Board and Committee scrutiny
- Performance reporting
- Regulatory review and inspection
- Clinical and operational governance processes

The Audit and Risk Committee provides independent assurance to the Board on the adequacy and effectiveness of the system of internal control.

Based on the assurance received during the year, the Board has reasonable assurance that appropriate risk management and internal control arrangements are in place and operating effectively, subject to the areas of ongoing improvement outlined below.

Risk Management Outlook

The Board anticipates that system-wide demand, workforce pressures and financial constraints will continue to present significant risks during 2026/27. Risk management arrangements will continue to evolve to ensure effective identification, escalation and management of emerging risks, with a continued focus on aligning risk, performance and decision-making. The Board remains committed to maintaining a robust system of governance, risk management and internal control, and to continuous improvement in the management of principal risks.

1.8 Financial Sustainability

The board has been in deficit for several years and at the 31st of March 2025 had cumulative brokerage of £129.9 million from Scottish Government.

In 2025/26 the board delivered an outturn deficit of £24.3million, £0.7 million under the maximum deficit support available from Scottish Government. There was a high reliance on non-recurrent measures to achieve this position. The Board continues to face significant operational pressures around patient flow in acute services with an associated high level of delayed discharges resulting in a level of escalation capacity remaining open.

The board delivered £29.9m of savings against a challenging £36.7m target with £10.6m of delivery being non recurrent. The savings programme for acute services continued to be supported by Viridian Associates with £10.5m of savings being delivered.

The savings programme and overall financial position is operationally overseen by the Corporate Management Team and Better Value Steering Group and subject to regular board scrutiny at the Performance Governance Committee.

A new interim Chief Executive was appointed in July 2025 with the support of a turnaround director who commenced in August 2025. A new interim Finance Director was appointed in February 2026. Key operational improvements progressed through 2025/26 include:

- Implemented a new and comprehensive Performance Management regime for Acute divisions focusing on key quality, operation and financial performance metrics.
- Implemented a new and inclusive approach to budget setting for 2026/27 to better align budgets to recognised recurrent operational pressures
- Recruitment to a Programme Management Office to support future savings programme delivery
- Refocussed and re-energised the Caring for Ayrshire strategy: Target to include level of benefit in Q4 2026/27

Further work being progressed includes:

- Strengthening existing Vacancy Panel controls to including risk based vacancy controls, temporary contracts and proactive use of staff awaiting redeployment
- Waiting List Initiative guidance: Focus on tighter governance, control, cost and related activity
- Review of all governance and control around supplementary staffing
- Non-Pay control panel identifying key themes for savings opportunities e.g. full catalogue compliance and progressing system and process improvement to support “no PO no pay” policy enforcement.
- Consultant Job Planning is being rebased and refreshed
- Evaluating skill mix review and non-medical recruitment to reduce Waiting List Initiative costs and improve performance

The board was escalated to Stage four of the support and Intervention Framework from the 13th of February 2026. This brings direct formal oversight and coordinated engagement from Scottish Government in the form of an Assurance Board, chaired by Stephen Gallagher, Director of Mental Health;

- to support NHS Ayrshire and Arran in determining what steps are necessary to help mitigate the immediate concerns about the financial pressures, and to stabilise the local system in NHS Ayrshire and Arran, and in doing so support a robust basis for the wider local transformation work required over the longer term.
- to advise the Director General, through agreed governance routes, that such steps have been taken.

  In delivery of this, the Assurance Board will seek to:
  - ensure appropriate governance is in place, particularly with regards to providing appropriate scrutiny of financial performance;
  - scrutinise the NHS Ayrshire and Arran financial improvement plan and through assurance meetings hold the leadership (i.e. NHS Ayrshire and Arran executive leadership team and the chair of the NHS Ayrshire and Arran

Board) to account for the effective delivery of these improvement actions within the timescales agreed;
- ensure that the leadership is operating in an effective manner, particularly when understanding and managing financial and performance issues in NHS Ayrshire and Arran;
- consider the lessons learned that could be shared across NHS Scotland; and
- provide advice to the Director General about the future escalation status of NHS Ayrshire and Arran, including criteria for de-escalation.

2. Performance Analysis

2.1 Introduction to Performance Analysis

During 2025/26, NHS Ayrshire & Arran delivered against a challenging set of commitments set out in its NHS Scotland Delivery Plan, which incorporated priorities from the Operational Improvement Plan (OIP). This section provides detailed analysis of performance against the NHS Ayrshire & Arran Delivery Plan 2025/26, including national standards and locally agreed trajectories.

The analysis focuses on principal performance areas where delivery has a material impact on patient experience, safety and system sustainability. These include planned care, urgent and unscheduled care, mental health, diagnostics and system flow, alongside key cross-cutting factors such as workforce and financial pressures.

Good progress was made in reducing the longest waits for planned care, with Delivery Plan trajectories achieved for both new outpatient and inpatient/day case 52-week waiting time measures. Cancer waiting time performance improved materially compared to the previous year, exceeding local trajectories for both the 62-day and 31-day standards, while performance against several national mental health waiting time standards remained consistently strong.

Diagnostic imaging performance improved significantly during the year, with reductions in long waits and increased activity, although capacity constraints remained in some modalities. Endoscopy continued to experience sustained pressure, reflecting structural capacity limitations and high demand from urgent and cancer pathways.

Despite strong performance in urgent care pathways, which successfully diverted some patients away from Emergency Department attendance, overall unscheduled care performance remained challenging. Emergency Department waiting times, hospital occupancy, length of stay and delayed discharges were significantly affected by system-wide flow constraints and limited community capacity. A Performance overview is provided in the table below for ease of reference showing the end of year position for the key measures within the Delivery Plan.

We have seen a sustained step change in the level of sickness absence within the Board during 2025/26 and have ended the year with a rate of 5.89% against our target of 5.15%. The epidemiology, demography and health profile of our staff are all material factors impacting on our sickness absence outturn. Further contributing to the position are increases in the acuity of patients using our services, operating beyond our funded bed establishment and limitations in national supply for some staff groups.

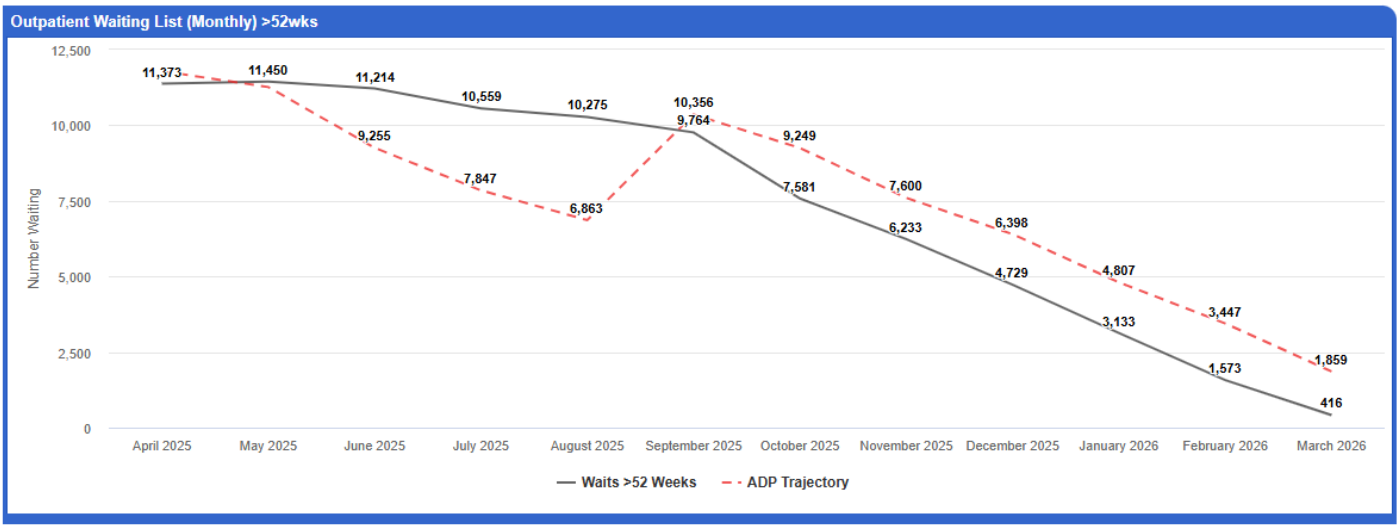
Performance Area	Delivery Plan Measure	*March 2025 Actual*	March 2026 Actual	March 2026 Target	RAG
New Outpatient Waiting Times	Number of Patients Waiting for a New Outpatient Appointment for over 52 weeks	*11,313*	416	1,859	
Inpatient/DayCase Waiting Times	Number of Patients Waiting for an Inpatient/Daycase Appointment for over 52 weeks	*1,704*	854	889	
Diagnostics – Imaging	Number of Patients waiting for a Radiology/Imaging appointment for over 6 weeks	*1,046*	405	355	
Diagnostics – Endoscopy	Number of Patients waiting for an Endoscopy appointment for over 6 weeks	*1,294*	1,494	613	
Cancer	Percentage of patients urgently referred with a suspicion of cancer to begin treatment within 62 days of receipt of referral	*66.9%*	86.3%	78%	
	Percentage of all patients requiring treatment for Cancer to begin treatment within 31 days of decision to treat	*97.3%*	100%	98%	
Musculoskeletal (MSK)	Percentage of patients requiring a first outpatient appointment at Allied Health Professional (AHP) led Musculoskeletal (MSK) services seen within 4 weeks	*40.5%*	41.5%	40%	
Mental Health	Percentage of young people commencing treatment for specialist Child and Adolescent Mental Health Service (CAMHS) within 18 weeks of referral	*100%*	100%	90%	
	Percentage of patients commencing Psychological Therapy based treatment within 18 weeks of referral	*94.3%*	90.1%	92%	
	Percentage of clients receiving appropriate drug or alcohol treatment	*98.6%*	98.7%	90%	

	that supports their recovery within 3 weeks of referral				
Urgent Care	Percentage of patients who contact AUCS (Ayrshire Urgent Care Service) who will not require attendance at the Front Door and will instead receive alternative pathways of care in the right place, at the right time	*93%*	96%	85%	
Unscheduled Care: Emergency Department (ED)	ED 4-hour compliance (unscheduled attendances only)	*64.6%*	65.7%	79.9%	
	Average length of stay in ED for all attendances	*5h 19m 35s*	5h 25m 29s	3h 50m 00s	
	Daily average number of patients waiting over 12 hours in ED to be discharged, admitted, or transferred	*28*	29	9	
	Percentage of Scottish Ambulance Service (SAS) ambulances with a Turnaround time within 60 minutes	*63.7%*	55.2%	72%	
Unscheduled Care: Assessment Units	Percentage of arrivals to the Acute Frailty Unit who are discharged the same day (i.e. within 24hrs)	*10.5%*	9.9%	48%	
	Percentage of arrivals to Combined Assessment Unit (CAU) who are moved out within 72 hrs (i.e. discharged or transferred to acute ward)	*85.5%*	85.4%	100%	
Unscheduled Care: Flow	Acute Occupancy (Core funded)	*129.3%*	123.4%	105%	
	Acute Occupancy (All beds)	*98%*	95.2%	information only	n/a
	Average Length of stay for emergency admissions	*9*	9.3	6	
	Number of patients with a length of stay over 14 days who are not in delay	*218*	172	95	
Delayed Discharges	Numbers of people experiencing a delay of any length or reason in discharge from hospital at the monthly census point	*210*	258	166	
	Numbers of occupied bed days associated with delayed discharges (any length or reason) in the calendar month	*6,820*	7,899	information only	n/a
Sickness Absence	Long and Short Term Absence rate	*5.78%*	5.89%	5.15%	

RAG status reflects performance against NHS Ayrshire & Arran's Delivery Plan trajectories for 2025/26. (Green = achieved or exceeded, Amber = within tolerance, Red = not achieved)

2.2 Planned Care

New Outpatients	Mar-26	RAG
Number of Patients Waiting for a New Outpatient Appointment for over 52 weeks is less than 1,859 by March 2026	416	



In our Delivery Plan 2025/26, NHS Ayrshire & Arran committed to reducing the number of patients waiting more than 52 weeks for a new outpatient appointment to fewer than 1,859 by March 2026, alongside an overall reduction in the size of the outpatient waiting list. By the end of March 2026, 416 patients were waiting longer than 52 weeks for a new outpatient appointment. This exceeded the Delivery Plan trajectory and represented a substantial improvement compared to March 2025, when 11,313 patients were waiting more than 52 weeks.

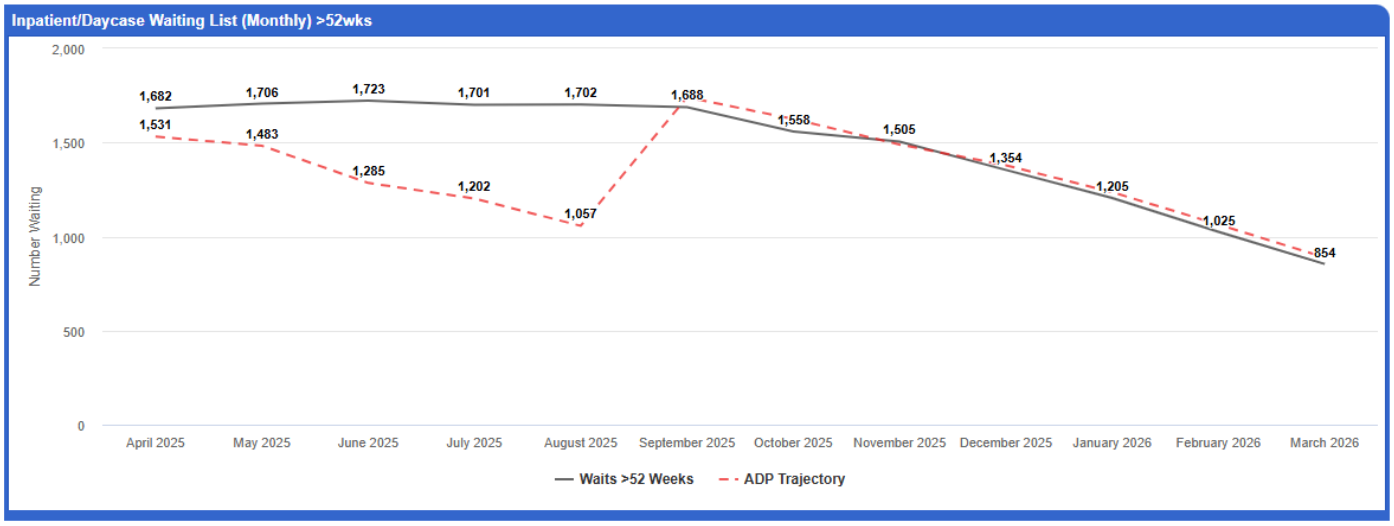
Total outpatient waiting list size also reduced during the year, falling from 55,599 in March 2025 to 41,642 at March 2026. Although this remained marginally above the Delivery Plan trajectory, performance was within 5 per cent of the planned position. Overall waiting list size reduction is limited by available access funding, capacity limitations with in-sourcing as well as workforce availability.

Improvement in long waiting times was achieved through targeted prioritisation of the longest-waiting patients, supported by increased outpatient activity and focused specialty-level interventions. During 2025/26, NHS Ayrshire & Arran delivered 122,207 new outpatient appointments, an increase of 17,527 appointments compared to the previous year.

Reducing the number of patients waiting more than a year for first outpatient appointments has improved equity of access and reduced the clinical risk associated with long waits. Nevertheless, continued high demand means that pressure remains within routine outpatient pathways, particularly in specialties with workforce capacity constraints.

While significant progress has been made in addressing the longest waits, maintaining and extending this improvement will require continued focus on demand management, productivity and workforce sustainability. Planned Care remains a strategic risk for the organisation and will continue to be prioritised during 2026/27.

Inpatient/Daycase	Mar-26	RAG
Number of Patients Waiting for an Inpatient/Daycase Appointment for over 52 weeks is less than 889 by March 2026	854	



In the Delivery Plan 2025/26, NHS Ayrshire & Arran committed to reducing the number of patients waiting more than 52 weeks for inpatient or day case treatment to fewer than 889 by March 2026, while continuing to prioritise urgent and cancer activity and operating within significant workforce and capacity constraints. At the end of March 2026, 854 patients were waiting longer than 52 weeks for an inpatient or day case procedure. This position met the Delivery Plan trajectory and represented an improvement compared to March 2025, when 1,704 patients were waiting longer than one year.

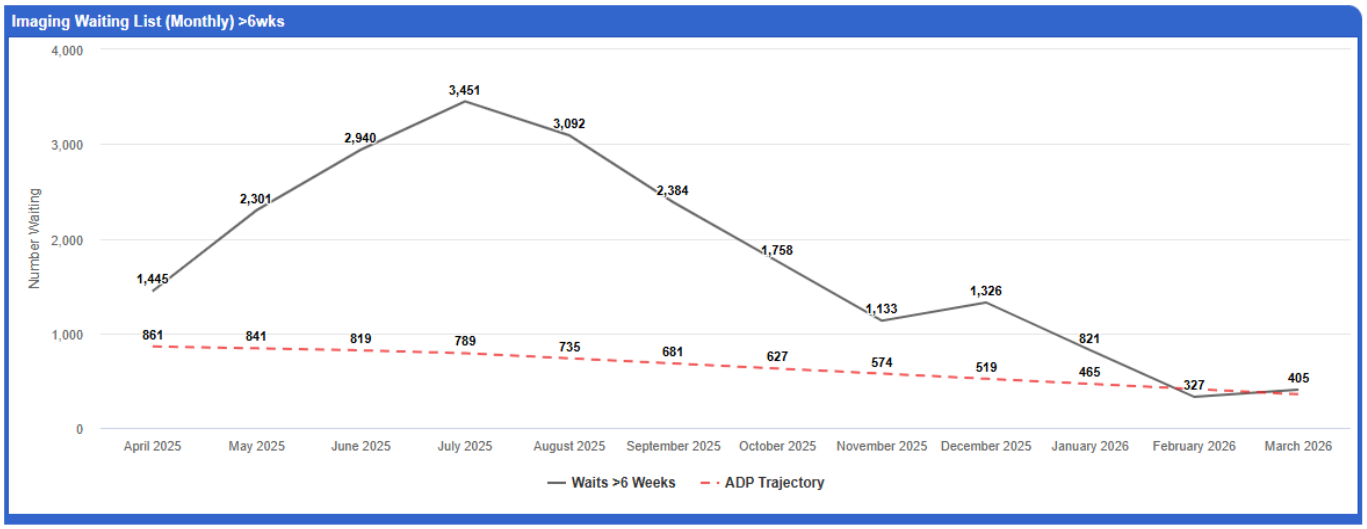
In contrast, the total inpatient and day case waiting list increased to 9,170 patients in March 2026, compared to 7,719 at March 2025, and exceeded the Delivery Plan target of no more than 5,329 waiting. During 2025/26, NHS Ayrshire & Arran delivered 17,668 inpatient and day case procedures, an increase of 1,146 procedures compared to the previous year. Improvement in 52-week waits was achieved through focused prioritisation of the longest waiting patients, supported by targeted additional activity and clinical prioritisation within available capacity.

However, the overall growth in the inpatient and day case waiting list reflects sustained demand pressures, workforce constraints and the continued impact of urgent and cancer activity displacing elective capacity. Theatre availability, staffing challenges and estate constraints limited the ability to expand routine elective throughput at the scale required to offset incoming demand. As a result, while the longest waits were reduced, the system was not able to prevent growth in the overall waiting list.

Reducing the number of patients waiting more than 52 weeks has reduced clinical risk for those experiencing the longest waits and improved fairness of access to treatment. However, increasing total waiting list size continues to place pressure on elective services and creates the risk of future growth in long waits if additional capacity cannot be realised.

The need to balance elective recovery with urgent and cancer care continues to require difficult prioritisation decisions. Sustaining progress on long waits while addressing growth in the total inpatient and day case waiting list will remain a significant challenge during 2026/27. Inpatient and day case waiting times continue to represent a strategic risk for NHS Ayrshire & Arran and will remain a priority focus within the subsequent Delivery Plan.

Diagnostics – Radiology/Imaging	**Mar-26**	**RAG**
Number of Patients waiting for a Radiology/Imaging appointment for over 6 weeks is less than 355 by March 2026	405	



In the Delivery Plan 2025/26, NHS Ayrshire & Arran committed to reducing the number of patients waiting longer than six weeks for imaging investigations to fewer than 355 by March 2026, alongside sustained improvement in compliance with diagnostic waiting time standards.

At the end of March 2026, 405 patients were waiting longer than six weeks for an imaging investigation, failing to meet the end of year Delivery Plan trajectory and is therefore reported as Red. This does however represent a significant improvement compared to March 2025, when 1,046 patients were waiting beyond six weeks. Overall compliance with the six-week standard improved during the year, reaching 92.3% at March 2026, although this remained below the national standard of 100%.

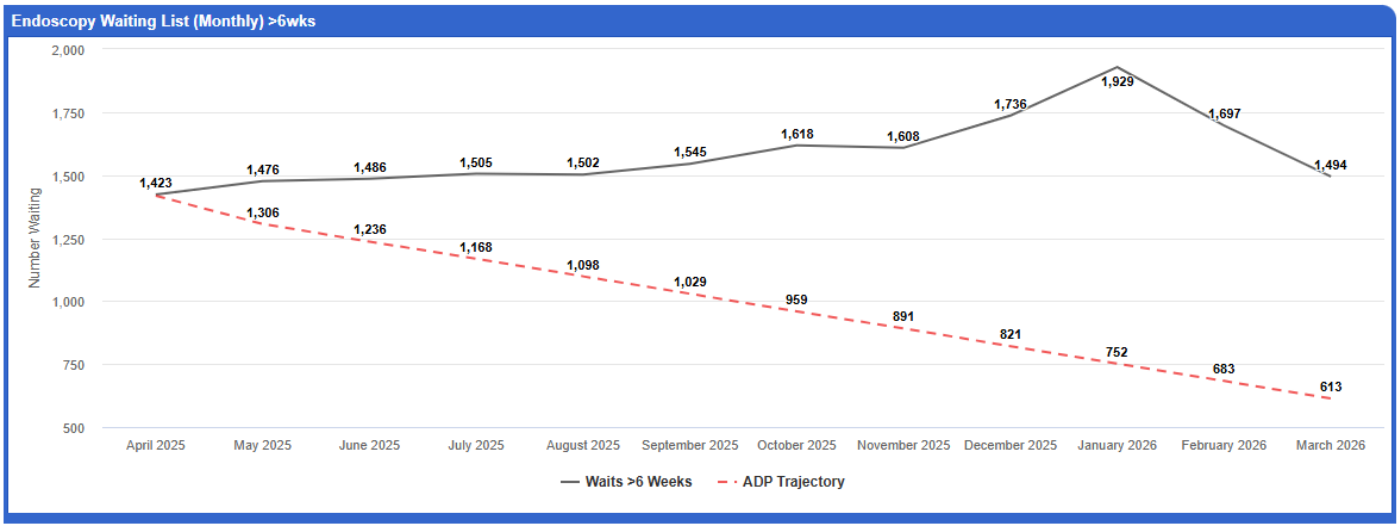
During 2025/26, NHS Ayrshire & Arran delivered 49,293 imaging appointments, an increase of 4,112 appointments compared to the previous year. Improvement in Imaging waiting

times was driven by increased activity and targeted use of additional capacity, including mobile MRI provision and additional sessions supported by locum and trainee staff. Service level productivity improvements also contributed to increased throughput. Despite these improvements, performance continued to be constrained by capacity limitations in specific modalities, particularly MRI and non-obstetric ultrasound, and by equipment reliability issues experienced during the year. These factors limited the ability to fully meet the national standard despite progress against local trajectories.

Reduction in long waits for Imaging has improved timeliness of diagnosis and reduced downstream delays to treatment pathways, including cancer and planned care services. However, partial non-compliance with the six week standard continues to create pressure within diagnostic pathways and requires ongoing management.

Sustaining improvement in Imaging performance will depend on continued access to additional capacity, workforce stability and investment in equipment reliability. Diagnostic capacity remains a system dependency for wider elective and cancer performance and will continue to be a focus during 2026/27.

Diagnostics – Endoscopy	**Mar-26**	**RAG**
Number of Patients waiting for an Endoscopy appointment for over 6 weeks less than 613 by March 2026	1,494	



In the Delivery Plan 2025/26, NHS Ayrshire & Arran committed to reducing the number of patients waiting longer than six weeks for an endoscopy procedure to fewer than 613 by March 2026 and to improving compliance with the national diagnostic waiting time standard.

At the end of March 2026, 1,494 patients were waiting longer than six weeks for endoscopy, significantly exceeding the Delivery Plan trajectory and representing a deterioration compared to March 2025, when 1,294 patients were waiting beyond six weeks. Compliance with the six week diagnostic standard remained well below the national target during the

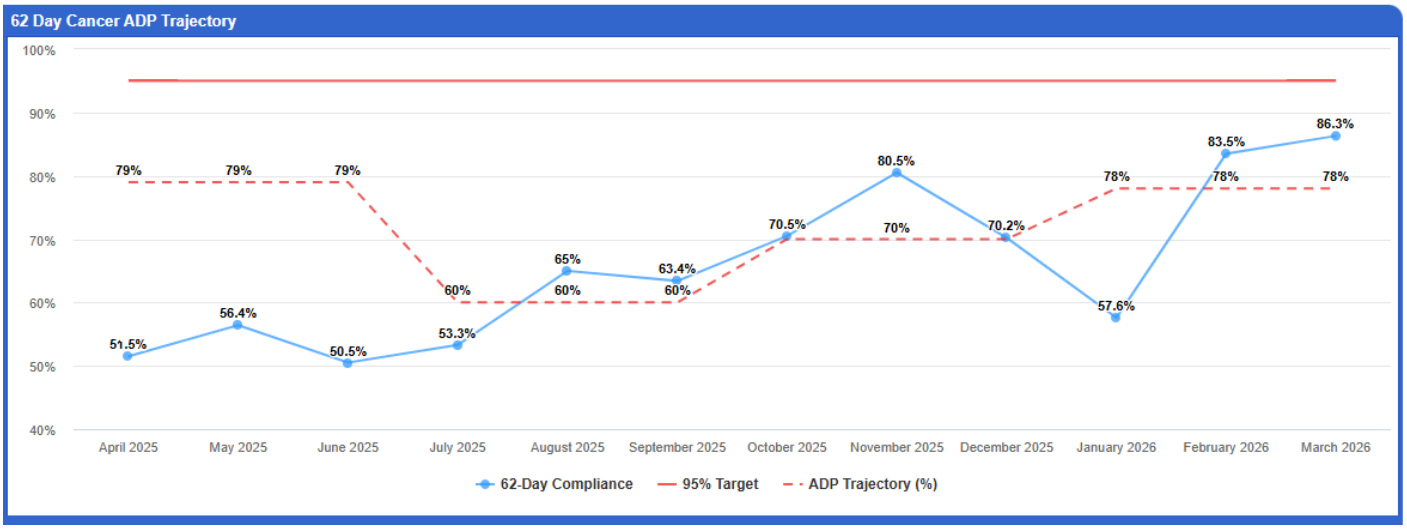
year. During 2025/26, 9,639 endoscopy procedures were delivered, an increase of 423 procedures compared to the previous year.

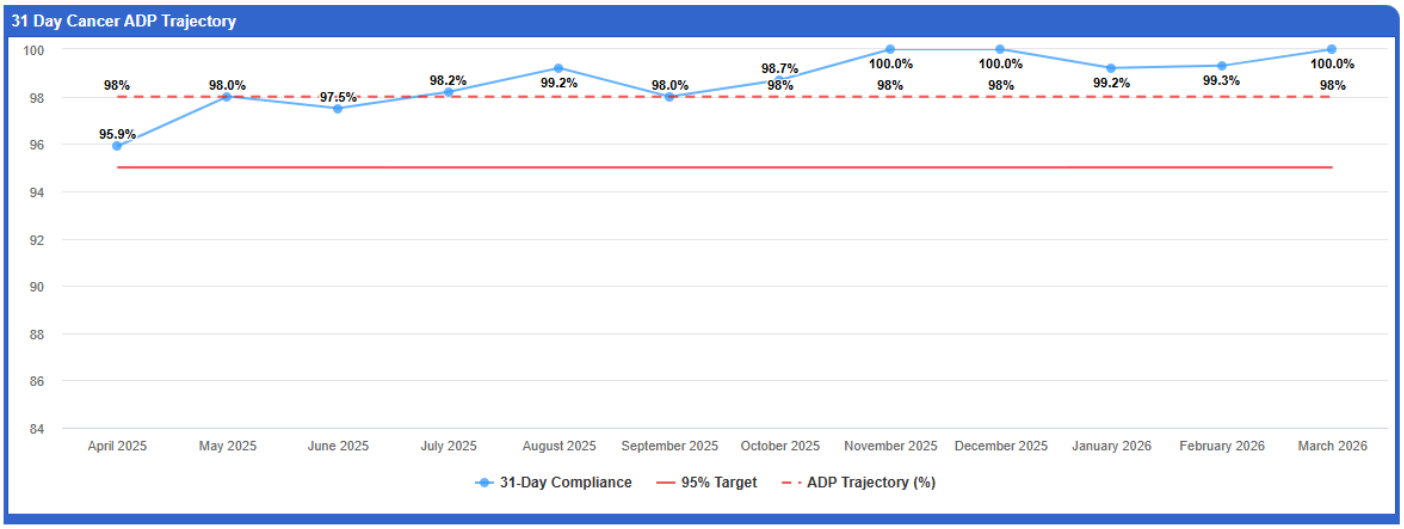
Despite increased activity, endoscopy performance was constrained by a combination of structural capacity limitations, workforce challenges and sustained growth in demand, particularly from urgent suspicion of cancer referrals. The loss of endoscopy recovery capacity and the reliance on limited physical estate significantly restricted throughput. Workforce availability and the need to prioritise cancer pathways further reduced flexibility within routine endoscopy services.
As a result, the scale of additional activity delivered was insufficient to offset incoming demand and address backlog growth.

Extended waits for endoscopy increases clinical risk, particularly for patients referred on urgent or surveillance pathways, and contributes to delays across cancer and planned care pathways. Endoscopy capacity constraints also present a limiting factor for wider system performance.

Endoscopy remains a high risk area for NHS Ayrshire & Arran and continues to be a focus for recovery planning. Improving performance will require resolution of estate and workforce constraints alongside sustained investment in additional capacity. Progress in this area remains dependent on system wide prioritisation decisions during 2026/27.

Cancer	Mar-26	RAG
Percentage of patients urgently referred with a suspicion of cancer to begin treatment within 62 days of receipt of referral is greater than 78%	86.3%	
Percentage of all patients requiring treatment for Cancer to begin treatment within 31 days of decision to treat is greater than 98%	100.0%	





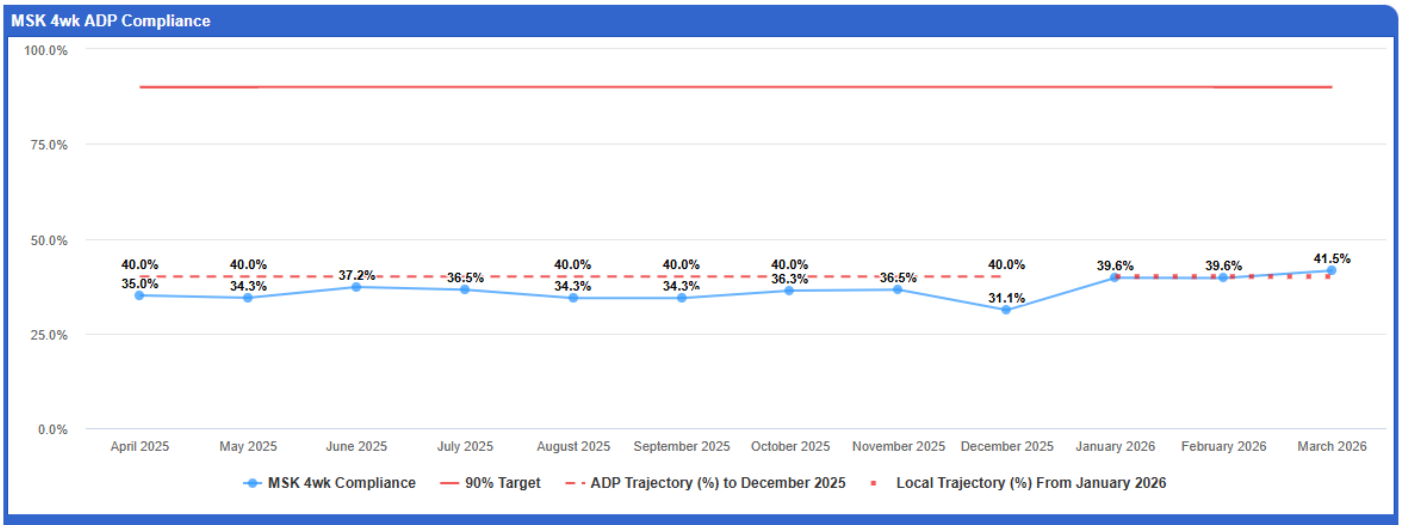
In the Delivery Plan 2025/26, NHS Ayrshire & Arran committed to improving performance against cancer waiting time standards, including achieving 78% compliance with the 62-day urgent suspicion of cancer (USC) standard and maintaining high performance against the 31-day decision to treat standard, while continuing to manage sustained growth in demand and pathway capacity constraints. At the end of March 2026, 86.3% of patients urgently referred with a suspicion of cancer began treatment within 62 days of receipt of referral, exceeding the Delivery Plan trajectory of 78%. Performance improved significantly compared to March 2025, when compliance stood at 66.9%.

Performance against the 31 day decision to treat standard remained strong, with 100% of patients beginning treatment within 31 days, exceeding both the Delivery Plan trajectory and the national standard of 95%.

Improvement in cancer waiting times reflects the focused prioritisation of cancer pathways across diagnostic, outpatient and treatment services, alongside improved coordination and performance management at pathway level. However, delivery continues to be constrained by sustained growth in urgent suspicion of cancer referrals and capacity limitations within diagnostic and treatment services, including radiology, endoscopy and theatre availability.

Improved cancer waiting time performance has enabled more patients to begin treatment earlier, reducing risk associated with prolonged waits and improving pathway reliability. Continued capacity constraints, however, mean that cancer services remain highly sensitive to diagnostic and workforce pressures across the wider system. Cancer pathways remain a priority for NHS Ayrshire & Arran. Sustaining and building upon progress achieved during 2025/26 will require continued focus on diagnostic capacity, workforce stability and pathway productivity during 2026/27, particularly to manage increasing referral volumes and further progress performance towards national standards for the 62 day measure.

Musculoskeletal (MSK)	Mar-26	RAG
Percentage of patients requiring a first outpatient appointment at Allied Health Professional (AHP) led Musculoskeletal (MSK) services seen within 4 weeks is greater than 40% *by December 2025*	41.5%	



In the Delivery Plan 2025/26, NHS Ayrshire & Arran committed to improving access to Allied Health Professional led MSK services, with a target that at least 40% of patients would be seen within four weeks of referral by December 2025.

By December 2025, 31.1% of patients were seen within four weeks, meaning the Delivery Plan milestone was not achieved within the planned timescale. Performance continued to improve during the latter part of the year, reaching 41.5% by March 2026, exceeding the target level set in the Delivery Plan. While the December 2025 milestone was not achieved, the year-end position exceeded the Delivery Plan target and is therefore reported as Green. Performance at March 2026 was broadly similar to the position in March 2025 (40.5%) and remained below the national standard of 90%.

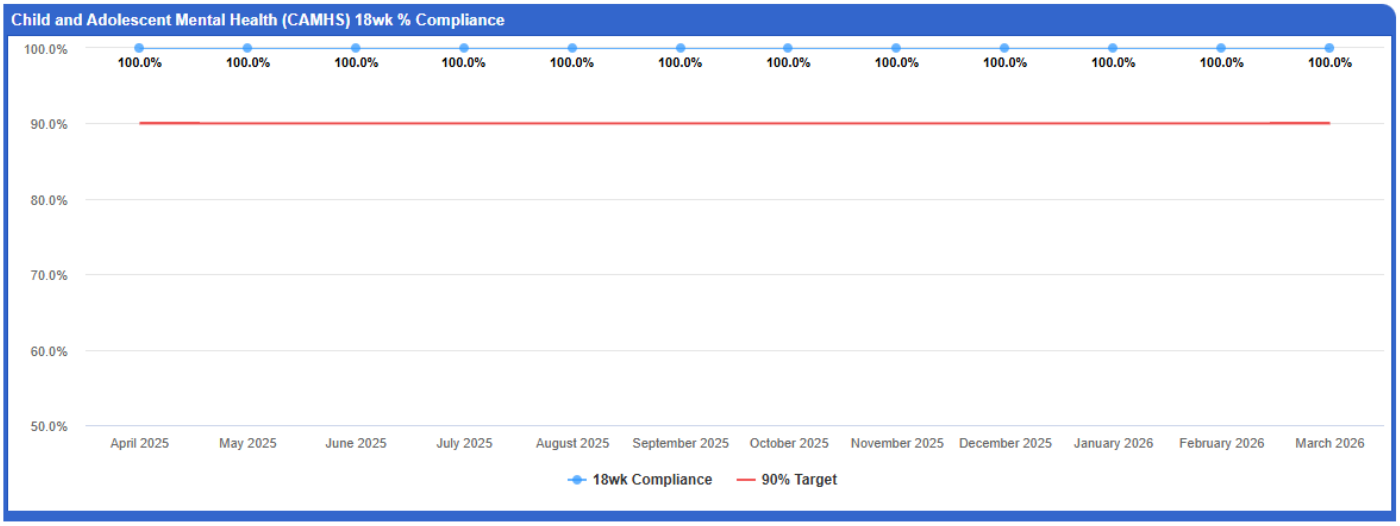
Performance improvement in MSK services was constrained by workforce capacity challenges, sustained demand and the time required to implement new models of care and service redesign at scale. While improvement initiatives progressed during the year, their impact on waiting time performance emerged later than initially planned.

Ongoing demand and limits to workforce expansion reduced the pace at which improvements could be realised within the original Delivery Plan timeframe. Delayed access to MSK assessment can affect patient experience and prolong symptoms, although the majority of MSK conditions continue to be managed safely through prioritisation, self management support and alternative care pathways. Achieving the 40% threshold by the end of the year represents progress but highlights the ongoing challenge of delivering timely access at scale.

Improving MSK access remains an ongoing priority for NHS Ayrshire & Arran. Further progress during 2026/27 will depend on continued service redesign, workforce sustainability and demand management to deliver sustained improvement beyond the minimum Delivery Plan threshold and towards national expectations.

2.3 Mental Health

Mental Health Waiting Times: **Child and Adolescent Mental Health Services (CAMHS)**	**Mar-26**	**RAG**
Percentage of young people commencing treatment for specialist Child and Adolescent Mental Health Service (CAMHS) within 18 weeks of referral is greater than 90%	100%	

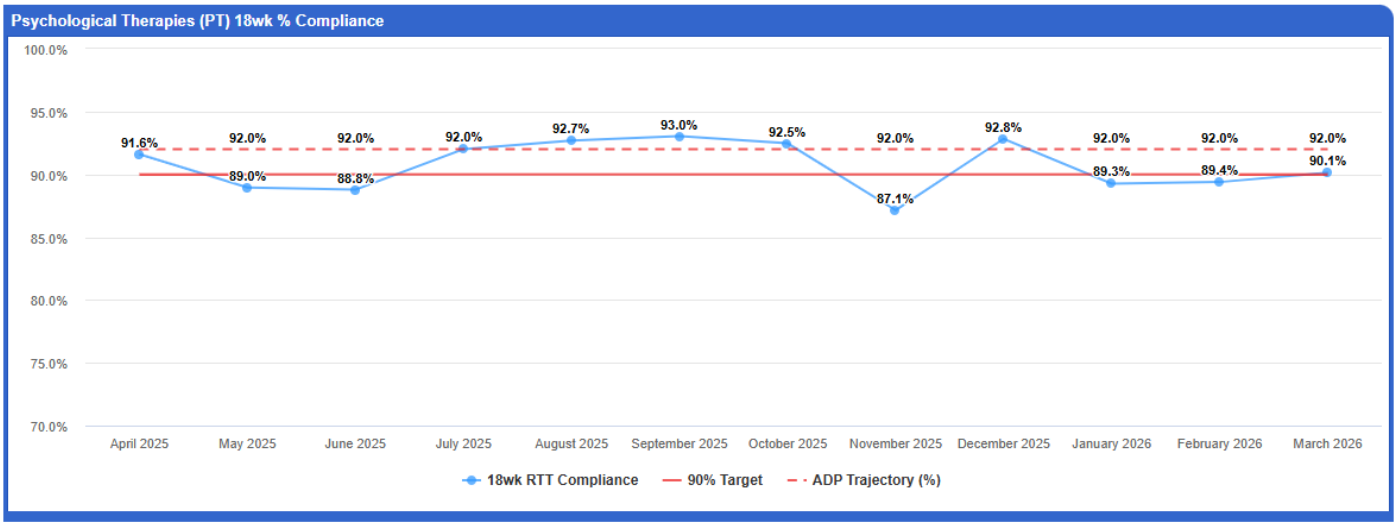


In the Delivery Plan 2025/26, NHS Ayrshire & Arran committed to meeting the national standard that at least 90% of children and young people referred to CAMHS commence treatment within 18 weeks of referral. Throughout 2025/26, NHS Ayrshire & Arran consistently met the 18-week CAMHS referral to treatment standard. At the end of March 2026, 100% of children and young people referred to CAMHS commenced treatment within 18 weeks, exceeding the national standard.

Sustained performance was achieved through effective demand and capacity management, workforce stability and continued prioritisation of timely access to treatment within CAMHS services. Ongoing monitoring at service and Board level supported early identification and management of emerging pressures.

Consistently timely access to CAMHS improves outcomes for children and young people, reduces the risk of escalation in mental health need and supports families to access appropriate support at an earlier stage. Maintaining high performance in CAMHS will remain a priority for NHS Ayrshire & Arran, particularly in the context of increasing demand and complexity of presentation. Sustaining current performance will depend on continued workforce resilience and effective service planning during 2026/27.

Mental Health Waiting Times: Psychological Therapies	Mar-26	RAG
Percentage of patients commencing Psychological Therapy based treatment within 18 weeks of referral is greater than 92%	90.1%	



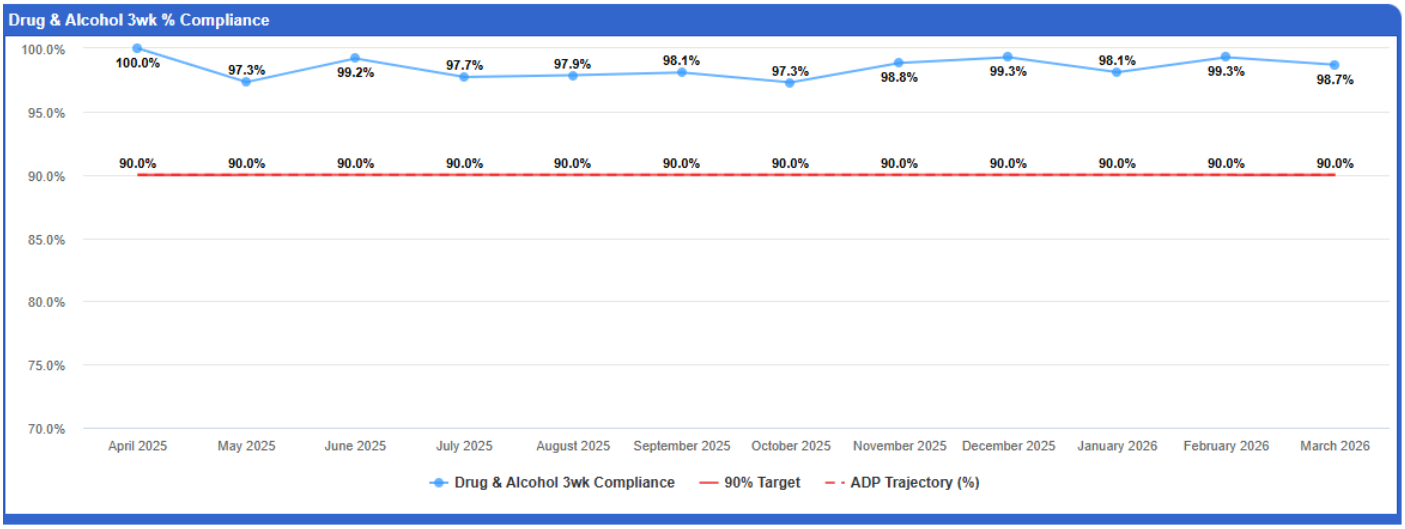
In the Delivery Plan 2025/26, NHS Ayrshire & Arran committed to achieving the national standard that at least 92% of patients referred to Psychological Therapies commence treatment within 18 weeks of referral. At the end of March 2026, 90.1% of patients referred to Psychological Therapies commenced treatment within 18 weeks. While performance did meet the national standard of 90%, the Delivery Plan target of 92% was not met but within agreed tolerance and therefore classified as Amber. This represents a reduction compared to March 2025, when performance stood at 94.3%.

Performance in Psychological Therapies was impacted by sustained growth in demand alongside workforce capacity pressures. While prioritisation and service management mitigated the impact of these pressures, the scale of demand limited the ability to consistently meet the national standard throughout the year. Delays in accessing psychological therapies can affect patient experience and wellbeing, particularly for individuals with moderate to severe mental health needs. The majority of patients continued to access services within recommended timescales, but performance remains sensitive to demand and workforce availability.

Improving and sustaining performance in Psychological Therapies will require continued focus on workforce capacity, demand management and service efficiency during 2026/27. Psychological Therapies remains an area of active monitoring and improvement within NHS Ayrshire & Arran's mental health services.

Mental Health Waiting Times: Drug and Alcohol Services	Mar-26	RAG

Percentage of clients receiving appropriate drug or alcohol treatment that supports their recovery within 3 weeks of referral is greater than 90%	98.7%	



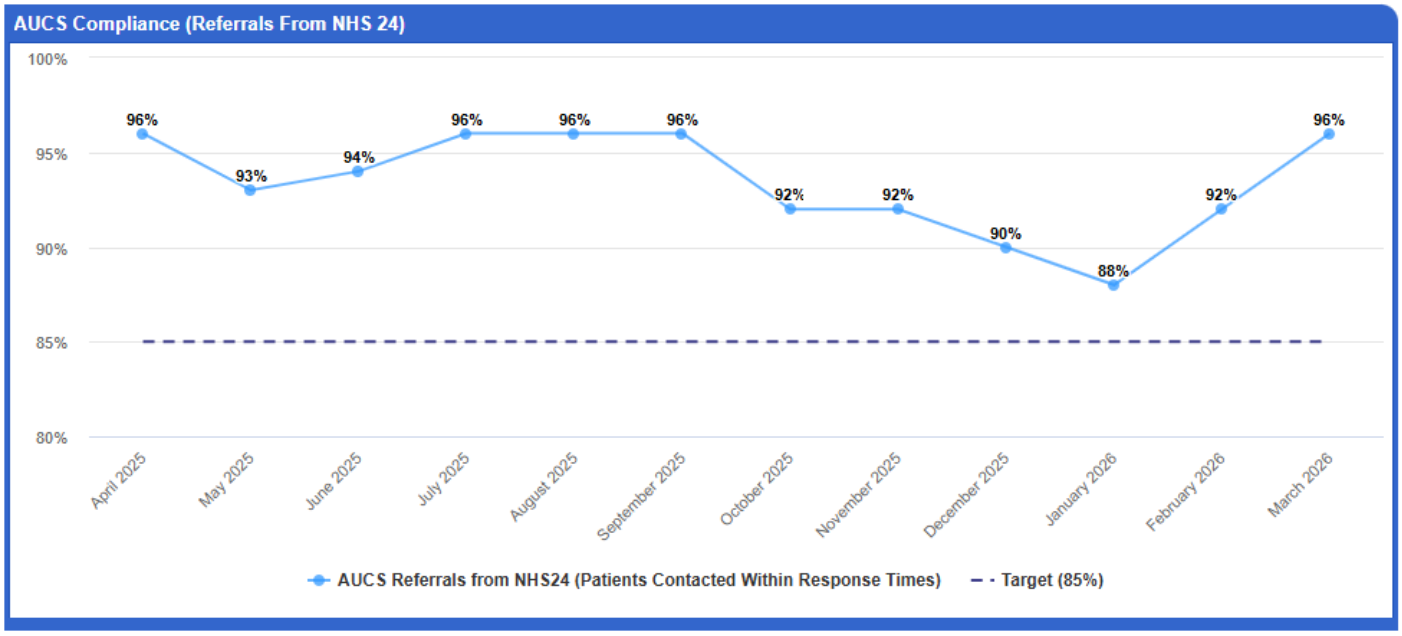
In the Delivery Plan 2025/26, NHS Ayrshire & Arran committed to meeting the national standard that at least 90% of people referred to drug or alcohol services commence treatment within three weeks of referral. At the end of March 2026, 98.7% of people referred to Drug and Alcohol services commenced treatment within three weeks, exceeding the national standard. Performance remained consistently above the standard throughout 2025/26.

Sustained high performance reflects effective service coordination, prioritisation and ongoing focus on timely access to treatment. Consistent monitoring and responsiveness to changes in demand supported maintenance of performance throughout the year. Timely access to drug and alcohol treatment supports recovery, reduces harm and contributes to improved health and social outcomes for individuals and communities. Sustained performance reduces pressure on wider health, social care and emergency services.

Maintaining timely access to drug and alcohol services will remain a priority for NHS Ayrshire & Arran during 2026/27. Continued vigilance is required to sustain performance in the context of fluctuating demand and complexity of need.

2.4 Urgent and Unscheduled Care

Urgent Care	Mar-26	RAG
Percentage of patients who contact AUCS (Ayrshire Urgent Care Service) who will not require attendance at the Front Door and will instead receive alternative pathways of care in the right place, at the right time is greater than 85%	96%	



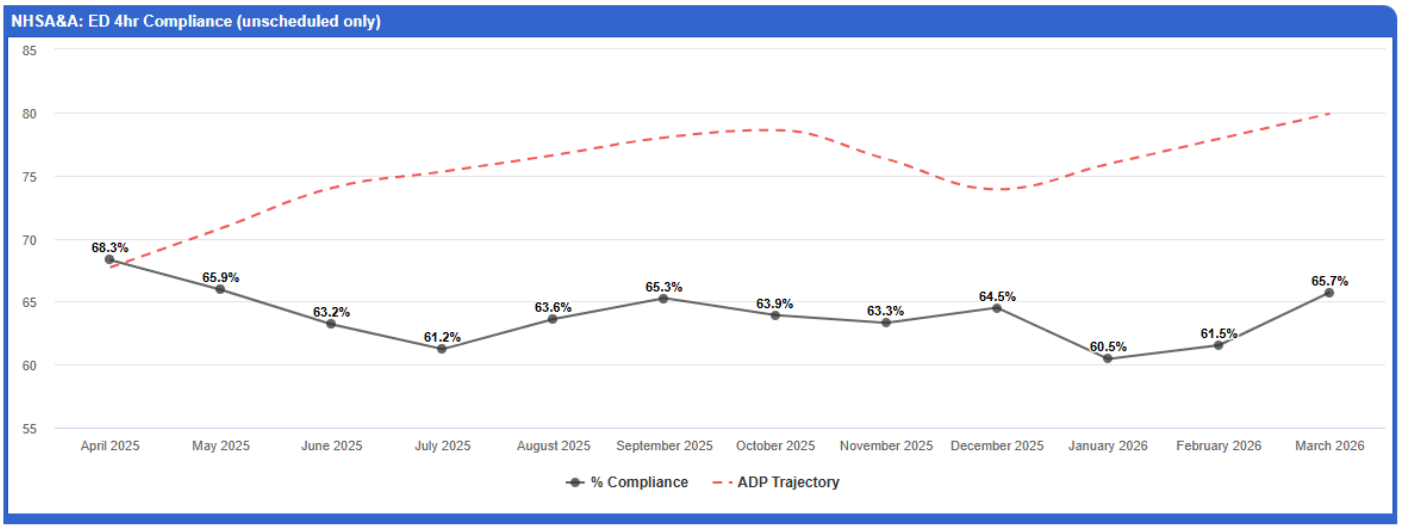
In the Delivery Plan 2025/26, NHS Ayrshire & Arran committed to ensuring that at least 85% of patients who contact the Ayrshire Urgent Care Service (AUCS) do not require attendance at the Emergency Department front door and are supported through alternative pathways of care in the right place and at the right time. At the end of March 2026, 96% of patients contacting AUCS were supported without the need to attend the Emergency Department, exceeding the Delivery Plan trajectory. This represents an improvement compared to March 2025, when performance stood at 93%.

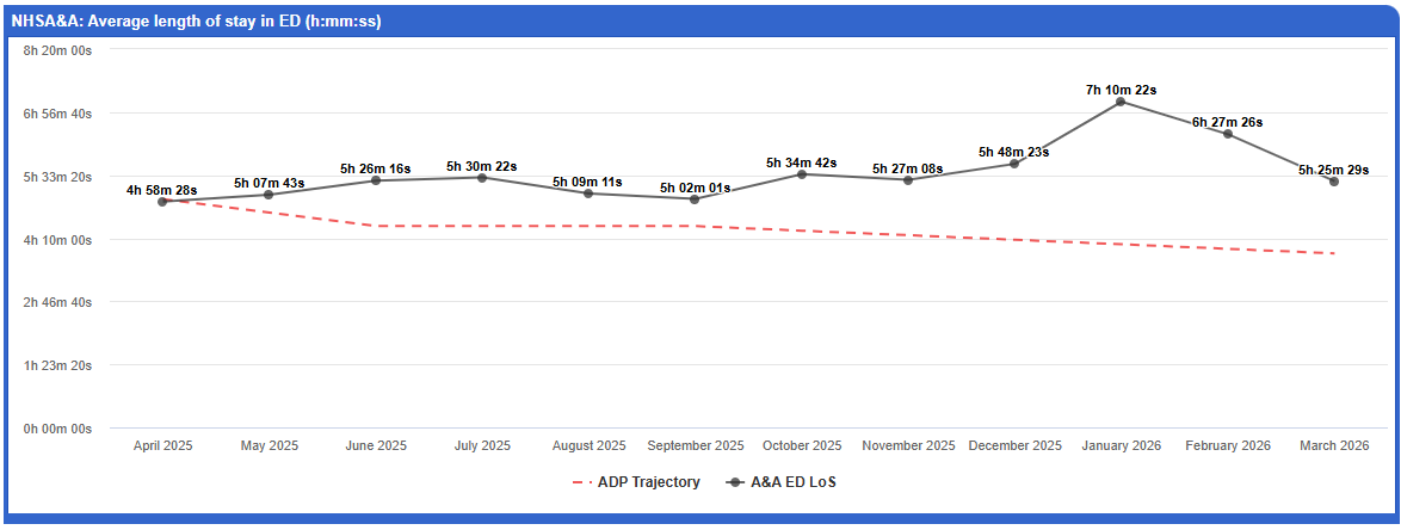
Performance remained consistently above the target throughout 2025/26. Strong performance in urgent care reflects the continued development and effective operation of the Flow Navigation Centre and the expansion of alternative urgent care pathways. These include professional-to-professional pathways such as Call Before Convey with the Scottish Ambulance Service, care home support pathways, emergency mental health pathways and enhanced community responses. Close collaboration with partners across Primary Care, the Scottish Ambulance Service, community services and mental health teams supported effective clinical decision making and appropriate redirection of patients to alternatives to hospital attendance.

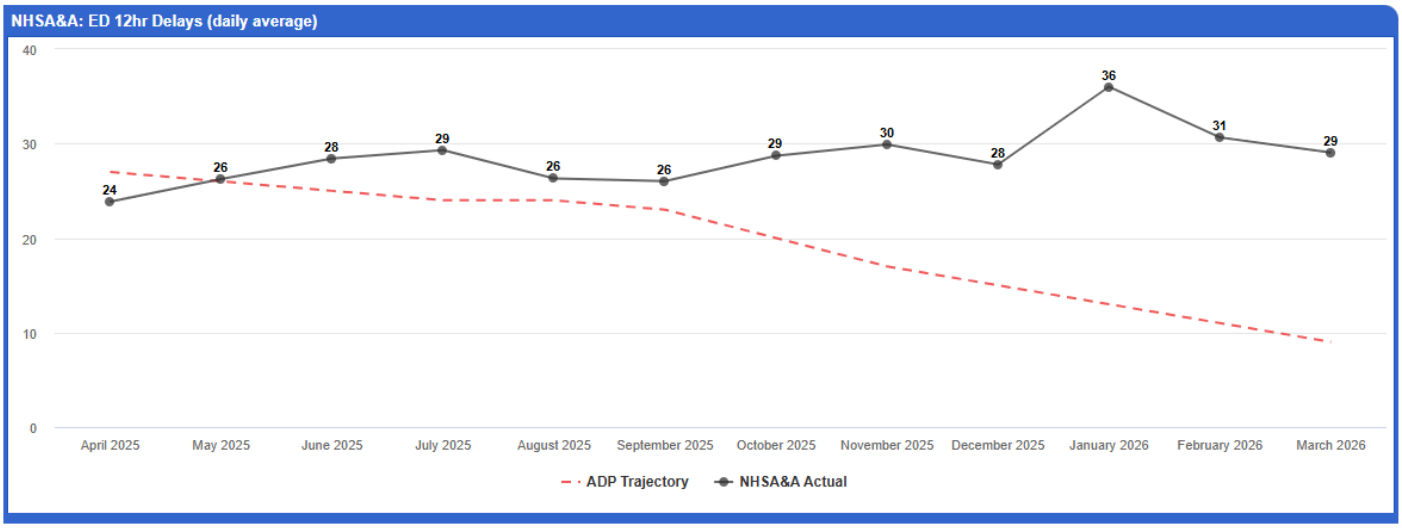
High levels of urgent care diversion from Emergency Departments improve patient experience by enabling timely access to appropriate care closer to home. This also reduces avoidable pressure on Emergency Departments, ambulance handover times and acute hospital capacity, supporting wider system flow and patient safety.

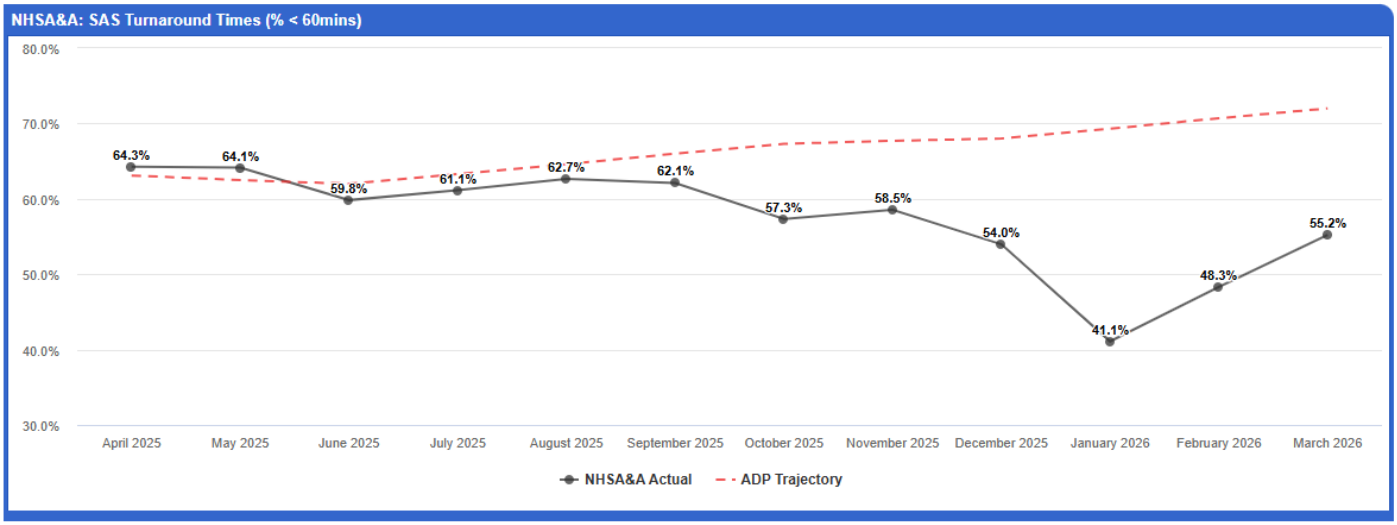
Urgent Care continues to play a critical role in managing demand across the health and care system in Ayrshire and Arran. Maintaining and further developing urgent care pathways will remain a priority during 2026/27, particularly in the context of sustained pressure on Emergency Departments and unscheduled care services.

Unscheduled Care – Emergency Department (ED) Performance	Mar-26	RAG
ED 4-hour compliance (unscheduled attendances only) to at least 79.9% *by March 2026*	65.7%	
Average length of stay in ED for all attendances to 3h 50m 00s or less *by March 2026*	5h 25m 29s	
Daily average number of patients waiting over 12 hours in ED to be discharged, admitted, or transferred, to 9 or fewer per day by *March 2026*	29	
Percentage of Scottish Ambulance Service (SAS) ambulances with a Turnaround time within 60 minutes	55.2%	









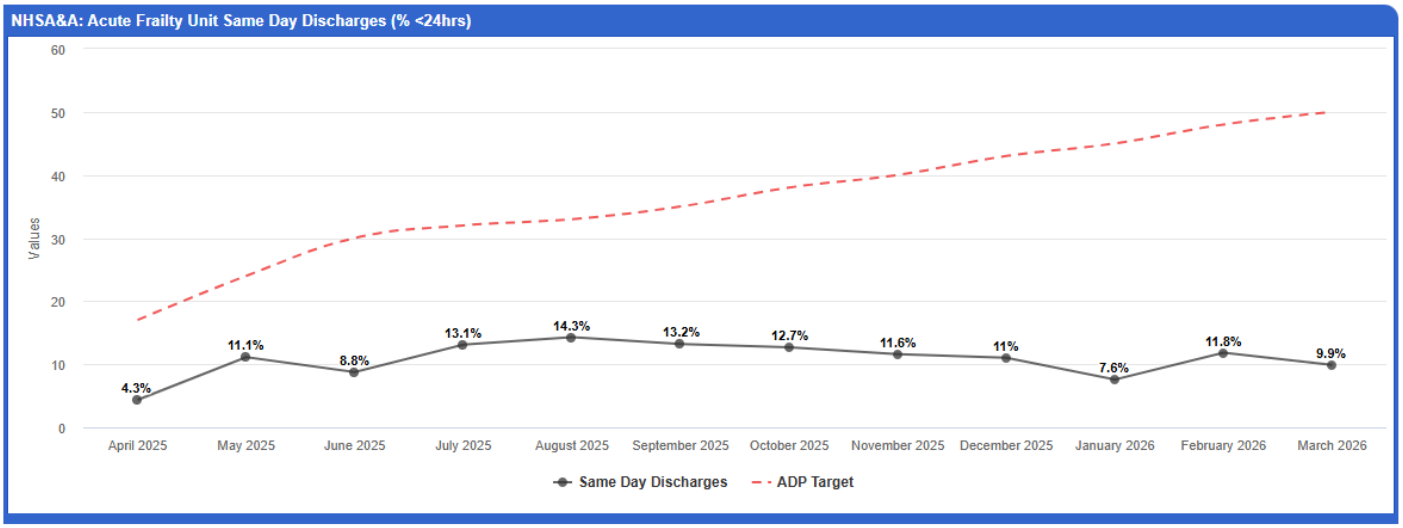
In the Delivery Plan 2025/26, NHS Ayrshire & Arran committed to improving Emergency Department (ED) performance, including progress against ED waiting time trajectories, while recognising that performance is dependent on wider system flow, bed capacity and discharge processes.

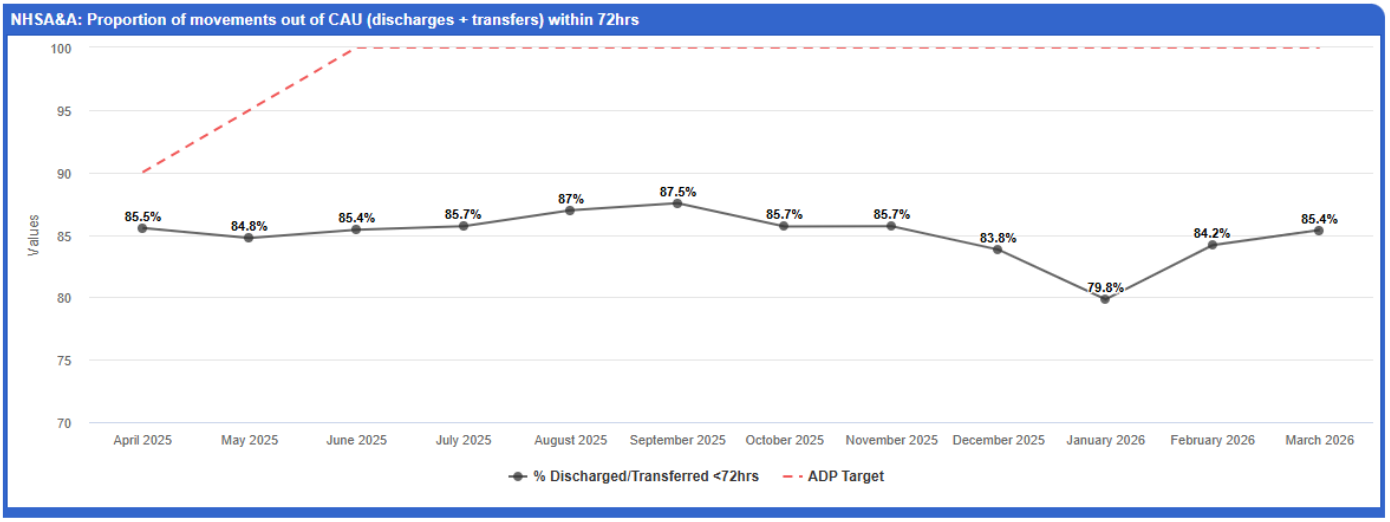
At the end of March 2026, ED 4-hour compliance for unscheduled attendances stood at 65.7%, remaining below the Delivery Plan trajectory and materially below the national standard of 95%.
Average time spent in ED increased to 5 hours, 25 minutes and 29 seconds, and the number of patients waiting more than 12 hours to be admitted, transferred or discharged remained significantly above planned levels, averaging approximately 29 patients per day in March 2026. Furthermore, the percentage of ambulances with a turnaround time within 60 minutes was 55.2% in March 2026 below the planned levels of 72% agreed within the Delivery Plan. All the above Emergency Department performance indicators were below trajectory and are therefore reported as Red. Performance during 2025/26 was primarily constrained by sustained lack of system flow rather than simply front door process inefficiency. High bed occupancy across acute sites, prolonged inpatient length of stay and

rising numbers of patients unable to be discharged in a timely way limited the availability of beds for emergency admissions.

The volume and acuity of patients requiring admission exceeded the system's ability to move patients through inpatient pathways. Longer ED waiting time performance increases the risk of harm, negatively affects patient experience and creates additional pressure on ambulance services, staff wellbeing and overall system resilience. Prolonged waits in ED are indicative of system wide congestion and highlight the interdependency between emergency care, inpatient capacity and community services. Improving ED performance remains a priority for NHS Ayrshire & Arran, but sustainable improvement will require system wide action focused on reducing inpatient length of stay, improving discharge processes and increasing effective bed availability. ED performance will continue to be managed as a whole-system issue during 2026/27, rather than as an isolated operational indicator through the Unscheduled Care Flow Board and the Discharge without Delay Programme Board.

Unscheduled Care – Assessment Units	**Mar-26**	**RAG**
Percentage of arrivals to the Acute Frailty Unit who are discharged the same day (i.e. within 24hrs) to at least 48%	9.9%	
Percentage of arrivals to Combined Assessment Unit (CAU) who are moved out within 72 hrs (i.e. discharged or transferred to acute ward) to 100%	85.4%	

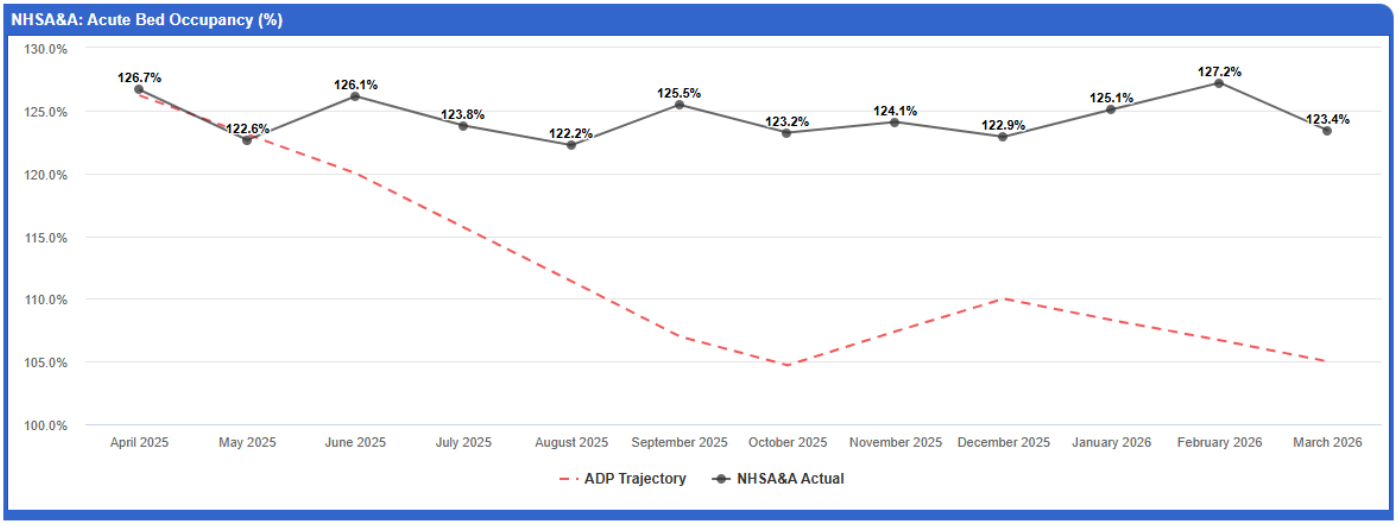


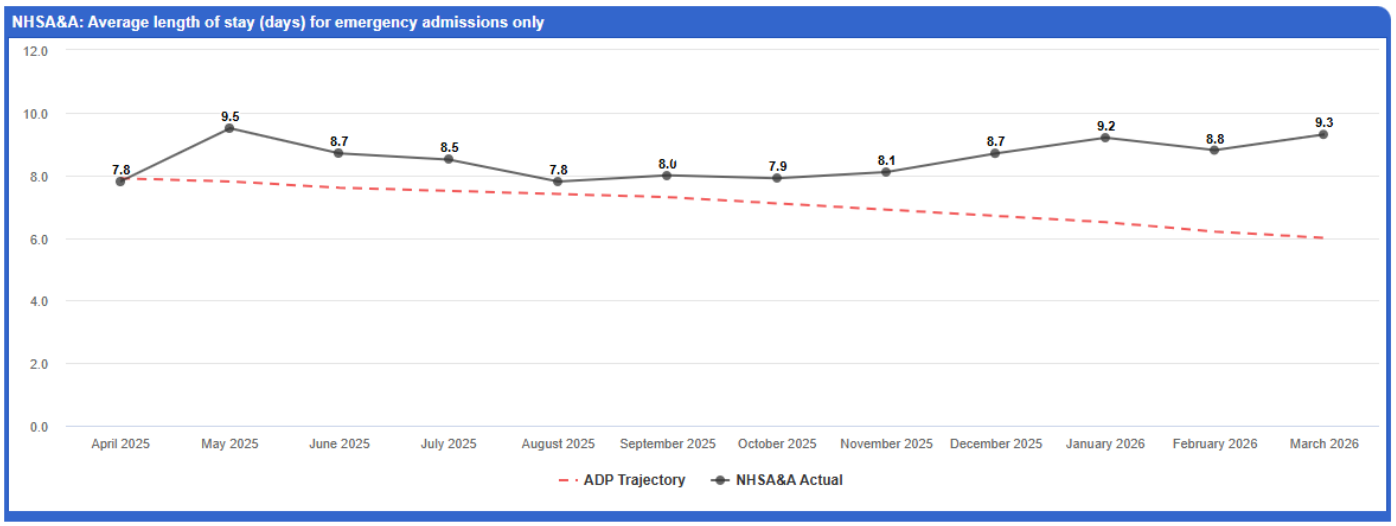


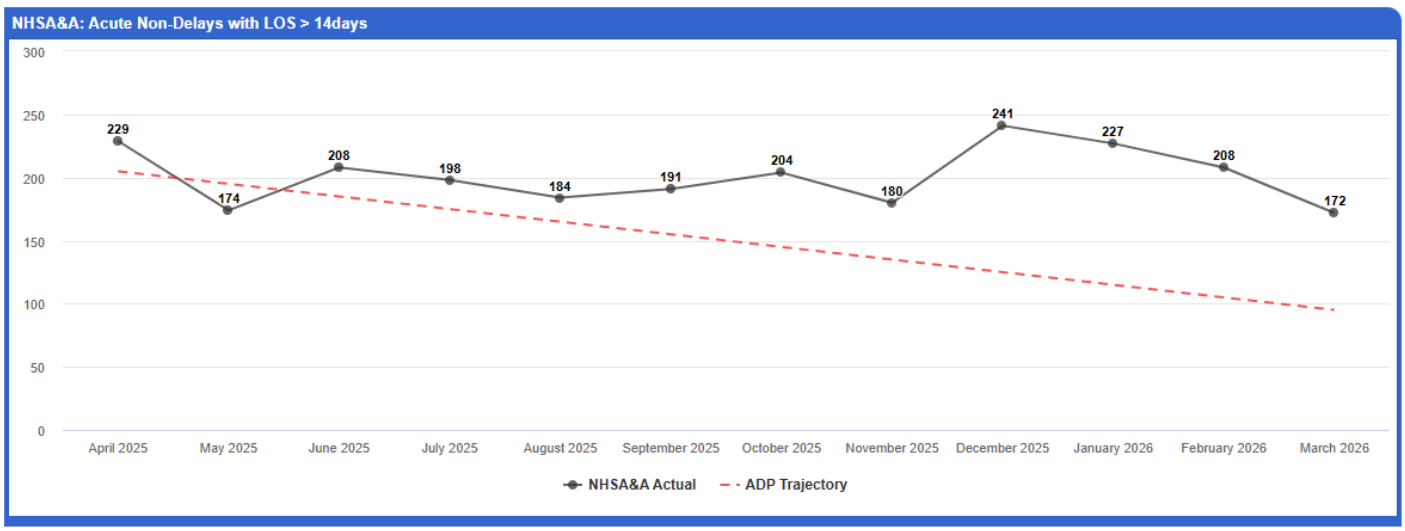
In the Delivery Plan 2025/26 NHS Ayrshire & Arran committed to improving patient flow through Assessment Units, recognising their important role in avoiding unnecessary admissions, supporting timely discharge and improving overall unscheduled care performance.

At the end of March 2026, the percentage of arrivals to the Acute Frailty Unit discharged on the same day stood at 9.9%, below the target of 48% and marginally below the March 2025 position of 10.5%. Performance within the Combined Assessment Unit was 85.4% against 100% target for patients to be discharged within 72 hours. This represented a small improvement on the March 2025 position of 85.5%. These measures are reported as Red.

Unscheduled Care – Flow	**Mar-26**	**RAG**
Acute occupancy (Core funded) to reduce to 106.7% or lower	123.4%	
Acute Occupancy (All beds)	95.2%	n/a
Average Length of stay for emergency admissions reduce to 6.2 days or lower	9.3	
Number of patients with a length of stay over 14 days who are not in delay to reduce to 105 or fewer	172	







In the Delivery Plan 2025/26, NHS Ayrshire & Arran committed to improving system flow through the acute hospitals, including reducing bed occupancy, decreasing average length of stay for emergency admissions and reducing the number of patients experiencing

prolonged hospital stays. These commitments were recognised as dependent on whole system capacity, including effective discharge processes and community based alternatives. At the end of March 2026, acute bed occupancy for core funded beds remained high at approximately 123.4%, significantly above the Delivery Plan trajectory. However acute occupancy at the end of March when considering all beds, including unfunded beds was 95.2% - this has therefore been included for information. Performance is assessed against core funded bed occupancy and is therefore reported as Red, despite lower occupancy when all beds are included.

Average length of stay for emergency admissions was approximately 9.3 days, exceeding the planned position and representing a marginal increase compared to March 2025. The number of patients with a length of stay greater than 14 days who were not recorded as delayed reduced during the latter part of the year to 172 at March 2026, representing an improvement from the peak position earlier in the year but remaining above the Delivery Plan trajectory.

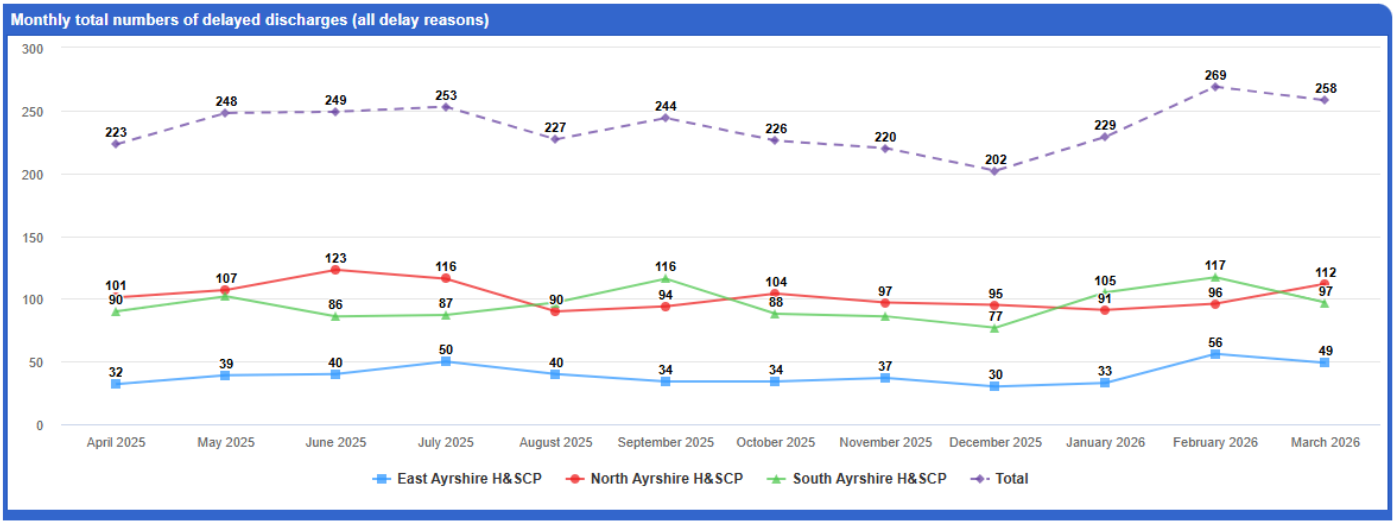
Flow and length of stay performance during 2025/26 were constrained by a combination of sustained demand, high patient acuity and limited capacity to discharge patients at pace. Prolonged length of stay reflects the cumulative impact of delayed access to community care, social care capacity and specialist inpatient pathways, rather than inefficiencies within individual wards or services. While key flow interventions were implemented during the year, including the mobilisation of Acute Frailty Units, enhanced assessment unit processes and the phased implementation of SAFER patient flow principles, the scale and speed of impact were insufficient to offset rising demand and persistent discharge constraints. As a result, hospitals operated at occupancy levels that limited timely placement of emergency admissions, reinforcing congestion across emergency and inpatient pathways.

High bed occupancy and prolonged length of stay increase the risk of harm, contribute to Emergency Department crowding and reduce the system's ability to respond to surges in demand. Sustained congestion within inpatient pathways creates additional pressure on staff, reduces patient experience and undermines system resilience.

Improving flow and reducing length of stay remain critical priorities for NHS Ayrshire & Arran. Sustainable improvement will depend on accelerated whole system action to reduce delayed discharges, expand community capacity and embed consistent flow practices across acute sites. Flow will continue to be managed as a strategic risk during 2026/27, with performance monitored through Board level governance arrangements.

2.5 Delayed Discharges

Delayed Discharges	Mar-26	RAG
Numbers of people experiencing a delay of any length or reason in discharge from hospital at the monthly census point	258	
Numbers of occupied bed days associated with delayed discharges (any length or reason) in the calendar month	7,899	n/a



In the Delivery Plan 2025/26, NHS Ayrshire & Arran committed to reducing delays in discharge from hospital, recognising the importance of timely discharge for patient safety, experience and system flow. These commitments were to be delivered through partnership working with Health and Social Care Partnerships (HSCPs) and alignment with national Discharge Without Delay principles.

At the March 2026 monthly census, 258 people were recorded as experiencing a delayed discharge. Performance is significantly above trajectory and is therefore reported as Red. During the same period, delayed discharges accounted for 7,899 occupied bed days in the calendar month. Performance is significantly above trajectory and is therefore reported as Red.

While overall numbers of delayed discharges increased during the year, performance varied across the three Ayrshire HSCPs. North Ayrshire HSCP recorded the highest number of occupied bed days due to delay at the March 2026 census point, while both East and South Ayrshire HSCPs experienced increases in delayed discharge numbers and occupied bed days compared to earlier in the year.

Within the context of the total number of delays monitoring of number of delayed discharges over 2 weeks (excluding code 9 delays - e.g. adults with incapacity) also continues. At the end of March 2026 a total of 99 patients were in this category, zero in East Ayrshire HSCP, 46 patients in North Ayrshire HSCP and 53 in South Ayrshire HSCP.

Delayed discharge performance during 2025/26 was primarily constrained by limited availability of community based care, workforce capacity challenges within health and social care services and the increasing complexity of patient need. These constraints affected the ability to discharge patients at pace once they were clinically ready, particularly for those requiring packages of care, care home placement or specialist support.

Despite active discharge management processes and escalation arrangements, the scale of demand and the fragility of community capacity limited the impact of improvement initiatives during the year. As a result, hospital beds continued to be occupied by patients who no longer required acute care, contributing to system congestion. Delayed discharges increase the risk of harm for patients by prolonging hospital stays unnecessarily and reducing access to care in more appropriate settings. Sustained levels of delay also reduce acute bed availability, directly impacting Emergency Department performance, ambulance handovers and inpatient flow, and placing additional pressure on staff across the system.

Reducing delayed discharges remains a critical system priority for NHS Ayrshire & Arran. Sustainable improvement will depend on strengthened partnership working, increased community capacity and continued focus on Discharge Without Delay principles across the health and social care system.

Delayed discharges will continue to be managed as a strategic risk during 2026/27, with performance monitored through joint governance arrangements.

In addition to the performance areas set out above, the Delivery Plan included a range of enabling and transformational priorities, including Primary Care improvement, Pharmacy First, Dental access, digital front door development and wider service transformation initiatives. These programmes support longer-term system sustainability and demand management, but do not have discrete performance trajectories within the Performance Framework. Progress in these areas is overseen through programme governance and is reflected in the organisation's Strategic and Sustainability reporting.

2.6 Quality of Care

NHS Ayrshire & Arran remains committed to delivering safe, effective and person-centred care across all services. Maintaining quality of care has remained a core priority throughout 2025/26, particularly in the context of sustained system pressures, increasing demand and capacity constraints.

Quality of care is monitored through a range of indicators, including patient quality and safety measures. These are routinely reviewed through established governance arrangements (Healthcare Governance Committee).

During 2025/26, services continued to operate within a challenging environment, particularly in urgent and unscheduled care, where high levels of demand, patient acuity and system flow constraints have created additional pressure on clinical services. While these pressures have the potential to impact on quality and patient experience, a continued focus on patient safety, clinical prioritisation and escalation processes has supported the delivery of safe care.

There has been ongoing focus on reducing avoidable harm, including work to minimise falls, pressure ulcers and healthcare associated infections. Performance across these indicators has remained under regular review, with targeted improvement actions implemented where required.

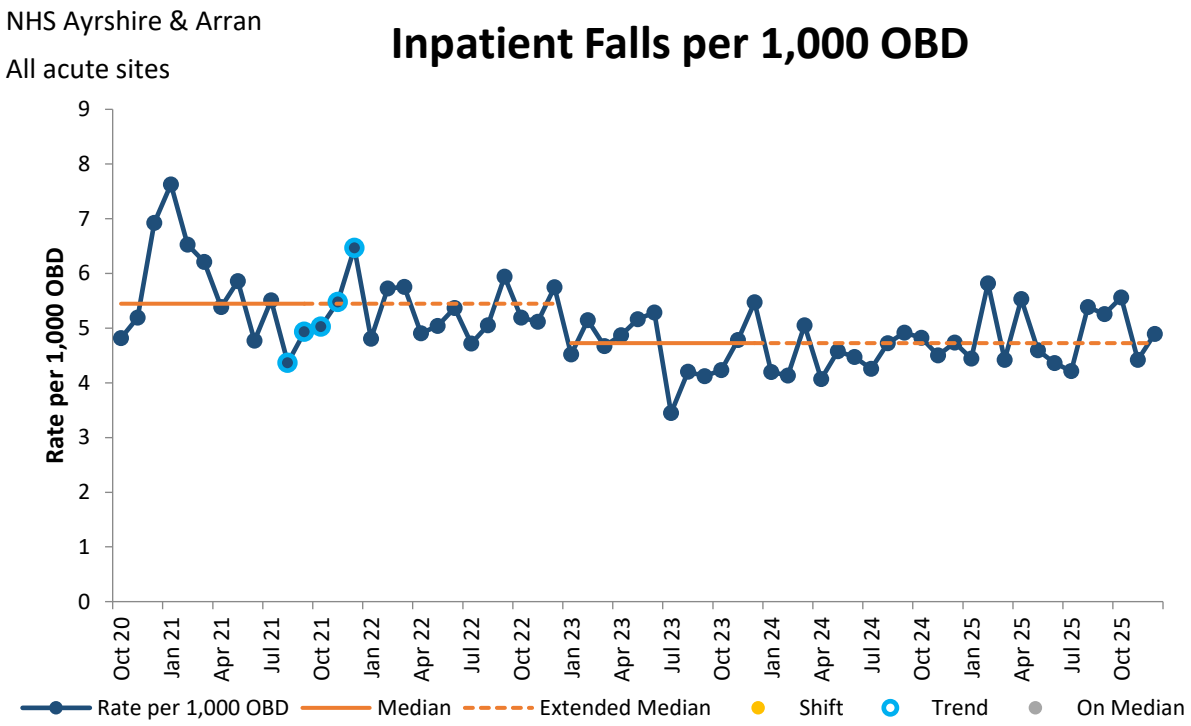
Patient experience continues to be an important measure of quality. Feedback from patients, families and carers is used to inform service improvement and to ensure that care is responsive to the needs of the population served. Complaints and feedback are monitored and reviewed as part of routine governance processes, with learning used to support continuous improvement.

Despite sustained pressures, staff across NHS Ayrshire & Arran have continued to demonstrate a strong commitment to delivering high-quality care. Maintaining quality and safety will remain a central priority for the organisation during 2026/27, alongside efforts to stabilise performance and improve system flow.

A high-level overview of quality and safety indicators is provided. Key highlights include:

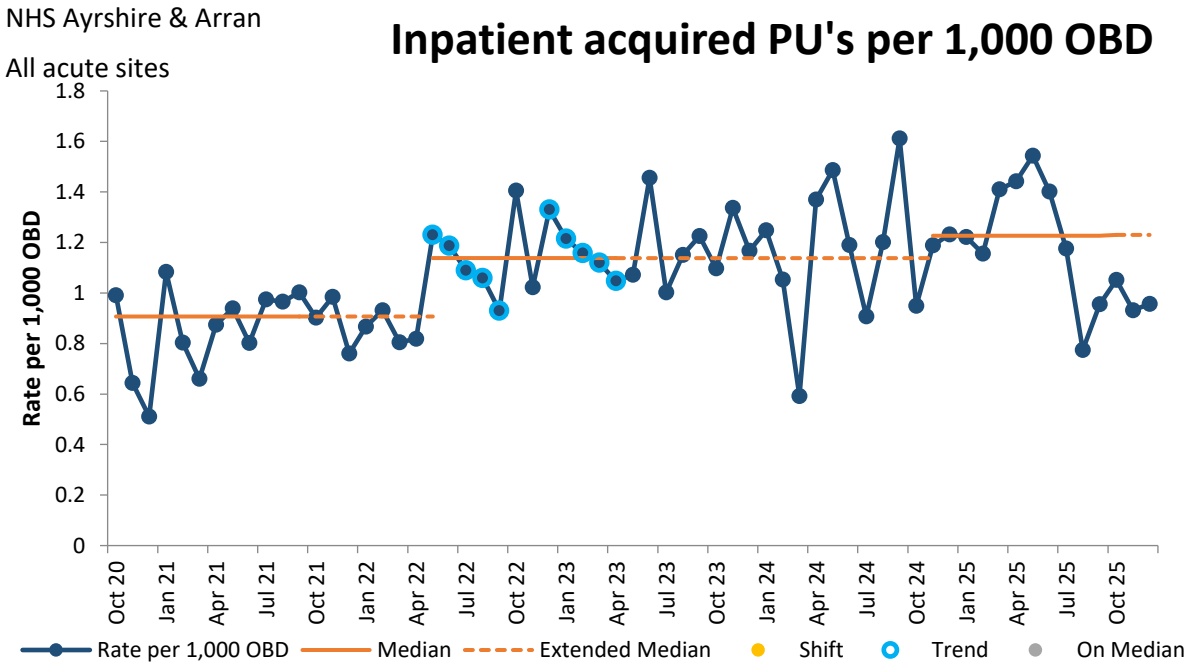
- Sustained reduction in inpatient falls across acute sites, remaining below the Scottish median.
- Early signs of improvement in hospital-acquired pressure ulcers, though the overall median remains higher than in previous quarters.
- Cardiac arrest rates remain variable and above the national median, requiring continued improvement focus.
- Hospital Standardised Mortality Ratios (HSMR) for both UHA and UHC remain below expected levels, providing assurance on mortality outcomes.
- Healthcare-associated infection indicators largely remain within statistical control limits.
- 149 stories shared in Quarter 3 on Care Opinion with 81% of these stories were completely positive, with 19% having some level of criticality.

Quality Indicator 1 - Acute Services Inpatient Falls per 1,000 Occupied Bed Days (OBD)



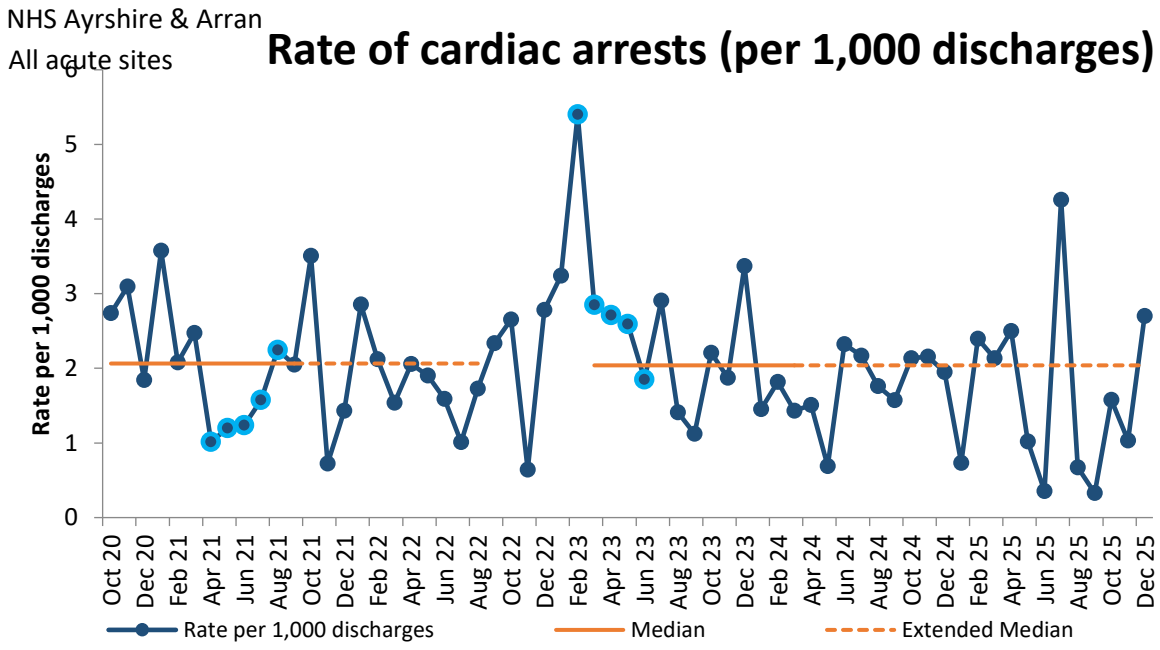
A sustained reduction in falls across both acute sites has been demonstrated since January 2023 with the median rate decreasing from 5.4 to 4.7 demonstrating a 13% reduction. This is below the national Scottish median rate which is 7 per 1000 OBD's.

Quality Indicator 2 - Acute Hospital Acquired Pressure Ulcers per 1,000 Occupied Bed Days



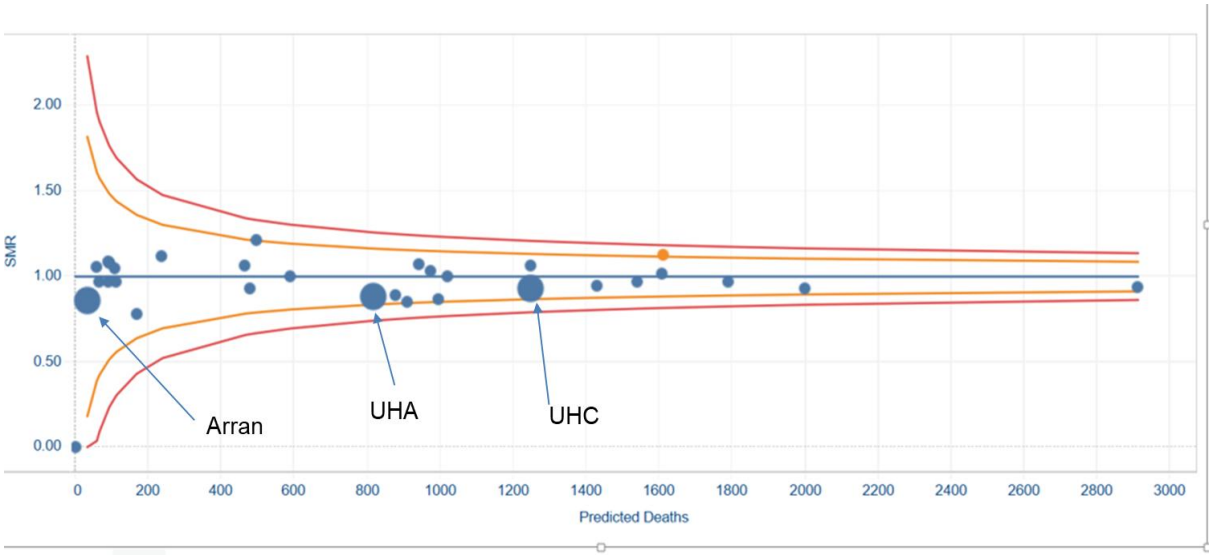
The last quarter demonstrates early signal of improvement in the pressure ulcer rate across both acute sites with 6 points below the median. There is currently no Scottish median to benchmark against.

Quality Indicator 3 - Rate of cardiac arrests per 1,000 discharges



Cardiac Arrest rate for UHA and UHC combined remains variable with a median of 2.1 which is above the national median of 1.3.

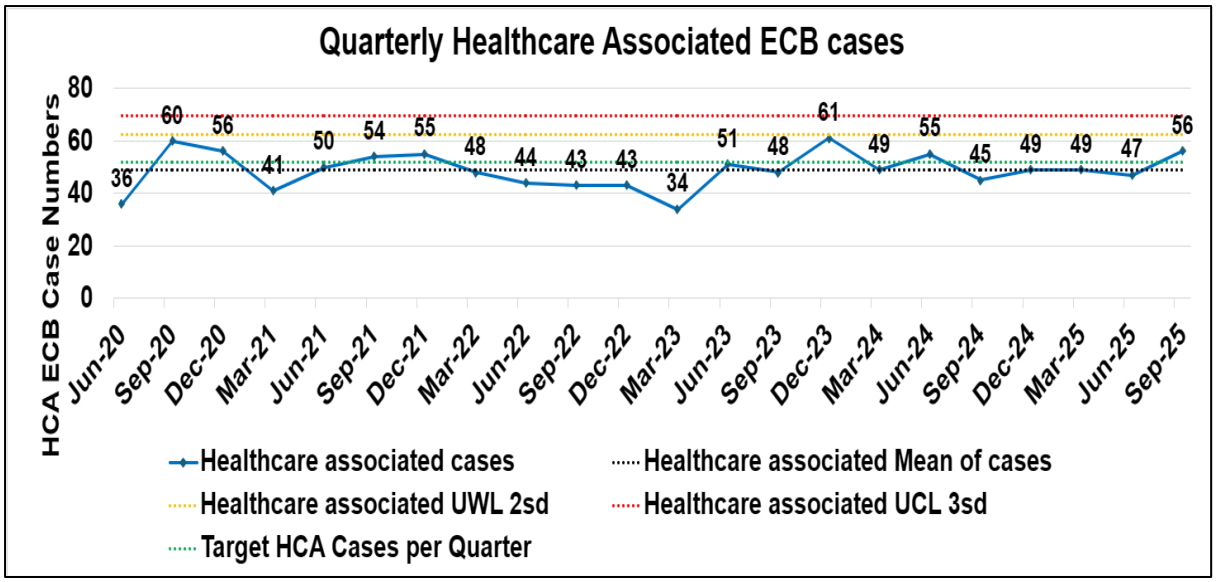
Quality Indicator 4 - Hospital Standardised Mortality Rate (HSMR)

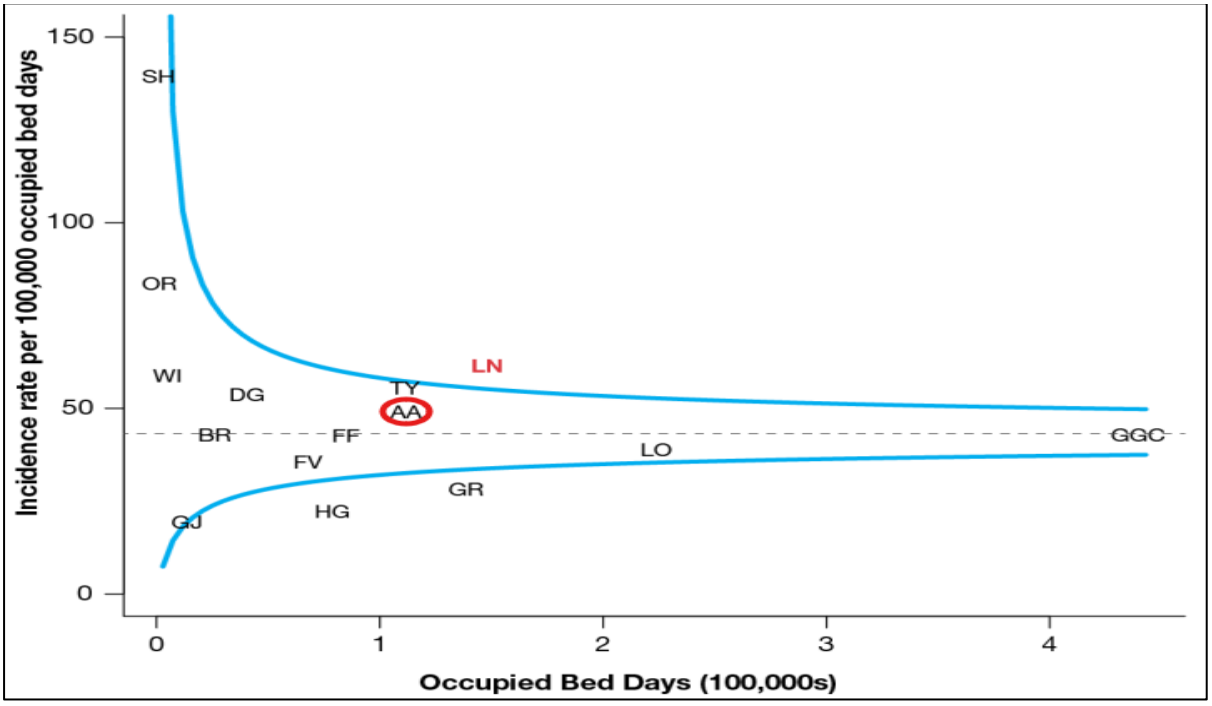


Hospital Standardised Mortality Rate (HSMR) October 2024- September 2025 remain within statistical control limits

University Hospital Crosshouse and University Hospital Ayr are below the predicted HSMR ratio of 1.00 at 0.93 and 0.88.

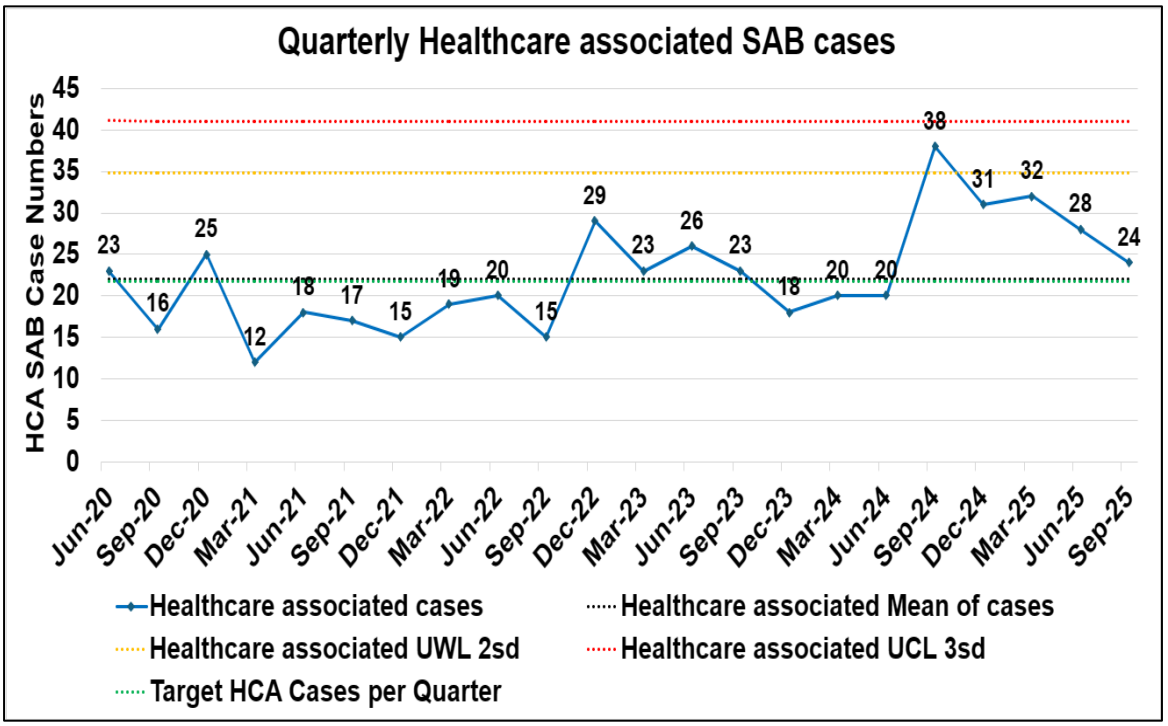
Quality Indicator 5 - Gram-negative bacteraemia (healthcare associated E. coli bacteraemia) (ECB)

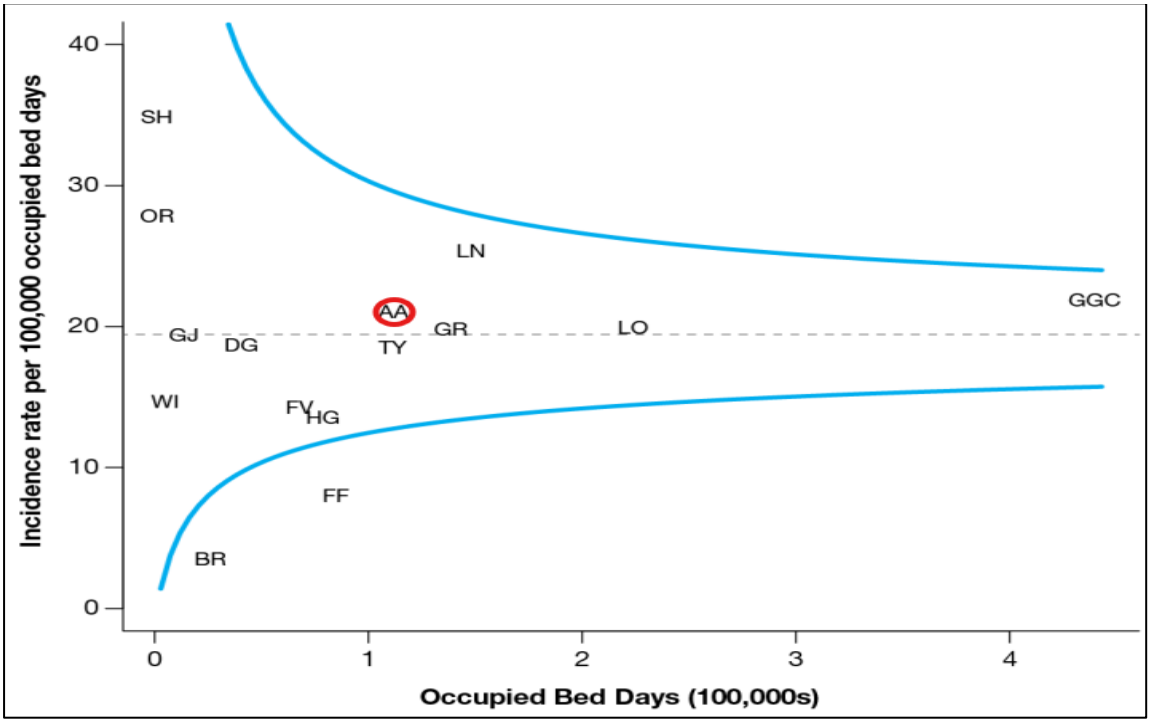




The funnel plot of ECB incidence rates (per 100,000 TOBD) for all NHS Boards July-September 2025, demonstrates that NHSAA remain within statistical control limits.

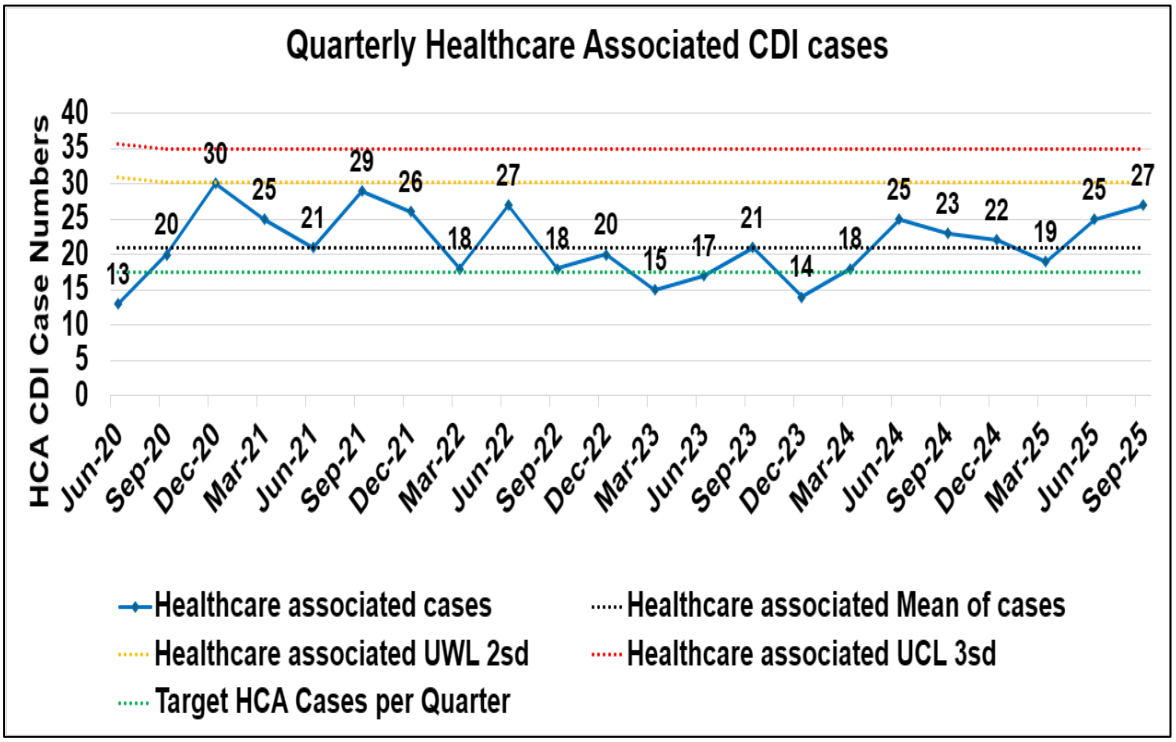
Quality Indicator 6 - Staphylococcus aureus bacteraemia (SAB)

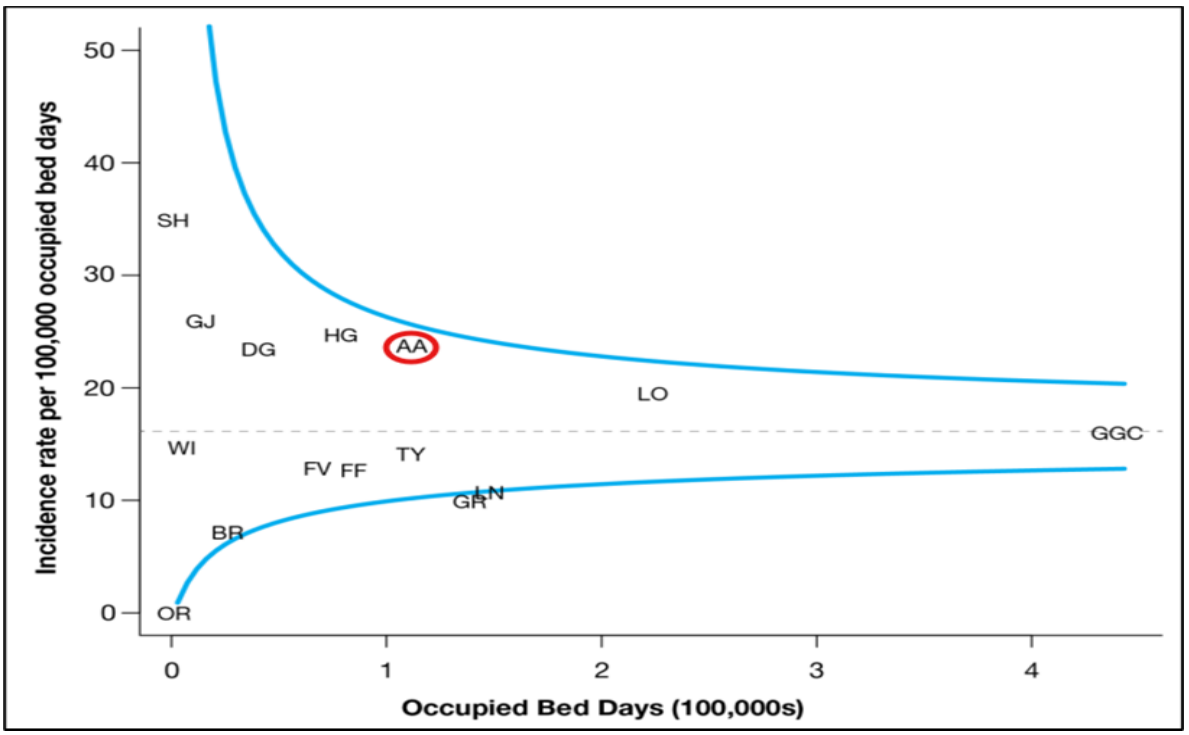




The funnel plot of SAB incidence rates (per 100,000 TOBD) for all NHS Boards July-September 2025, demonstrates that NHSAA remain within statistical control limits.

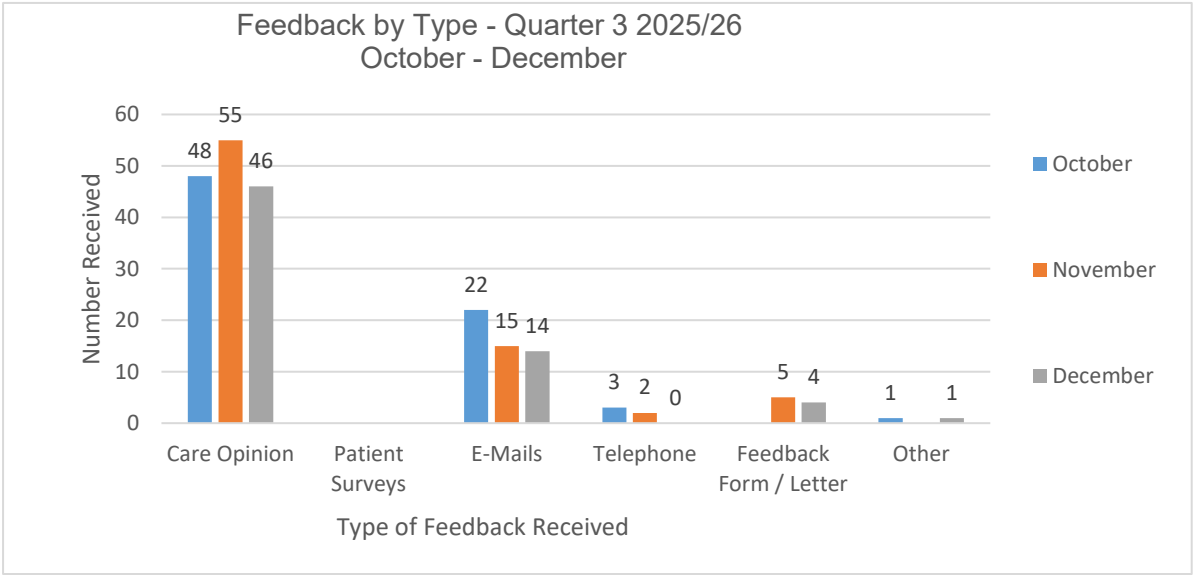
Quality Indicator 7 - Clostridioides difficile infection (CDI)





The funnel plot of CDI incidence rates (per 100,000 TOBD) for all NHS Boards July-September 2025, demonstrates that NHSAA remain within statistical control limits.

Quality Indicator 8 - Feedback from all sources in Q3 2025



Care Opinion Quarter 3 2025:

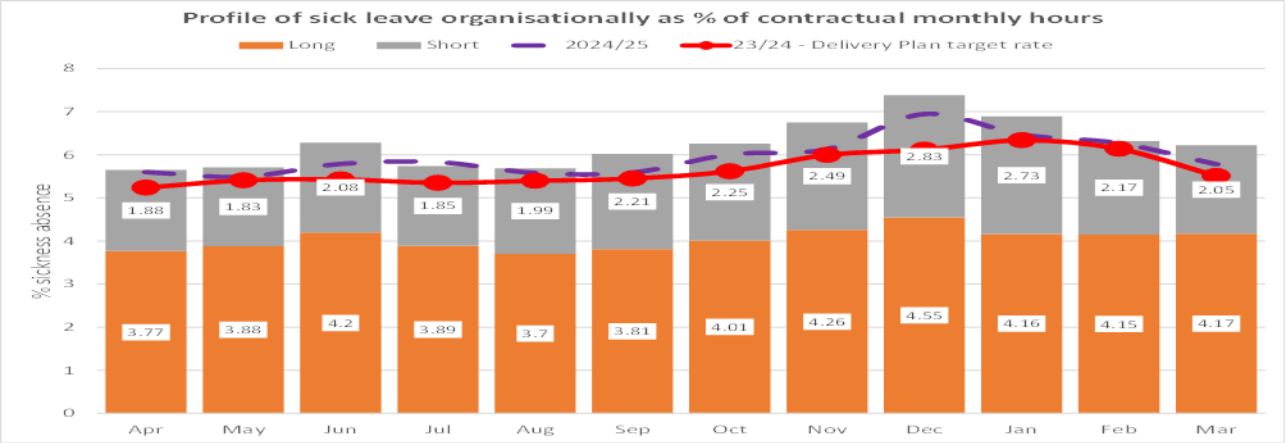
- 149 stories shared in Quarter 3 with 173 responses posted.
- 81% of these stories were completely positive, with 19% having some level of criticality. These stories have been read more than 14,295 times.

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2.7 Workforce

Sickness Absence

The sickness absence rate at the end of March 2026, for FY 2025/26, is 5.89% across NHS Ayrshire & Arran, against our delivery plan target of 5.15% (which was to seek a return to our absence levels from 2023/24) and the NHS Scotland sickness absence standard of 4%. There has been a sustained ongoing step change is sickness absence within NHS Ayrshire & Arran over the last two-year period. The winter period in particular as illustrated in the chart shows the impact that wider community prevalence of variants of flu, and indeed COVID, can have upon our workforce however even this typical seasonal spike is no longer typical with higher levels of absence throughout the year.



An internal audit of our sickness absence procedures was undertaken during 2025/26 and this confirmed that absence management was undertaken in line with the Once for Scotland policies. The recommendations arising from the audit which are being implemented include strengthening Directorate absence Action plans, greater focus on 'hot spot' operational areas, further guidance and communications for managers on aspects of attendance management and ensuring the robustness of return-to-work discussions. Our Promoting Attendance Team play a significant role particularly in terms of the management of long-term absence, which is the largest component of sickness absence, and work collaboratively and closely with occupational health, line managers and staff side.

2.8 Financial Performance

The Scottish Government requires NHS Boards to meet three key financial targets:

- a Revenue Resource Limit (RRL);
- a Capital Resource Limit (CRL); and
- a cash requirement

Note that RRL and CRL are comprised of core and non-core expenditure, further details of which can be found in the Summary of Resource Outturn (see note 2a). Non-core expenditure typically relates to items of a technical accounting nature.

Financial Performance

	Limit set by SGHSCD £000	Actual Outturn £000	Variance under (over) £000
Revenue Resource Limit			
Core	1,240,724	1,240,019	705
Non-core	41,374	41,374	0
Total	**1,282,098**	**1,281,393**	**705**
Capital Resource Limit			
Core	15,396	15,396	0
Non-core	230	230	0
Total	**15,626**	**15,626**	**0**
Cash Requirement	1,306,880	1,306,880	0

Memorandum for in-year outturn	
Reported deficit in 2025-26	705
Financial flexibility: provided by Scottish Government	(25,000)
Underlying (Deficit) against Core Revenue Resource Limit	**(24,295)**
Percentage	**-2%**

The purpose of this table is to demonstrate what the outturn would have been if Deficit Support Funding was not given to the Board or if excess funding was not returned to Scottish Government.

NHS Boards have returned to 3-year financial planning cycles with full plans developed from 2023/24 onwards. As a result of this the following disclosure is required:

A three-year financial plan was submitted to Scottish Government by NHS Ayrshire and Arran on 19 March 2025 and a letter was issued in response to the NHS Boards' financial plan on 31 March 2025. However, the Board subsequently indicated that the in-year tolerance for overspends will be exceeded and Scottish Government undertook a review of the NHS Board's current escalation status. Upon review NHS Ayrshire and Arran was escalated from stage 3 to 4 on the NHS Board Performance Escalation Framework.

NHS Ayrshire and Arran required £25 million from Scottish Government in the form of Deficit Support Funding in order to achieve financial balance in 2025-26. Without this additional support, the Board's final outturn would have been an overspend of £24.3 million (equivalent to 2% of the Revenue Resource Limit). This Deficit Support Funding is non-repayable. Since 2019/20 NHS Ayrshire and Arran has required £129.9 million of Brokerage. Whilst Scottish Government, no longer provide brokerage, this balance still remains repayable once NHS Ayrshire and Arran return to financial balance. NHS Ayrshire and Arran have submitted a 3 year financial plan on the 16th March 2026 to Scottish Government. This sets out a deficit of £45 million in 2026/27, £30 million in 2027/28 and £15 million in 2028/29, with a return to in year balance beyond this. No repayment schedule has been set for the repayable brokerage.

The accounts have been prepared under an accounts direction and on a going concern basis as there is an assumed continuation of business.

Capital Schemes

The biggest capital spend in the year was on Electrical Medical Equipment (EME), with additional funds being made available from Scottish Government from their Business Continuity Programme (BCP) of £1.153m and the National Infrastructure Board (NIB) £1.906m. These allocations are additional to the Boards core capital contribution to EME of £1.500m.

Capital Spend for the 12 months to 31st March 2026

	£000's
Electromedical equipment	4,559
Digital Services	2,190
National Secure Adolescent Unit	2,438
Environmental (EV chargers and LED)	869
Other Capital Planning schemes	701
Digital reform	701
UHC Ward/Low Rise Electrical Distribution	668
Equipment for catering, TSSU etc.	594
UHA Dining Room Conservatory	260
UHA Load Leveller Plant	221
UHC Megashed Shelving	151
Total	**13,352**

In addition, there was £2.2 million capital allocation related to IFRS16 for leased assets and £0.13 million for donated assets.

Payment Policy

The Scottish Government and NHS Ayrshire & Arran are committed to supporting businesses in the current economic climate to support the sustainability and resilience of our key supply chain networks. In line with the Scottish Government's prompt payment policy, by paying bills more quickly, the intention is to achieve payment of all undisputed invoices within 10 working days, across all public bodies. Performance against the prompt payment policy is summarised in the following table:

Payment Performance	**2025/26**	**2024/25**
Average period of credit taken	10 days	12 days
Total number of invoices	119,203	129,481
Total number of invoices paid within 30 days	110,449	118,791
Percentage of invoice paid within 30 days		
- by volume	92.66%	91.74%
- by value	92.52%	93.59%
Percentage of invoice paid within 10 days		
by volume	82.79%	81.5%
by value	84.67%	86.4%

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. Employer contribution are 22.5% of relevant pay costs and amounted to £102.7 million (previous year £95.3 million)

2.9 Social Matters

NHS Ayrshire & Arran is committed to promoting equality, advancing human rights, and fostering inclusive practice across all aspects of our work. Our aim is to deliver fair, equitable and accessible services by identifying and addressing barriers to access, experience and outcomes for the people and communities we serve, as well as for our workforce.

This commitment reflects our legal responsibilities under the Equality Act 2010, the Public Sector Equality Duty and the Fairer Scotland Duty, and is underpinned by our core organisational values as a healthcare provider and employer. We seek to embed equality, diversity and human rights considerations into decision-making, policy development and service redesign.

Equality Impact Assessments (EQIAs) are a key mechanism through which we assess the potential impact of policies, strategies and service changes on people with protected characteristics. These assessments support evidence-based decision-making, help mitigate unintended adverse impacts, and promote opportunities to advance equality. Through this approach, we strive to ensure that everyone is treated with dignity, respect and fairness, and that our services and employment practices meet the diverse needs of our population.

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. All staff must now complete mandatory fraud awareness training.

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 2025/26, the Board continued to make progress in delivering its Community Wealth Building Plan, reinforcing its role as an anchor institution in supporting inclusive economic growth across Ayrshire. Activity during the year focused on supporting local businesses through procurement, promoting fair and inclusive employment practices, and maximising the use of land, assets and resources to deliver wider social and economic benefits for local communities.

Looking ahead, the current 2023–2026 Anchor/CWB Strategy is undergoing a refresh for the 2026–2029 period, ensuring continued alignment with local priorities and emerging national policy, particularly the Community Wealth Building (Scotland) Bill, which is progressing through Parliament and expected to place statutory duties on public bodies to deliver CWB action plans.

2.10 Sustainability and Environmental Reporting - Climate Related Financial and Net Zero Disclosure

Context and statutory framework

NHS Ayrshire & Arran complies with the stipulations specified in the Climate Change (Scotland) Act 2009 and later alterations, including the 2019 Act which sets the target for Scotland to reach net zero emissions by 2045. In line with state reporting regulations, the Governing Body issues a yearly Climate Action and Sustainability Publication. This annual report sets out our progress on emissions reduction, climate adaptation and wider sustainability activity.

From April 2024, there is also an expectation that NHS Boards take account of the Task Force on Climate-related Financial Disclosures. NHS Ayrshire & Arran has started to embody these principles in governance, strategy, risk control and outcome metrics, realising that this will further develop in the future.

Performance highlights – 2024/25

NHS Ayrshire & Arran made strong progress during 2024/25 in reducing greenhouse gas emissions and embedding sustainable practices across its operations. The Board achieved a 7% reduction in total greenhouse gas emissions, exceeding the annual reduction target of 3%. Key achievements during the year included:

- An 18% reduction in fossil fuel consumption, delivering savings of over 10 million kWh of gas and contributing to a 7% reduction in building-related emissions
- A 14% reduction in fleet emissions, supported by reductions across grey and leased vehicles
- Reductions in emissions from medical gases (8%), waste (5%) and business travel (6%)
- A 16% reduction in water consumption

Total emissions for 2024/25 were 28,241 tCO_2e, slightly above the projected Net Zero trajectory target of 27,901 tCO_2e. The Board remains committed to accelerating progress through continued investment, service redesign and operational efficiencies.

Strategy and future focus

In January 2026, NHS Ayrshire & Arran Board approved the Climate Emergency and Sustainability Strategy 2025–2032, which aligns with NHSScotland commitments and sets out the Board's approach to climate mitigation, adaptation and wider sustainability.

The strategy is supported by an action plan across estates, transport, waste, procurement, workforce and service delivery. Progress against the strategy and action plan is reviewed regularly through established governance arrangements.

Further detail on the Board's objectives, action plan and progress is available in Annual Climate Emergency and Sustainability Report 2024/25 and Climate Emergency and Sustainability Strategy 2025-2032 both published on the NHS Ayrshire & Arran website.

Governance and accountability

NHS Ayrshire & Arran has established clear executive leadership and governance arrangements to oversee delivery of its climate emergency and sustainability responsibilities.
The Climate Emergency and Sustainability Operational Group (CESOG), chaired by the Director of Infrastructure and Support Services (the Executive Sustainability Champion), is responsible for coordinating delivery of the Board's climate change and sustainability programme, ensuring compliance with statutory duties and national NHS policy, and monitoring progress against agreed actions.

CESOG reports into The Climate Emergency and Sustainability Strategic Group (CESSG) on a quarterly basis. CESSG meets quarterly and oversees performance and progress, seeking assurance on delivery, risk management and continuous improvement. This group is chaired by the Boards Non-Executive Sustainability Champion.

Risk management and assurance

Climate and sustainability risks are incorporated within the Board's corporate risk management framework and assessed using the NHS Ayrshire & Arran severity and consequence methodology. Key climate related risks include:

- Compliance with climate change adaptation and reporting requirements
- Delivery of emissions reduction targets
- Achievement of mandated public sector carbon reduction milestones

Risks are reviewed periodically and reported through CESOG, with escalation to CESSG where required. Progress against mitigation actions is monitored through operational and project level risk registers and reported through established governance.
The standard NHS Ayrshire & Arran process is applied for assessing current and new risk(s) is through the following:-

- Identification of risk
- Risk Description – cause – event – consequence
- Assess the risk and score the risk
- Record in electronic Risk Management System (eg DATIX)
- Manage and mitigate the risk
- Review and monitor.

External consultants are engaged to support the following climate related areas:-

- Site-based risk & adaptation risk assessments
- Climate Change Risk Impact Assessment

We report on our progress working towards the actions contained within the Scottish National Adaptation Plan (SNAP3) 2024-2029 detailing the public sector requirements which are reported through our Public Bodies Climate Change Duties (PBCCD) return.

We are mandated under the Climate Change Act 2009 - Order 2015 - public sector duties reporting section 44 a, b & c - section 46 schedule 2
These duties are reported on through our annual Public Bodies Climate Change Duties

Compliance Reporting.

NHSAA Climate related Targets

Our Net Zero Targets

Short term targets

Year	Reduction since 1990
2023/24	61.7%
2024/25	63.6%
2025/26	65.6%

All fleet vehicles small to medium will be zero (tail pipe) emissions by 2025

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 terms Targets

- 2035 we must achieve an 87.5% reduction
- 2038 all buildings to be heated from low carbon emissions technologies
- 2040 net zero achieved (our own NHS Estate)

NHSAA Climate Metrics Scope 1,2 & 3 Reporting

Our net zero emissions targets are based 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. We are engaged in the GGHH (Global Green and Healthy Hospitals) Race to Zero project where we take part in the sharing of data and projects in the goal to achieve net zero emissions within a hospital environment.

Net zero is defined by the IPCC (Intergovernmental Panel on Climate Change) as the point when “anthropogenic emissions of greenhouse gases to the atmosphere are balanced by anthropogenic removals over a specified period.” The NHS (National Health Service) will reduce its GHG gas emissions to as little as possible with all left-over emissions to be offset through balanced carbon removals through ecological tree planting, carbon sequestration including carbon capture and storage.

We have in place short, medium, and long-term targets to ensure we are on the pathway to net zero as declared by the cabinet secretory.

Science Based Targets initiative reassurances will be sought in the coming years ahead as a national organisation, however in the interim our targets are verified and tracked by NHS Assure – Health Facilities Scotland – National Services Scotland on behalf of the boards.

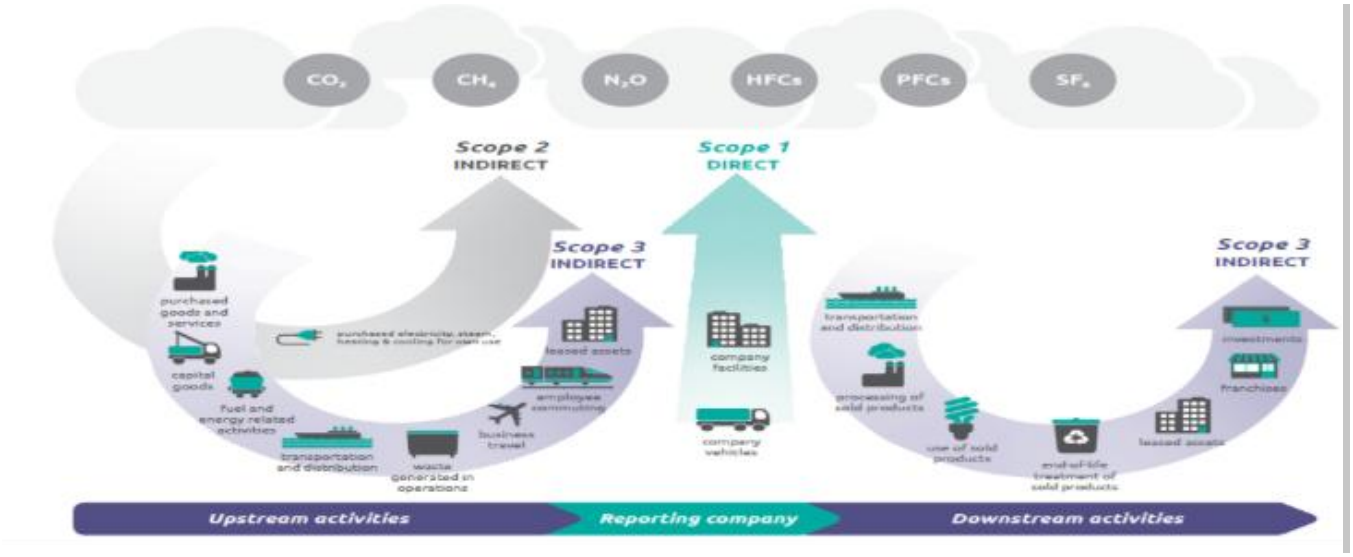
Scope 1 and 2 emissions will be zero (granted we can capture and destroy/reuse all medical gasses for surgery).
Scope 3 emissions will be as low as we can drive them, with any residual amounts offset.

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 GHG protocol Corporate Value Chain accounting and reporting scope 3 standard. However, we have data gaps and are reporting using the Corporate Standard GHG protocol.

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.



In Scope Reporting	Now	Future
Scope 1		
Fuels (liquid and solid)		
Fleet		
F-Gasses		
Medical Gasses		
Scope 2		
Grid Electricity		
Scope 3 – upstream		
Electricity Losses		
Water		
Business Travel		
Waste		
Inhalers		
Working from Home		
Leased Assets		
Purchased Goods and Services		
Capital Goods		
Transport and Distribution		
Employee Commuting		
Scope 3 – downstream		
Transportation and distribution		
Processing of sold products		
Use of sold products		
End of life treatment		
Leased Assets		
Franchises		
Investments		

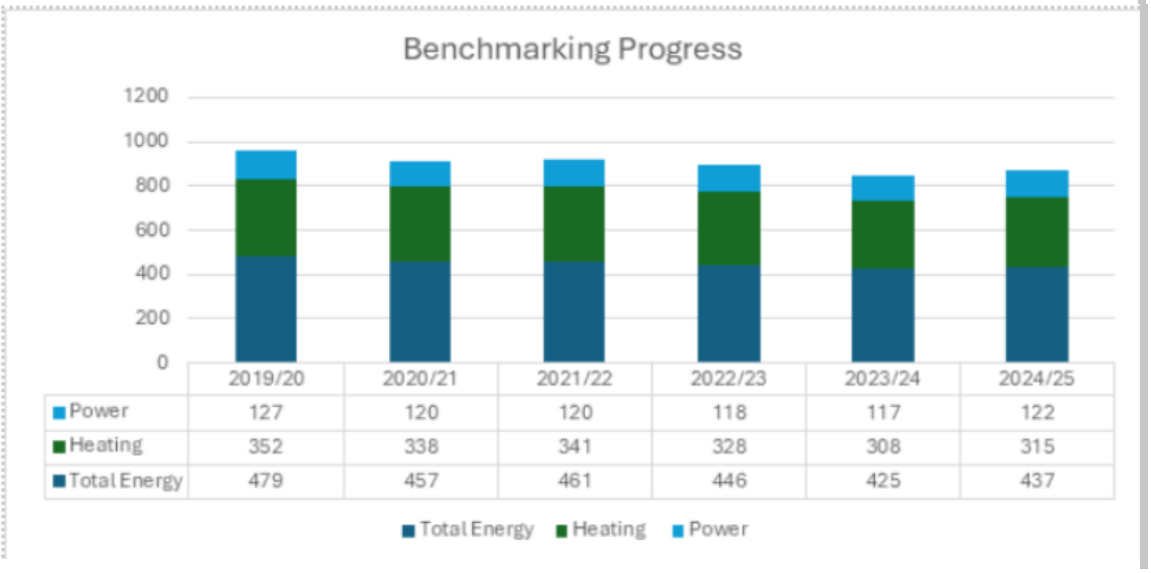
Green – Currently reported
Red – Not yet reported
Blue – Future reporting

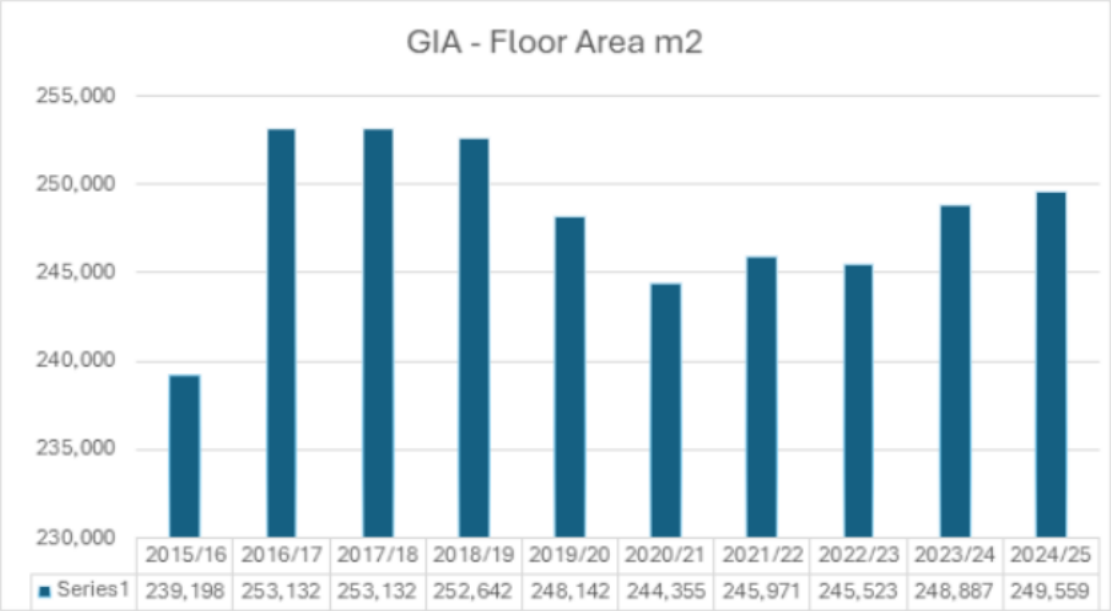
NHSAA Energy and Carbon Intensity & Key Benchmarking

Hospital	Benchmark (kWh/m2) 437	Heating (kWh/m2) 315	Electricity (kWh/m2) 122	Carbon (Tonnes)
Ayrshire Central Hospital	634	477	157	2394
Arrol Park Resource Centre	534	463	71	338
East Ayrshire Community Hospital	476	397	79	586
Biggart Hospital	467	406	60	743
Girvan Community Hospital	448	317	131	286
Ayr Hospital	435	286	148	1842
Crosshouse Hospital	428	283	145	3440
Arran War Memorial Hospital	421	327	94	144
Ayrshire Maternity Hospital	419	302	117	689
Lady Margaret Hospital	345	277	69	104
Woodland View Hospital	362	288	74	1143
Ailsa Hospital	339	279	60	1651

Individual Benchmarking (kWh/m2)

Heating Benchmark	315 (kWh/m2)	Electricity Benchmark	122 (kWh/m2)	Carbon Emissions	(Tonnes)
Ayrshire Central Hospital	477	Ayrshire Central Hospital	157	Crosshouse Hospital	3440
Arrol Park Resource Centre	463	Ayr Hospital	148	Ayrshire Central Hospital	2394
Biggart Hospital	406	Crosshouse Hospital	145	Ayr Hospital	1842
East Ayrshire Community Hospital	397	Girvan Community Hospital	131	Ailsa Hospital	1651
Arran War Memorial Hospital	327	Ayrshire Maternity Hospital	117	Woodland View Hospital	1143
Girvan Community Hospital	317	Arran War Memorial Hospital	94	Biggart Hospital	743
Ayrshire Maternity Hospital	301	East Ayrshire Community Hospital	79	Ayrshire Maternity Hospital	689
Ayr Hospital	286	Woodland View Hospital	74	East Ayrshire Community Hospital	586
Woodland View Hospital	287	Arrol Park Resource Centre	71	Arrol Park Resource Centre	338
Crosshouse Hospital	283	Lady Margaret Hospital	69	Girvan Community Hospital	286
Ailsa Hospital	279	Biggart Hospital	60	Arran War Memorial Hospital	143
Lady Margaret Hospital	276	Ailsa Hospital	60	Lady Margaret Hospital	103

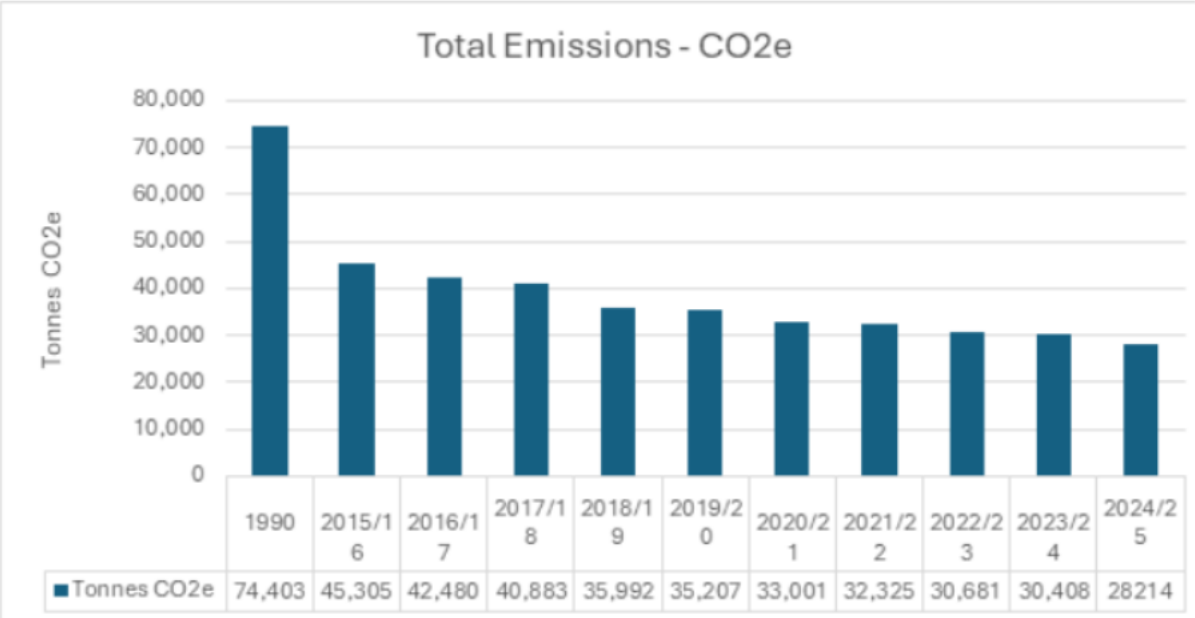


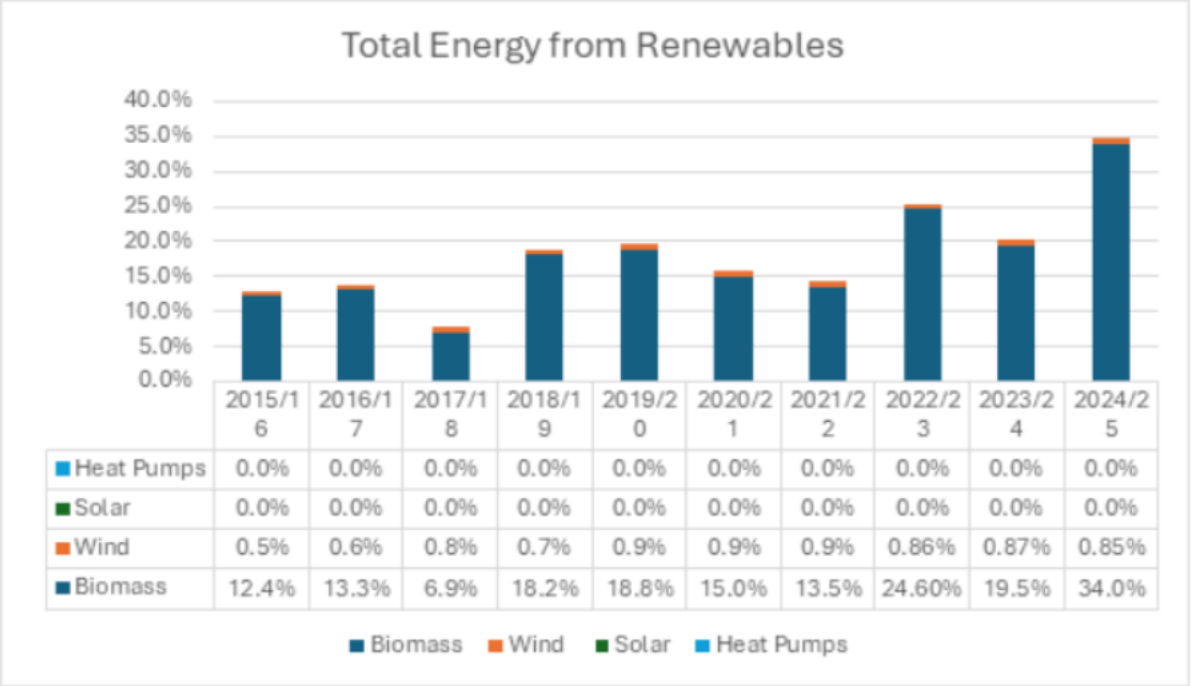


Name	Target	Boundary of Target	Baseline Year	Base Data	Target completion date	Progress against Target
Small and Medium Size Fleet – Transition to EV	100% transition	Transport	2015/16	754 Tonnes CO2e	Dec 2025	42%
All Fleet vehicles – Transition to EV	100% transition	Transport	2015/16	1,457 tonnes CO2e	Dec 2032	32%
Interim Net Zero Target for 2024/25	66% reduction on 1990 baseline	Scope 1&2	1990	53,182 tonnes CO2e	2024/25	65.6%
Interim Net Zero Target for 2030	75% reduction on a 1990 baseline	Scope 1&2	1990	53,182 tonnes CO2e	2030	65.6%
Net Zero Target – NHS owned Estate	100%	Scope 1&2	1990	53,182 tonnes CO2e	2040	65.6%
Net Zero Target Value Chain Emissions	100%	Scope 3	2020.21	303,028 tonnes CO2e	2045	Unknown

Inhalers Reduce emissions by 70% by 2027	70% reduction	Scope 3 – Inhalers F-Gas emissions	2015/16	6,201 tonnes CO2e	2027	5,260 Tonnes CO2e 15% reduction 
Waste Zero waste to landfill	100% target	Scope 3 Waste	2015.16	41%	2025	0% to landfill – target achieved 
Paper Use Reduction Digital Transition 50% reduction by 2030	50% reduction target on	Material Use	2015.16	25,252,500 sheets of paper	2030	17,637,000 sheets 30% reduction 

Source	2024/25 emissions (tCO2e)	Percentage change – 2023/24 to 2024/25
Building energy	18,751	-7.1%
Non-medical F-gas	21	-32%
Medical gases	987	-8%
Metered dose inhaler propellant	5,260	-11%
NHS fleet travel	583	-14%
Waste	427	-5%
Water	80	-16%
Business travel	1,175	-6%
Total emissions	**28,241**	**-7%**





Signed…Gordon James…

Interim Chief Executive Date 30 June 2026

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 2026.

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 Louisa Yule, 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
Ms L Semple, Non-Executive Director
Ms C Burden, Chief Executive until 23 February 2026
Mr G James, Interim Chief Executive from 01 August 2025
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 L Gallacher, 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 until 22 February 2026
Mr D Stonehouse. Interim Director of Finance from 16 February 2026
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 2026 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:

NHS Ayrshire & Arran Board Members Interests

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

No third party indemnity has been in place for any Director of the Board at any time during the financial year

Remuneration for non-audit work

No non audit work has been undertaken by Audit Scotland on behalf of the Board.

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 Public Services Reform (Scotland) Act 2010 – NHS Ayrshire & Arran

Personal data related incidents reported to the Information Commissioner

During 2025–2026, three personal data incidents were assessed as meeting the threshold for notification to the Information Commissioner's Office (ICO) and were reported accordingly. Two of these cases have since been closed by the ICO. NHS Ayrshire & Arran is awaiting further correspondence in relation to the most recently reported incident.

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 and material departures; and

- prepare the accounts on a going concern basis.

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 interim accountable officer as intimated in the Departmental Accountable Officers letter to me of the 01 August 2025.

Governance Statement

Scope of Responsibility – Gordon James, Interim 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. I am also 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 principle 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 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 accords with guidance from the Scottish Ministers in the Scottish Public Finance Manual (SPFM) and supplementary NHS guidance and has been in place for the year ended 31 March 2026, and up to the date of approval of the annual report and accounts.

The SPFM is issued by Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies 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 2025/26.

Governance Framework of the Board

The Blueprint for good governance 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 NHS Ayrshire & Arran Board completed a self assessment against the Blueprint for Good Governance in November 2023, with a Board development workshop in January 2024. This informed the development of a formal Board improvement plan, which was approved by the Board and submitted to Scottish Government in March 2024.

Delivery of the improvement plan was subject to ongoing scrutiny and assurance through the Board's governance committees. In June 2025, the Board formally agreed sign off of the improvement plan, with agreed actions embedded into business as usual governance arrangements. The Board continues to apply the principles of the Blueprint through its governance, assurance and development

activity. The Ayrshire & 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 2024, which focused on the Blueprint for Good Governance.

The Board reviews its Code of Corporate Governance on a regular basis to ensure it remains current, effective and aligned to best practice. The Code brings together key elements of the Board's governance framework, including Standing Orders, Standing Financial Instructions and the Scheme of Delegation, into a single, coherent document.

During the year, the Code continued to operate effectively as the principal framework for corporate governance within NHS Ayrshire & Arran. During the 2025/26 year there were a number of amendments made to the SFIs and Scheme of Delegation, providing clarity around procurement regulations and processes and tightening delegated authority limits. These amendments were subject to appropriate review through the Integrated Governance Committee and Audit and Risk Committee, prior to being considered and approved by the Board.

Arrangements remain in place to ensure that Scottish Government circulars, directives and guidance are appropriately considered and implemented. Each circular or directive is assigned to a designated Executive Director, who is responsible for assessing the implications and ensuring that any required actions are completed and monitored.

The Board receives approved minutes and annual reports from each of its Governance Committees, providing assurance that their respective remits have been fulfilled. Where appropriate, matters are escalated from Committees to the Board for further consideration or decision. Having considered Committee minutes and annual reports during the year, the Board is satisfied that its Governance Committees have operated effectively and in accordance with their agreed terms of reference.

NHS Ayrshire & Arran also works closely with the three Ayrshire Integration Joint Boards (IJBs), which are separate legal entities with delegated functions and budgets from the respective Local Authorities and the Health Board. The IJBs commission a range of services from the Health Board, and robust governance and accountability arrangements are in place to support these relationships.

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 completed by Corporate Management Team in 2024/25 and has been updated in 2025/26 for discussion and review by the Corporate Management Team during 2026. The draft Arrangements have been made to secure best value as set out in the SPFM.

Internal Audit Opinion and Key Issues

Each year the Board's internal auditors design their audit programme to review the highest risk areas within the Board strategic risk register. The 2025/26 internal audit programme was recommended by the Audit and Risk Committee and approved at the March 2025 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 2025 to 31 March 2026 is that NHS Ayrshire & Arran has a framework of governance, risk management and control that provides reasonable assurance regarding the effective and efficient achievement of objectives, except in relation to aspects of financial sustainability and elements of health and safety.

Internal audit work identified a number of areas requiring significant improvement. In particular:

Financial sustainability

Cash releasing efficiency savings

The follow-up audit of the Cash Releasing Efficiency Savings (CRES) programme identified a demonstrable improvement in strategic alignment, as well as increased maturity and effectiveness in governance arrangements compared to the 2024/25 audit.

While this represents positive progress, sustained focus will be required throughout 2026/27 and beyond to ensure that strengthened governance frameworks translate into consistently delivered, recurring efficiencies. It will also be important to evidence that the revised arrangements are capable of delivering long-term financial sustainability in practice.

Non-Pay Expenditure Processes

Weaknesses were identified in non-pay expenditure processes, including purchase ordering, invoice processing and supplier management arrangements, impacting the control environment.

Taken together, these audits highlight a need to improve the core financial control environment to ensure the organisation is able to improve its overall financial performance and achieve longer term financial sustainability.

Health and safety compliance

Improvement is required in governance and monitoring arrangements to ensure full statutory compliance in this area.

The Board has accepted all recommendations and has established improvement plans with clear ownership and timescales. Progress is monitored through the Audit and Risk Committee and relevant governance committees. As at 31 March, progress had been made with approximately a third of outstanding actions completed, with the remainder at various stages of implementation.

The Board recognises the themes identified by internal audit, including the need to strengthen documented procedures, move from reactive to preventative controls, and enhance system and process standardisation. Targeted actions are in place to address these themes during 2026/27.

Financial Reporting

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.

Risk Management

Risk Management Framework

The Accountable Officer has responsibility for maintaining a sound system of internal control that supports the achievement of NHS Ayrshire & Arran's policies, aims and objectives, while safeguarding public funds and assets. Risk management is an integral part of this framework and operates in accordance with the requirements of the Scottish Public Finance Manual (SPFM) and guidance issued by Scottish Ministers.

NHS Ayrshire & Arran has a structured and embedded risk management framework in place, which is designed to identify, assess, manage and monitor risks to the delivery of strategic and operational objectives. This framework supports informed decision-making and ensures that risks are managed in a proportionate and consistent manner across the organisation.

Day-to-day ownership of risks sits with designated risk owners, with strategic oversight provided through a clearly defined governance structure. The Risk and Resilience Scrutiny and Assurance Group (RARSAG), chaired by the Medical Director, provides senior-level scrutiny of strategic risks, risk trends and the effectiveness of mitigation actions. Formal assurance is provided to the Audit and Risk Committee, and the Strategic Risk Register is reported routinely to the Board.

Risk Appetite

The Board has an agreed and formally documented Risk Appetite Statement, which defines the amount and type of risk that NHS Ayrshire & Arran is willing to accept in pursuit of its objectives. The Risk Appetite Statement was reviewed during the year following Board workshop engagement and scrutiny through the Audit and Risk Committee, and is aligned to the NHS Scotland Impact and Risk Scoring Matrix.

Risk appetite and tolerance levels are defined across key risk domains, including quality and patient safety, workforce, financial sustainability, service delivery, compliance, public confidence and health inequalities.

In summary, the Board's risk appetite is:

- Cautious for risks relating to quality and patient safety, workforce, compliance, public confidence and health inequalities;
- Cautious, with a moderate tolerance, for financial risk, reflecting the Board's current financial position and the need to balance statutory duties, service delivery and reform; and

- Moderate to open for transformation and innovation, recognising that service reform and redesign are necessary to deliver long-term sustainability, and that these activities require managed risk-taking within robust governance arrangements.

Where a risk exceeds the Board's stated risk appetite or tolerance, enhanced scrutiny, additional mitigating action and, where required, escalation through governance structures are triggered in line with the Risk Management Strategy.

The Board maintained a Strategic Risk Register throughout the year, which captured the principal risks to the achievement of corporate objectives. Further detail on these risks is set out in the Performance Report

Effectiveness of Risk Management and Internal Control

The Board considers that risk management arrangements have operated effectively throughout the year and are compliant with the SPFM and relevant NHS Scotland guidance. Risks are clearly linked to corporate objectives, assigned to named owners, reviewed on a regular basis and subject to escalation where risk exposure exceeds appetite or tolerance.

ISAE 3402

NHS Ayrshire & Arran hosts the National Single Instance (NSI) Financial Ledger system on behalf of NHS Scotland. An independent ISAE 3402 Type II assurance report was commissioned for the period 1 April 2025 to 31 March 2026.

The report concluded that, in all material respects, the description of the service was fairly presented and that the controls were suitably designed and operating effectively to achieve the stated control objectives throughout the period.

The Board has also considered related ISAE 3402 reports covering national IT services and Practitioner Services provided by Public Services Delivery Scotland. These reports provide additional assurance over systems and processes supporting NHS Scotland financial transactions. The IT services report included a qualified opinion in relation to aspects of logical access controls, which has been recognised as part of the wider control environment. This is a minor qualification, not an adverse opinion, and PSD Scotland have advised that mitigating actions are being implemented and that their Audit and Risk Committee is assured of the IT controls in place.

Section 22

A report under Section 22 of the Public Finance and Accountability (Scotland) Act 2000 was issued by the Auditor General for Scotland in 2024/25. This reflected significant concerns in relation to the Board's financial sustainability, governance and delivery of recurring savings.

During 2025/26, the Board has taken a number of actions to address these issues, including:

- strengthening financial recovery planning and governance oversight;
- enhancing scrutiny of savings programmes through the Board and its committees;
- improving alignment between financial planning and operational delivery; and
- increasing the focus on delivery of recurring efficiencies through the Best Value programme.

These actions are reflected in internal audit findings, which acknowledge improvements in governance and strategic alignment, while highlighting that further work is required to ensure consistent delivery and long-term financial sustainability.

The Board will continue to prioritise financial recovery and sustainable service delivery during 2026/27.

Scottish Government Performance Escalation (Stage 4)

During 2025/26, NHS Ayrshire & Arran was escalated to Stage 4 of the Scottish Government's NHS performance escalation framework, reflecting the scale of the financial and operational challenges facing the organisation.

This will apply across three areas:

- financial sustainability
- financial management and control
- and financial governance and leadership.

This change came into effect from 13 February 2026

As part of the Stage 4 escalation arrangements, NHS Ayrshire & Arran has been subject to enhanced assurance through Scottish Government oversight, including engagement with the Scottish Government Assurance Board. These arrangements provide structured scrutiny of the Board's improvement trajectory, financial recovery plans and performance delivery. The Assurance Board receives regular updates on progress, key risks and mitigating actions, and provides challenge and support to ensure delivery of sustainable improvement. This enhanced assurance framework has strengthened oversight, clarity of priorities and accountability for delivery during 2025/26.

Looking ahead to 2026/27, the Board will continue to focus on embedding improved control frameworks, delivering sustainable financial recovery and demonstrating measurable progress against agreed improvement trajectories.

Sub-National Planning

During 2025/26, NHS Ayrshire & Arran considered the implications of Scottish Government Director's Letter DL(2025)25 and the associated Co-operation and Planning Directions, which introduce a new statutory framework for sub-national planning and delivery across NHS Scotland.

Under these arrangements, the Board is required to participate in the Scotland West sub-national structure, working collaboratively with partner Boards through Sub-national Planning and Delivery Committees (SPDCs) to develop and deliver joint plans. These plans will set out how capacity, workforce and infrastructure will be deployed, alongside measurable improvement trajectories and governance arrangements.

This approach aligns with the Board's wider strategic context, including the Delivery Plan for 2025/26, which identifies significant financial challenges, the need for service reform and the importance of collaboration across the system to improve sustainability and reduce duplication.

The Board recognises the importance of these developments in supporting long-term financial sustainability, workforce planning and service resilience, and has begun considering the implications for its governance, planning and delivery arrangements. Further work will continue during 2026/27 as these arrangements are implemented.

Data Protection

Robust processes are in place to ensure that information security breaches are appropriately recorded and effectively managed in line with Data Protection Legislation and organisational procedures.

During 2025–26, three personal data incidents were assessed as meeting the threshold for notification to the Information Commissioner's Office (ICO) and were reported accordingly. Two of these cases have since been closed by the ICO. NHS A&A is awaiting further correspondence in relation to the most recently reported incident.

One of the ICO reported incidents met the threshold for reporting to the Scottish Government due to the high number of records and data subjects involved and was reported accordingly. Police Scotland were also informed. This incident involved inappropriate access to health records by an NHS Ayrshire & Arran employee. While the individual had legitimate system access in line with their job role and in accordance with their contractual arrangements, the access identified exceeded what was necessary or appropriate for their duties. Prior to this incident the organisation had already been progressing work to strengthen safe guards within Clinical Portal and this remains ongoing. In addition the Information Governance Team have enhanced training and communications to reinforce staff responsibilities when accessing personal information.

In 2025-26, the ICO received no complaints from patients of NHS A&A in relation to the processing of personal data.

Remuneration and 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

Ex officio members are the Interim Chief Executive and Director of People, Safety & Culture.

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 twice during 2025/26 – 10 July 2025 and 12 February 2026.

During 2025, there was a change in Chief Executive and the meeting of the 10th July 2025 was attended by Claire Burden, former Chief Executive, with the meeting of 12th February 2026 attended by Professor Gordon James, Interim Chief Executive.

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 Appraisals

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.

In view of the NHS Scotland prioritisation of race and inequalities, all Directors have objectives which demonstrate contribution to implementing key actions to support NHS Scotland priorities. In addition, Directors have objectives which are contributory towards achieving service and financial sustainability within NHS Ayrshire and Arran.

The appraisal outcomes are reviewed by Scottish Government and outcomes approved for pay uplifts. 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 6.11% (2025/26).

Staff Engagement

The most recent NHS Scotland iMatter staff survey was carried out in 2025. The employee engagement index from the survey was 78, on a scale of 0 - 100. The previous survey was in 2024, when the employee engagement index was also 78.

As part of the agreed People Strategy the Board has committed to further work to engage staff as part of reform work and build on staff feedback to improve culture and wellbeing for our workforce.

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 2025/26

Single total figure of remuneration 2025/26					
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)**
	2025/26	**2025/26**	**2025/26**	**2025/26**	**2025/26**
Executive					
(ii)Claire Burden, Chief Executive (Until 22 February 2026)	140-145	0.0	140-145	40	180-185
(iii) Gordon James, Interim Chief Executive (From 1 August 2025)	105-110	0.0	105-110	64	169-174
(iv) Derek Lindsay, Director of Finance (Until 22 February 2026)	120-125	0.0	120-125	0	120-125
(v) David Stonehouse, Interim Director of Finance (From 19 January 2026)	25-30	0.0	25-30	0	25-30
(vi) Dr Crawford McGuffie, Medical Director	250-255	0.0	250-255	75	325-330
Jennifer Wilson Nurse Director	120-125	0.0	120-125	80	200-205
Lynne McNiven, Director of Public Health	120-125	0.0	120-125	59	179-184
Non-executive					
Lesley Bowie, Chair	50-55	0.0	50-55	0	50-55
Councillor Marie Burns	10-15	0.0	10-15	0	10-15
Sheila Cowan	15-20	0.0	15-20	0	15-20
Sukhomoy Das	15-20	0.0	15-20	0	15-20
Jean Ford	15-20	0.0	15-20	0	15-20
Liam Gallacher	15-20	0.0	15-20	0	15-20
(vii) Ewing Hope	75-80	0.0	75-80	8	83-88
(viii) Tom Hopkins	205-210	0.0	205-210	40	245-250
Councillor Lee Lyons	10-15	0.0	10-15	0	10-15
Marc Mazzucco	15-20	0.0	15-20	0	15-20
Neil McAleese	10-15	0.0	10-15	0	10-15
Sharon Morrow	15-20	0.0	15-20	0	15-20
Councillor Douglas Reid	10-15	0.0	10-15	0	10-15
Linda Semple	20-25	0.0	20-25	0	20-25
Joyce White	10-15	0.0	10-15	0	10-15

(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) Claire Burden left the organisation on 22 February 2026. Her full year equivalent gross salary is £155,000-£160,000

(iii) Gordon James was seconded to the Board on an interim basis from 1 August 2025. His full year equivalent gross salary is £150,000-£155,000 and full year equivalent pension benefit is £96,000

(iv) Derek Lindsay, Director of Finance was seconded to the National Business Systems Programme from 23 February 2026. His full time equivalent gross salary is £130,000-£135,000

(v) David Stonehouse joined the Board as interim Director of Finance on 19 January 2026. His full time equivalent gross salary is £145,000-£150,000

(vi) Dr Crawford McGuffie is the Medical Director, and £40,000 - £45,000 of his salary is in respect of non-Board duties.

(vii) 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.

(viii) Tom Hopkins is a stakeholder director for the Area Clinical Forum, and £205,000-£210,000 of his salary and all pension benefits are in respect of non-Board duties.

(ix) There were no bonus payments in 2025/26

Pension Benefits table 2025/26

Board Members	Accrued pension at pension age as at 31/03/2026 (Bands of £5,000)	Accrued lump sum at pension age as at 31/03/2026 (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 31/03/2025 £'000	(viii) Cash Equivalent Transfer Value (CETV) at 31/03/2026 £'000	Real increase in CETV (x) £'000
Claire Burden, Chief Executive (Until 22 February 2026)	10-15	0	2.5-5.0	0	142	193	28
Gordon James, Interim Chief Executive (from 1 August 2025)	40-45	85-90	5-7.5	5-7.5	710	845	88
Derek Lindsay, Director of Finance (Until 22 February 2026)	55-60	135-140	(5)-(10)	0	1,289	1,336	(18)
Dr Crawford McGuffie, Medical Director	90-95	235-240	2.5-5	0-2.5	2,069	2,267	93
Jennifer Wilson, Nurse Director	45-50	40-45	2.5-5.0	0-2.5	641	745	65
Lynne McNiven, Director of Public Health	55-60	145-150	(2.5)-(5)	(20)-(22.5)	1,511	1,427	(156)
Tom Hopkins, Non-executive Director	35-40	80-85	2.5-5	0-2.5	616	685	28
Ewing Hope, Non-executive Director (xi)	20-25	45-50	0-2.5	0-(2.5)	453	484	6

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

(xi) The CETV value at 31/03/2025 was reported as 473 however the correct figure is 453

Single total figure of remuneration 2024/25					
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	0.0	145-150	39	185-190
Derek Lindsay, Director of Finance	120-125	0.0	120-125	68	190-195
(ii) Dr Crawford McGuffie, Medical Director	245-250	0.0	245-250	176	375-380
Jennifer Wilson Nurse Director	110-115	0.0	110-115	63	175-180
Lynne McNiven, Director of Public Health	110-115	0.0	110-115	109	220-225
Non-executive					
Lesley Bowie, Chair	45-50	0.0	45-50	0	45-50
Councillor Marie Burns	10-15	0.0	10-15	0	10-15
Sheila Cowan	15-20	0.0	15-20	0	15-20
Sukhomoy Das	10-15	0.0	10-15	0	10-15
Jean Ford	15-20	0.0	15-20	0	15-20
Liam Gallacher	10-15	0.0	10-15	0	10-15
(iv) Ewing Hope	70-75	0.0	70-75	48	105-110
Tom Hopkins	210-215	0.0	210-215	102	310-315
Councillor Lee Lyons	10-15	0.0	10-15	0	10-15
Marc Mazzucco	15-20	0.0	15-20	0	15-20
Neil McAleese	10-15	0.0	10-15	0	10-15
Sharon Morrow (from 6 January 2025)	0-5	0.0	0-5	0	0-5
Councillor Douglas Reid	10-15	0.0	10-15	0	10-15
Linda Semple	30-35	0.0	30-35	0	30-35
Joyce White	10-15	0.0	10-15	0	10-15

(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 table 2024/25

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	5-10	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

Public Service Pensions Remedy

Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the NHS Scotland scheme for the period from 1 April 2015 to 31 March 2022.

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

Senior Managers – Service Contracts

All senior managers are employed under contracts in accordance with Executive and Senior Managers' Terms and Conditions. Staff are normally appointed on a permanent basis unless there is a genuine occupational requirement for a temporary or fixed-term arrangement. All senior managers in post during the year hold substantive contracts.

Contract dates and unexpired term

The date of each senior manager's contract is deemed to be their commencement date in post. As these are substantive contracts with no fixed end date, there is no defined unexpired term associated with these contracts.

The commencement dates for individuals serving during the year and falling within the definition of senior managers (including Executive Team and members of the wider Corporate Management Team) are:

Claire Burden – 13 January 2022 – 22 February 2026

Caroline Cameron – 21 December 2020*

Vicki Campbell – 5 August 2024

Kirstin Dickson – 1 January 2021

Tim Eltringham – 2 April 2014*

Nicola Graham – 20 April 2020

Gordon James – 1 August 2025

Roisin Kavanagh – 23 June 2014

Sarah Leslie – 16 March 2020

Derek Lindsay – 1 April 2000 – 22 February 2026

Craig McArthur – 21 February 2021*

Crawford McGuffie – 1 April 2020

Lynne McNiven – 19 April 2021

Alistair Reid – 6 March 2023

David Stonehouse – 19 January 2026

Jennifer Wilson – 1 April 2022

*Denotes individuals who are members of the Corporate Management Team but are not employed by NHS Ayrshire & Arran - their contractual arrangements are held with their respective employing organisations.

Board members (fixed-term appointments)

Non-Executive and other Board members are appointed for fixed terms as follows:

Name	Appointment start	Expiry date	Additional Information
Lesley Bowie	1 March 2020	29 February 2028	Reappointed 2nd term of 4 year appointment
Linda Semple	2 September 2018	31 August 2026	Reappointed 2nd term of 4 years
Marc Mazzucco	1 November 2021	31 October 2026	2nd term
Joyce White	1 April 2023	31 March 2027	
Jean Ford	15 April 2019	14 April 2027	Reappointed 2nd term of 4 years
Neil McAleese	1 May 2023	30 April 2027	
Liam Gallacher	1 January 2024	31 December 2027	
Sukhomoy Das	1 February 2020	31 January 2028	Reappointed 2nd term of 4 years
Sharon Morrow	6 January 2025	5 January 2029	
Sheila Cowan	1 April 2021	31 March 2029	Reappointed 2nd term of 4 years
Tom Hopkins	18 August 2023	17 August 2027	Stakeholder member – ACF Chair
Ewing Hope	1 October 2019	30 September 2027	Stakeholder member - Employee Director Re-elected – 2nd term
Marie Burns	30 May 2022	30 April 2027	Stakeholder member – North Ayrshire Council
Lee Lyons	1 August 2022	30 April 2027	Stakeholder member – South Ayrshire Council
Douglas Reid	1 June 2012	30 April 2027	Stakeholder member – East Ayrshire Council Appointment extension to 30/04/2017, terminated 30/04/2017 and re-appointed following local elections Terminated 30/04/2022 and reappointed following local elections

Notice period

Executive and senior managers are required to provide six months' notice of their intention to resign. The Board is similarly required to give six months' notice in the event of termination of contract. This requirement may be waived by either party.

Provision for early termination

The Board may terminate a contract with immediate effect and make a payment in lieu of notice where appropriate.

Other disclosures

There are no additional contractual provisions for compensation for early termination beyond those described above.

Fair Pay Disclosure (Audited)

	2025	2026	% Change
Range of staff remuneration	£26,763-£388,692	£27,900-£372,328	(4%)
Highest earning Director's total remuneration (£)	£245,000-£250,000	£250,000-£255,000	2%
Median (total pay & benefits)	£39,955	£41,926	5%
Median (salary only)	£39,926	£41,892	5%
Ratio	6.20	6.02	(3%)
25th Percentile (total pay & benefits)	£32,294	£33,967	5%
25th Percentile (salary only)	£32,255	£33,923	5%
Ratio	7.67	7.43	(3%)
75th Percentile Pay (total pay & benefits)	£49,846	£52,458	5%
75th Percentile Pay (salary only)	£49,623	£52,414	6%
Ratio	4.98	4.81	3%

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 2025/26 was the Medical Director at £250,000-£255,000 (2024/25 was the Medical Director at £245,000 - £250,000), an increase of 2%. In 2025/26 this was 6.02 times the median remuneration (salary only) of the workforce, which was £41,892 while in 2024/25 this was 6.20 times the median remuneration (salary only), which was £39,926.

In 2025/26, the 25th Percentile Pay (salary only) was £33,923 and the 75th Percentile Pay (salary only) was £52,414. The remuneration of the highest paid director was 7.43 times the 25th Percentile Pay, and 4.81 times the 75th Percentile Pay.

There was an increase of 5% year on year in the median remuneration of the workforce. During 2025/26, there were 13 clinical members of staff whose remuneration was higher than the highest earning director. During 2024/25, there

were 11 clinical members of staff whose remuneration was higher than the highest paid director.

The average salary (including inward secondees) increased from £46,476 in 2024/25 to £49,088, in 2025/26, an increase of 5.6%.

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	2025		2026	
	clinicians	other	clinicians	other
£ 90,001 to £100,000	45	5	48	5
£100,001 to £110,000	36	7	42	11
£110,001 to £120,000	26	5	27	4
£120,001 to £130,000	45	1	40	4
£130,001 to £140,000	36	1	34	-
£140,001 to £150,000	33	-	28	1
£150,001 to £160,000	31	1	24	-
£160,001 to £170,000	22	-	31	-
£170,001 to £180,000	29	-	31	-
£180,001 to £190,000	21	-	24	-
£190,001 to £200,000	14	1	23	-
£200,001 and above	67	-	80	-

The table above shows the number of staff falling into each salary band. Two of these individuals are seconded to other organisations.

Staff Numbers and Expenditure (Audited)

b) Staff expenditure

Staff Costs	Executive Board Members £000	Non-Executive Board Members £000	Permanent Staff £000	Inward Secondee £000	Other Staff £000	Outward Secondee £000	2026 Total £000	2025 Total £000
Salaries and Wages	850	261	520,978	-	-	(1,538)	**520,551**	**485,794**
Social Security Costs	128	27	70,773	-	-	-	**70,928**	**55,344**
NHS Pension Scheme Employers Costs	181		102,536	-	-	-	**102,717**	**95,265**
Inward Secondee	-	-	-	36,807	-	-	**36,807**	**33,901**
Agency and other directly engaged staff	-	-	-	-	10,676	-	**10,676**	**16,296**
	1,159	**288**	**694,287**	**36,807**	**10,676**	**(1,538)**	**741,679**	**685,800**
Compensation for loss of office/early retirement	-	-	-	-	-	-	-	-
Total	**1,159**	**288**	**694,287**	**36,807**	**10,676**	**(1,538)**	**741,679**	**685,800**
Included in the total above were costs of staff engaged directly on capital projects, charged to capital projects of:							**150**	**86**

c) Staff numbers

Staff Numbers	Executive Board Members	Non-Executive Members	Permanent Staff	Inward Secondee	Other Staff	Outward Secondee	2026 Total	2025 Total
Whole time equivalent (WTE)	5	13	10,612	333	82	7	11,052	10,932
Included in the total staff numbers above were:								
staff engaged directly on capital projects, charged to capital expenditure of:							2	1
disabled staff of:							107	99

d) Reconciliation to income and expenditure £'000

Total employee expenditure as above	£741,679
Add: employee income included in note 4	£ 1,538
Less: staff engaged directly on capital projects	(£150)
Total employee expenditure disclosed in note 3	£743,067

e) Staff Composition (Not audited)

	2026			2025		
	Male	Female	Total	Male	Female	Total
Executive Directors	3	2	5	2	3	5
Non-Executive Directors and Employee Director	8	6	14	8	6	14
Senior Employees	107	405	512	105	403	508
Other	1,819	9,348	11,167	1,793	9,419	11,212
Total Headcount	1,937	9,761	11,698	1,908	9,831	11,739

f) Sickness Absence (Not audited)

	2026	2025
Sickness Absence	5.9%	5.6%

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.

Exit packages (Audited)

Exit package cost band	2026		2025	
	Agreed departures	Cost of exit packages	Agreed departures	Cost of exit packages
	number	**£000**	**number**	**£000**
<£10,000	5	26	-	-
£10,000 - £25,000	1	25	1	10
£25,000 - £50,000	-	-	1	27
£50,000 - £100,000	-	-	-	-
£100,000 - £150,000	-	-	-	-
£150,000- £200,000	-	-	-	-
£200,000- £250,000	-	-	-	-
>£250,000	-	-	-	-
Total	6	51	2	37

Included in the 2026 exit packages figures are four fixed term posts that concluded in March 2025. Two further exit packages were agreed during the 2026 period.

There were no compulsory redundancies in 2024/25 or 2025/26.

Parliamentary Accountability Report

Losses and Special Payments

On occasion, the Board is required to write off balances which are no longer recoverable. Losses and special payments over £300k require formal approval to regularise such transactions and their notation in the annual accounts.

The write-off of the following losses and special payments has been approved by the board:

	2025		2026	
	Number of Cases	Value	Number of Cases	Value
Losses	243	421	365	2,398
Special payments	69	2,007	67	1,961

In 2025/26, the Board was not required to pay out any sums in respect of claims individually greater than £300,000 settled under the CNORIS scheme (2024/25: 1 individual loss - £0.3 million). Further details on the scheme can be found in Note 1 (accounting policies) of the annual accounts.

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.

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 £3.6 million (2024/25 £3.1 million) offset the costs for the year of £3.6 million (2024/25 £3.1 million).

Signed…Gordon James…….

Interim Chief Executive Date 30 June 2026

Independent auditor's report to the members of NHS Ayrshire and Arran, 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 NHS Ayrshire and Arran and its group for the year ended 31 March 2026 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Consolidated Comprehensive Net Expenditure, Statement of Consolidated Financial Position, the Statement of Consolidated Cash Flows, the Statement of Consolidated 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 2025/26 Government Financial Reporting Manual (the 2025/26 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 2026 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 2025/26 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 01 June 2026. My period of appointment is two years, covering 2025/26 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.

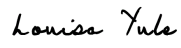
I have nothing to report in respect of these matters.

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.



Louisa Yule,
4th Floor, South Suite, The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

30 June 2026

NHS Ayrshire and Arran

Statement of Consolidated Comprehensive Net Expenditure

for the year ended 31st March 2026

2025 £000		Note	2026 £000
687,708	Employee expenditure	3a	743,067
158,222	Independent Primary Care Services	3b	168,840
188,361	Drugs and medical supplies	3b	191,921
892,386	Other health care expenditure	3b	949,560
1,926,677			**2,053,388**
(663,797)	Less: operating income	4	(700,716)
6,516	Associates and joint ventures accounted for on an equity basis		1,302
1,269,396	**Net expenditure for the year**		**1,353,974**
	Other Comprehensive Net Expenditure		
(8,189)	Net (gain) / loss on revaluation of property, plant and equipment		(11,363)
(106)	Net (gain) / loss on revaluation of available for sale financial assets		891
(8,295)	**Other Comprehensive Expenditure**		**(10,472)**
1,261,101	**Comprehensive Net Expenditure**		**1,343,502**

NHS Ayrshire and Arran

Consolidated Statement of Financial Position

for the year ended 31st March 2026

Consolidated 2025 £000	Board 2025 £000		Note	Consolidated 2026 £000	Board 2026 £000
485,969	485,969	Property, plant and equipment	7a	486,846	486,846
-	-	Intangible assets	6a	174	174
9,618	9,618	Right of Use assets	17a	9,468	9,468
		Financial assets:			
8,631	600	Investments	10	9,760	772
9,679	-	Investments in associates and joint ventures	26	8,376	-
27,252	27,252	Trade and other receivables	9	25,558	25,558
541,149	**523,439**	**Total non-current assets**		**540,182**	**522,818**
6,158	6,158	Inventories	8	5,443	5,443
		Financial assets:			
31,289	31,281	Trade and other receivables	9	43,320	43,312
342	135	Cash and cash equivalents	11	525	313
-	-	Assets classified as held for sale	7	-	-
37,789	**37,574**	**Total current assets**		**49,288**	**49,068**
578,938	**561,013**	**Total assets**		**589,470**	**571,886**
(17,426)	(17,426)	Provisions due within one year	13a	(37,426)	(37,426)
-	-	Financial liabilities:		-	-
(94,423)	(94,409)	Trade and other payables	12	(119,427)	(119,329)
(111,849)	**(111,835)**	**Total current liabilities**		**(156,853)**	**(156,755)**
467,089	**449,178**	**Non-current assets less net current liabilities**		**432,617**	**415,131**
(71,811)	(71,811)	Provisions due outwith one year	13a	(74,251)	(74,251)
		Financial liabilities:			
(54,775)	(54,775)	Trade and other payables	12	(52,720)	(52,720)
(126,586)	**(126,586)**	**Total non-current liabilities**		**(126,971)**	**(126,971)**
340,503	**322,592**	**Assets less liabilities**		**305,646**	**288,160**
		Taxpayers' Equity			
157,513	157,513	General fund	SoCTE	117,774	117,774
165,079	165,079	Revaluation reserve	SoCTE	170,386	170,386
9,678	-	Other reserves - associates and joint ventures	SoCTE	8,376	-
8,233	-	Fund held on Trust	SoCTE	9,110	-
340,503	**322,592**	**Total taxpayers' equity**		**305,646**	**288,160**

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

The Accountable Officer authorised these financial statements for issue on 30th June 2026

Adopted by the Board on 30 June 2026

Director of Finance

Chief Executive Gordon James

NHS Ayrshire and Arran
Statement of Consolidated Cash Flows
for the year ended 31st March 2026

2025 £000		Note	2026 £000	2026 £000
	Cash flows from operating activities			
(1,269,396)	Net operating cost	SoCTE	(1,353,974)	
31,704	Adjustments for non-cash transactions	2b	28,263	
4,305	Add back: interest payable recognised in net operating cost	2b	4,263	
(233)	Investment income		(181)	
3,045	Movements in working capital	2b	36,873	
(1,230,575)	**Net cash outflow from operating activities**	**26c**		**(1,284,756)**
	Cash flows from investing activities			
(10,790)	Purchase of property, plant and equipment		(13,168)	
-	Purchase of intangible assets		(180)	
(12,791)	Investment Additions	10	(1,570)	
-	Transfer of assets to / (from) other NHS Scotland bodies		9	
175	Proceeds of disposal of property, plant and equipment		-	
0	Proceeds of disposal of intangible assets		-	
12,732	Receipts from sale of investments		1,274	
233	Interest received		181	
(10,441)	**Net cash outflow from investing activities**	**26c**		**(13,454)**
	Cash flows from financing activities			
1,248,924	Funding	SoCTE	1,306,702	
1	Movement in general fund working capital		178	
1,248,925	Cash drawn down	SoCTE	1,306,880	
(3,626)	Capital element of payments in respect of finance leases and On-balance sheet PFI contracts	2b	(4,224)	
0	Interest paid		-	
(4,305)	Interest element of finance leases and On-balance sheet PFI/PPP contracts	2b	(4,263)	
1,240,994	**Net Financing**	**26c**		**1,298,393**
(22)	Net decrease in cash and cash equivalents in the period	11		183
364	Cash and cash equivalents at the beginning of the period			342
342	**Cash and cash equivalents at the end of the period**			**525**
	Reconciliation of net cash flow to movement in net debt/cash:			
(22)	Increase (decrease) in cash in year			183
364	Net cash at 1 April			342
342	**Net cash at 31 March**			**525**

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

NHS Ayrshire and Arran
Consolidated Summary of Changes in Taxpayers' Equity
for the year ended 31st March 2026

	Note	General Fund £000	Revaluation Reserve £000	Associates & Joint Ventures £000	Funds Held on Trust £000	Total Reserves £000
Balance at 31 March 2025		157,513	165,079	9,678	8,233	340,503
Prior year adjustments for changes in accounting policy and material errors	21	-	-	-	-	-
Balance at 1 April 2025		**157,513**	**165,079**	**9,678**	**8,233**	**340,503**
Changes in taxpayers' equity for 2025-26 :						
Net gain on revaluation of property, plant and equipment	7a	-	11,363	-	-	11,363
Net gain on revaluation of investments	10	-	-	-	891	891
Net gain on revaluation of Right of Use Assets	17a	-	153	-	-	153
Impairment of property, plant and equipment		-	(3,635)	-	-	(3,635)
Revaluation and impairments taken to operating costs		-	3,635	-	-	3,635
Release of reserves to the statement of comprehensive net expenditure		-	-	-	-	-
Transfers between reserves		6,209	(6,209)	-	-	-
Other non cash costs - transfer of assets	2b	9	-	-	-	9
Net operating cost for the year	CFS	(1,352,659)	-	(1,302)	(13)	(1,353,974)
Total recognised income and expense for 2025-26		**(1,346,441)**	**5,307**	**(1,302)**	**878**	**(1,341,558)**
Funding:						
Drawn down	SCCF	1,306,880	-	-	-	1,306,880
Movement in General Fund (creditor) / debtor	CFS	(178)	-	-	-	(178)
Balance at 31 March 2026	**SoFP**	**117,774**	**170,386**	**8,376**	**9,111**	**305,647**

Changes in taxpayers' equity for 2024-25 :

Prior Year	Note	General Fund £000	Revaluation Reserve £000	Associates & Joint Ventures £000	Funds Held on Trust £000	Total Reserves £000
Balance as 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 as 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 gain / (loss) on revaluation of investments	10	-	-	-	(106)	(106)
Net gain / (loss) on revaluation of Right-of-Use assets	17a	-	73	-	-	73
Impairment of property, plant and equipment		-	(3,867)	-	-	(3,867)
Impairment of intangible assets		-	-	-	-	-
Revaluation and impairments taken to operating		-	3,867	-	-	3,867
Release of reserves to the statement of comprehensive net expenditure		(6)	-	-	-	(6)
Transfers between reserves		6,142	(6,142)	-	-	-
Pension reserve movements		-	-	-	-	-
Other non cash costs - IFRS 16 opening position	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**

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

IFRS 17 Insurance Contracts has been adopted for the first time in 2025/26 in accordance with the Government Financial Reporting Manual (FReM). The standard applies only to insurance contracts issued by the Board, being contracts under which the Board accepts significant insurance risk from another party.

The Board has undertaken a review of its contractual arrangements and has determined that it does not issue any insurance contracts, reinsurance contracts, or investment contracts with discretionary participation features as defined by IFRS 17. Accordingly, the adoption of IFRS 17 has had no material impact on the 2025/26 financial statements and no comparatives have been restated.

Indemnities and compensation arrangements entered into in the normal course of operations continue to be accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets where applicable.

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

There are no new standards, amendments or interpretations early adopted in the 2025/26 financial year.

c) 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 2025/26 financial year.

Standard	Current Status
IFRS18 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
IFRS19 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.

The 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.

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

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.

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 out with 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 operating capacity 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

<u>Valuation:</u>

Valuation of property, plant and equipment

All property, plant and equipment assets are measured initially at cost, being 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 as intended by management.

Thereafter, valuations of all land and building assets are reassessed by valuers under a 5-year programme of professional valuations and are adjusted in intervening years to take account of movements in prices since the latest valuation. Entities should use the best index available to them when indexing their assets in-between full revaluations. In rare circumstances where an index is not available, entities shall revalue the given asset using a quinquennial revaluation supplemented by a desktop revaluation in year 3.

For the 2025/26 financial year, NHSAA has applied the permitted transition arrangements and revalued all land and building assets. From 2026/27 onwards, the organisation will follow a rolling programme of valuation with indexation, rather than annual full revaluations.

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:

- Operational assets which are specialised in nature are valued on a replacement cost basis for a modern equivalent asset.
- 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 operational capacity (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.

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.

Assets under construction are valued at current cost. No depreciation should be charged or indexation applied to assets under construction These are subject to impairment review.

<u>Subsequent expenditure:</u>

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 operating capacity 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 operating capacity 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 operating capacity 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

Cost

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 are measured as per the cost model, carried at historic cost less accumulated amortisation and impairment losses.

The Financial Reporting Manual removes the requirement for public sector bodies to apply a revaluation model to intangible assets. Instead, entities must move to a cost model for subsequent measurement.

The transition is made using a retrospective approach in line with IAS 8, but practically implemented using the deemed cost exemption, meaning no recalculation of prior periods, no restatement of accumulated revaluation reserves, and existing balances simply become the opening position for the cost model going forward.

The carrying amount of each intangible asset held at 1 April 2025 becomes its deemed historic cost. No revaluation or indexation of intangible assets is permitted after this date.

Subsequent expenditure is capitalised only where it enhances or extends the asset's operational capacity.

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 licences. Amortised over the shorter term of the licence 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 lives have been used:

Asset Category/Component	Useful Life (years)
Software Licences	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’ alls 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 fair value. 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 operating capacity provided by the asset, unless there has been a reduction in operating capacity. 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 Employee

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 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.

22. Provisions

The Board provides for legal or constructive obligations that are of uncertain timing

or amount at the Statement of Financial Position 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 as reported in Note 5 are 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.

Key Judgements

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:

Judgement is required in determining whether expenditure on estates and digital assets should be capitalised or expensed, based on whether it enhances operating capacity or represents maintenance activity.

Judgement is required in determining whether an obligation gives rise to a provision or a contingent liability, particularly where the timing or likelihood of future outflows remains uncertain.

Judgement has also been applied in assessing whether a significant increase in credit risk has occurred since initial recognition of financial assets, and in determining whether expected credit losses should be assessed on an individual or collective basis.

When considering the application of IFRIC 12 for Ayrshire Maternity Unit and Woodland View judgements were made regards the Interpretation of IFRIC 12 that gives guidance on the accounting by operators for public-to-private service concession arrangements. It is the Board's view that they control and regulate what services the operator must provide with the infrastructure.

Key Estimates

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

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 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.

All Risk Level 3 and 50% of Risk Level 2 claims are Provided for within Note 13 of the accounts, and all Level 1 and the remaining 50% of Level 2 claims are presented as Contingent Liabilities within Note 14 of the accounts

The accounts contain a provision of £37.479 million for clinical negligence claims, with an offsetting debtor of £36.622m for reimbursement under CNORIS. There is also a provision of £58.9 million in respect of the Board's liability from participating in CNORIS.

The carrying value of both the provision and receivable is as shown below:

	2025 £000	2026 £000
Provision recognising individual claims against the NHS Board at 31 March	29,831	37,479
Associated CNORIS Receivable at 31 March	29,697	36,622

The element of claims in Categories 1 and 2 not covered by the provision is recorded as a contingent liability under Note 15. The sensitivities of claim categorisation is set out as:

Sensitivities at 31 March 2026	Increase in Provision £000	Decrease in Contingent Liability £000
5% increase in claims needing provided for	1.059	-1,059

PFI/NPD model
The models used for PFI and NPD have been created by an external advisor and continue to be adjusted for RPI as required by the contract. The asset valuations are re-valued as part of the routine valuation as required by the Capital Accounting Manual.

Valuation of Land and Buildings

The value of land and buildings is based on a valuation provided by a professional valuer. 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.

From 1 April 2025, HM Treasury revised the FreM requirements for the revaluation of property, plant and equipment, allowing assets to be revalued on a five-year cycle with annual indexation in the intervening years, and limited use of desktop valuations where indices are unavailable. For 2025/26, NHS Ayrshire and Arran applied the permitted transition arrangements and undertook a full revaluation of all land and buildings, with a move from 2026/27 to a rolling valuation programme with indexation rather than annual full revaluations. 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 £11.363m (2024-25: an increase of £8.189m) which was credited to the revaluation reserve. Impairment of £3.636m (2024-25 £3.867m) was charged to the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn.

The carrying amount of the Board's revalued property, plant and equipment is £486.8 million (2024/25: £484.4 million) for the year ended 31 March 2026.

Note 2 Memoranda To the Primary Statements

NHS Ayrshire and Arran
Summary of Resource Outturn
for the year ended 31st March 2026

Note 2a Summary of Resource Outturn (SORO)

		2025 £000		2026 £000
Summary Of Core Revenue Resource Outturn				
Net Operating Costs (SoCNE)	**1,269,396**		**1,353,974**	
Total Non-Core Expenditure (see below)	(39,720)		(41,374)	
Family Health Services Non-Discretionary Allocation	(66,080)		(71,266)	
Endowment Net Operating Costs	(8)		(13)	
Associates and Joint Ventures accounted for on an equity basis	(6,516)		(1,302)	
Total Core Expenditure		**1,157,072**		**1,240,019**
Core Revenue Resource Limit		1,158,184		1,240,724
Saving against Core Revenue Resource Limit (RRL)		**1,112**		**705**
Summary Of Non-Core Revenue Resource Outturn				
Capital Grants from Other Bodies	8,680		-	
Depreciation / Amortisation	12,745		11,065	
Annually Managed Expenditure - Impairments	6,245		4,238	
Annually Managed Expenditure - Provisions	1,768		12,996	
Annually Managed Expenditure - Depreciation of Donated Assets	350		323	
Annually Managed Expenditure - Pension Valuation	-		-	
Annually Managed Expenditure - fair value adjustments	62		-	
Additional Scottish Government non-core funding	6,505		8,853	
Donated assets income	-239		(14)	
PFI Depreciation	0		1,680	
PFI Remeasurement (Gain)/Loss	1,665		-	
Right of Use (RoU) Asset Depreciation	1,710		2,000	
Annually Managed Expenditure - Right of Use (RoU) Peppercorn Lease	229		233	
Total Non-Core Expenditure	**39,720**		**41,374**	
Non Core Revenue Resource Limit		39,720		41,374
Excess against Non Core Revenue Resource Limit (RRL)		**-**		**-**

Summary Resource Outturn			**2025**			**2026**
	Resource	**Expenditure**	**Saving**	**Resource**	**Expenditure**	**Saving**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Core	1,158,184	1,157,072	1,112	1,240,724	1,240,019	705
Non-Core	39,720	39,720	-	41,374	41,374	-
Total	**1,197,904**	**1,196,792**	**1,112**	**1,282,098**	**1,281,393**	**705**

Note 2b Notes to the Cash Flow Statement

2025 £000		Note	2026 £000
	Consolidated adjustment for non-cash transactions		
19,236	Depreciation	7a	19,722
-	Amortisation	6	6
350	Depreciation Donated Assets	7a	323
1,940	Depreciation of Right of Use (RoU) Assets	17b	2,232
3,867	Impairments on PPE charged to SOCNE		3,635
(239)	Funding Of Donated Assets	7a	(14)
59	GP Loans fair value adjustment	10	58
6,516	Investment in IJB	SOCNE	1,302
(25)	Other Non-cash Transactions including Endowments		999
31,704	**Total Expenditure Not Paid In Cash**	CFS	**28,263**
	Consolidated adjustment for non-cash transactions		
	Interest payable		
4,180	PFI Finance lease charges allocated in the year	18	4,085
125	Lease interest	17b	178
4,305	**Total Interest Payable**		**4,263**

Consolidated movements in working capital

2025 £000		Note	2026 Opening £000	2026 Closing £000	2026 £000
	Inventories				
762	Balance Sheet	8	6,158	5,443	
762	**Net Increase**		6,158	5,443	**715**
	Trade and Other Receivables				
10,556	Due within one year	9	31,289	43,320	
(7,002)	Due after more than one year	9	27,252	25,558	
			58,541	68,878	
3,554	**Net Increase (Decrease)**				**(10,337)**
	Trade and Other Payables				
(336)	Due within one year	12	94,423	119,427	
(7,749)	Due after more than one year	12	54,775	52,720	
443	Less: property, plant & equipment (capital) included in above		(198)	(201)	
(1)	Less: General Fund creditor included in above	12	(135)	(313)	
7,200	Less: lease and PFI creditors included in above	12	(57,761)	(56,474)	
		SoCCF	91,104	115,159	
(443)	**Net Increase (Decrease)**				**24,055**
	Provisions				
(828)	Statement of Financial Position	13a	89,237	111,677	
		SoCCF	89,237	111,677	
(828)	**Net Increase (Decrease)**				**22,440**
3,045	**Net Increase**				**36,873**
	Other non-cash costs shown on face of SoCTE				
5,459	PFI IFRS 16 Opening Balance	SoCTE	-		
-	Transfer of assets - NSS Cylera			9	
5,459	**Total other non-cash costs**			9	

NHS Ayrshire and Arran
Notes to the Accounts
for the year ended 31st March 2026

Note 3 Operating Expenses

2025 Consolidated £000		2026 Board £000	2026 Consolidated £000
	Note 3a Staff Costs		
144,415	Medical and Dental	155,952	155,952
311,763	Nursing	334,219	334,219
231,530	Other Staff	252,896	252,896
687,708	**Total Staff Costs**	**743,067**	**743,067**

Employee expenditure is reported gross of income received by the Board for staff who have been on secondment to other organisations during 2025/26. The Remuneration and Staff Report , which forms part of the Accountability report notes a net position with income for seconded staff being offset. Further detail and analysis of employee expenditure can be found in the Remuneration and Staff Report, forming part of the Accountability Report.

	Note 3b Other Operating Costs		
	Independent Primary Care Services		
81,499	General Medical Services	87,089	87,089
28,219	Pharmaceutical Services	30,506	30,506
38,603	General Dental Services	40,709	40,709
9,901	General Ophthalmic Services	10,536	10,536
158,222		**168,840**	**168,840**
	Drugs and Medical Supplies		
92,663	Prescribed drugs Primary Care	93,396	93,396
53,980	Prescribed drugs Secondary Care	54,685	54,685
41,718	Medical Supplies	43,840	43,840
188,361		**191,921**	**191,921**
	Other health care expenditure		
627,856	Contribution to Integration Joint Boards	661,658	661,658
94,869	Goods and services from other NHS Scotland bodies	102,279	102,279
356	Goods and services from other UK NHS bodies	833	833
4,999	Goods and services from private providers	7,369	7,369
6,787	Goods and services from voluntary organisations	6,801	6,801
30,887	Resource Transfer	32,482	32,482
-	Loss on disposal of assets	-	-
125,742	Other operating expenses (analysed in note 3c below)	137,134	137,134
226	External Auditor's remuneration - statutory audit fee	275	275
51	External Auditor's remuneration - IJB	-	-
613	Endowment Fund expenditure	-	729
892,386		**948,831**	**949,560**
1,238,969	**Other Operating Expenditure**	**1,309,592**	**1,310,321**

The Total Health Board contribution provided to the IJB to commission services in 2025/26 was £694.14m
This includes £661.658m reported as the contribution of the Health Board to the Integration Joint Boards and £32.482m reported as Resource Transfer.

An additional External Audit charge of £20,000 was incurred at the start of the 2026 financial year. This reflects an extended review required of the full 2025 report.

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

2025 Consolidated £000	Other Operating Expenses reported above includes ;	Note	2026 Board £000	2026 Consolidated £000
19,235	Depreciation on owned assets		19,729	19,729
18,347	Utility and rates		15,461	15,461
8,353	PFI		8,555	8,555
(828)	Movment in provisions including CNORIS (Note 13)		22,440	22,440
12,321	Equipment and IT additions and maintenance		13,603	13,603
13,812	Hotel Services		13,586	13,586
8,680	Capital Grants		-	-
45,822	Other		43,761	43,761
125,742	**Other operating expenses per note 3b above**	**SoCNE**	**137,134**	**137,134**

NHS Ayrshire and Arran
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Note 4 Operating Income

2025 Consolidate £000		2026 Board £000	2026 Consolidated £000
893	Income from Scottish Government	456	456
41,139	Income from other NHS Scotland bodies	44,825	44,825
591	Income from NHS non-Scottish bodies	1,052	1,052
7	Income from private patients	9	9
586,672	Income for services commissioned by Integration Joint Board	619,505	619,505
6,960	Patient charges for primary care	7,158	7,158
239	Donations	14	14
62	Profit on disposal of assets	19	19
1,547	Contributions in respect of clinical and medical negligence claims	1,271	1,271
	Non NHS:		
74	Overseas patients (non-reciprocal)	69	69
605	Endowment Fund Income	-	716
25,008	Other	25,622	25,622
663,797	**Total Income**	**700,000**	**700,716**

Note 5 Segmental Information

	Acute £000	East HSCP £000	North HSCP £000	South HSCP £000	Corporate £000	Group £000
2026						
Net operating cost	527,537	279,607	176,434	128,769	241,627	1,353,974
Total assets	222,819	118,099	74,521	54,389	102,057	571,886
Total liabilities	(110,545)	(58,592)	(36,972)	(26,984)	(50,633)	(283,725)
Total segment revenue	41,253	201,451	232,150	203,296	21,849	699,999
Inter-segment revenue	-	-	-	-	-	-
Revenue from external sources	41,253	201,451	232,150	203,296	21,849	699,999
Impairment losses recognised in SoCNE	(1,461)	(775)	(489)	(357)	(669)	(3,751)
Depreciation and amortisation	7,812	4,141	2,613	1,907	3,578	20,051
2025						
Net operating cost -	499,686	259,934	176,123	116,362	217,291	**1,269,396**

Note 6 Intangible Assets (Non-Current) Consolidated Board

Software Licences	2025 £000	2026 £000
Cost or Valuation		
At 1st April	21	21
Additions		180
Disposals		(21)
At 31st March	**21**	**180**
Amortisation		
At 1st April	21	21
Provided during the year		6
Disposals		(21)
At 31st March	**21**	**6**
Net Book Value		
At 1st April	0	0
At 31st March	**0**	**174**

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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 2026 £000
Cost or valuation									
At 1 April 2025	17,143	401,370	1,947	37	58,546	17,484	4,153	23,098	523,778
Additions - purchased	-	930	-	66	4,747	2,891	528	4,009	13,171
Additions - donated	-	-	-	-	14	-	-	-	14
Completions	-	303	-	-	-	-	-	(303)	-
Transfers (to) / from other SG consolidated entities	-	-	-	-	-	9	-	-	9
Revaluation	455	(654)	(22)	-	-	-	-	-	(221)
Impairment Charge	-	(3,466)	-	-	-	-	-	(285)	(3,751)
Disposals - purchased	-	-	-	-	(356)	-	-	-	(356)
Disposals - donated	-	-	-	-	(25)	-	-	-	(25)
At 31 March 2026	**17,598**	**398,483**	**1,925**	**103**	**62,926**	**20,384**	**4,681**	**26,519**	**532,619**
Depreciation									
At 1 April 2025	-	-	-	-	27,878	8,511	1,420	-	37,809
Provided during the year - purchased	-	11,574	48	5	5,037	2,643	415	-	19,722
Provided during the year - donated	-	78	-	-	245	-	-	-	323
Transfers (to) / from non-current assets held for sale	-	-	-	-	-	-	-	-	-
Revaluation	-	(11,536)	(48)	-	-	-	-	-	(11,584)
Impairment Charge	-	(116)	-	-	-	-	-	-	(116)
Disposals - purchased	-	-	-	-	(356)	-	-	-	(356)
Disposals - donated				-	(25)	-	-		(25)
At 31 March 2026	**-**	**-**	**-**	**5**	**32,779**	**11,154**	**1,835**	**-**	**45,773**
Net book value at 1 April 2025 (SoFP)	**17,143**	**401,370**	**1,947**	**37**	**30,668**	**8,973**	**2,733**	**23,098**	**485,969**
Net book value at 31 March 2026	**17,598**	**398,483**	**1,925**	98	**30,147**	**9,230**	**2,846**	**26,519**	**486,846**
Open Market Value of Land in Land and Dwellings included above	6,609	-	845	-	-	-	-	-	-
Asset financing:									
Owned - purchased	17,598	319,586	1,925	98	29,116	9,230	2,846	26,519	**406,918**
Owned - donated	-	3,003	-	-	1,031	-	-	-	**4,034**
On-Statement of Financial Position Service Concessions	-	75,894	-	-	-	-	-	-	**75,894**
Net book value at 31 March 2026	**17,598**	**398,483**	**1,925**	98	**30,147**	**9,230**	**2,846**	**26,519**	**486,846**

Included within the buildings impairment charge for 2025/26 are Afton House and Lochranza Ward, which were written down following the loss of operating capacity and subsequently demolished during the year. The net book value removed in respect of these assets was £3.351 million. No proceeds arose on demolition and no additional profit or loss on disposal was recognised. These buildings are therefore no longer in existence at 31 March 2026.

Note 7 a **Property, Plant and Equipment : Consolidated and Board (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 2025 £000
Cost or valuation									
At 1 April 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 31 March 2025	**17,143**	**401,370**	**1,947**	**37**	**58,546**	**17,484**	**4,153**	**23,098**	**523,778**
Depreciation									
At 1 April 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
Revaluation	-	(11,436)	(49)	-	-	-	-	-	(11,485)
Impairment Charge	-	(111)	-	-	-	-	-	-	(111)
Disposals - purchased	-	-	-	-	(195)	-	-	-	(195)
Disposals - donated	-	-	-	-	(26)	-	-	-	(26)
At 31 March 2025	**-**	**-**	**-**	**-**	**27,878**	**8,511**	**1,420**	**-**	**37,809**
Net book value at 1 April 2024 (SoFP)	**16,313**	**405,381**	**1,968**	-	**33,362**	**8,827**	**2,161**	**22,635**	**490,647**
Net book value at 31 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	-	29,406	8,974	2,733	23,099	406,985
Owned - donated	-	3,021	-	-	1,262	-	-	-	4,283
On-Statement of Financial Position Service Concessions	-	74,703	-	-	-	(1)	-	(1)	74,701
Net book value at 31 March 2025	**17,143**	**401,370**	**1,947**	-	**30,668**	**8,973**	**2,733**	**23,098**	**485,969**

Note 7 b. Assets held for Sale

Assets held for Sale - Consolidated and Board		2025 £000	2026 £000
At 1 April		175	0
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		(175)	0
At 31 March	**SoFP**	**0**	**0**

Note 7c. Property, Plant and Equipment Disclosures

Consolidated 2025 £000	Board 2025 £000		Note	Consolidated 2026 £000	Board 2026 £000
481,686	481,686	Purchased	7a	482,812	482,812
4,283	4,283	Donated	7a	4,034	4,034
485,969	**485,969**	**Net book value of property, plant and equipment at 31 March**		**486,846**	**486,846**
6,869	**6,869**	**Net book value related to land valued at open market value at 31 March**		**7,454**	**7,454**
29,390	**29,390**	**Net book value related to buildings valued at open market value at 31 March**		**28,579**	**28,579**
		Total value of assets held under:			
9,618	9,618	Right of Use Asset		9,468	9,468
74,701	74,703	PFI and PPP Contracts		75,894	75,894
84,319	**84,321**			**85,362**	**85,362**
		Total depreciation charged in respect of assets held under:			
2,952	2,952	Right of Use Asset		4,477	4,477
1,665	1,665	PFI and PPP contracts		1,680	1,680
4,617	**4,617**			**6,157**	**6,157**

All land and 100% of buildings were revalued by an independent valuer, The Valuation Office Agency as at 31/03/2026 on the basis of fair value (market value or depreciated replacement cost 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 accounting practices of the NHS.

The net impact was an increase of £11.363m (2024/25: an increase of £8.189m) which was credited to the revaluation reserve. Impairment of £3.636m (2024/25: £3.867 m) was charged to the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn.

From 1 April 2025 HM treasury changed the requirements in the Government Financial Reporting Manual (FreM) in respect of revaluations of property, plant and equipment/ Where entities do not have a rolling programme of revaluations in place and/or the assets are not non-property assets subject to indexations, entities revalue their assets every five years with annual indexation applied to assets during the four intervening years. In rare circumstances where an index is not available, entities

revalue those assets using a quinquennial revaluation with a desktop revaluation in year 3.

For the 2025/26 financial year, NHSAA has applied the permitted transition arrangements and revalued all land and building assets From 2026/27 onwards, the organisation will follow a rolling programme of valuation with indexation, rather than annual full revaluations.

Note 7d Analysis of Capital Expenditure

Consolidated 2025 £000	Board 2025 £000			Consolidated 2026	Board 2026 £000
0	0	Acquisition of intangible assets	6	180	180
10,347	10,347	Acquisition of Property, plant and equipment	7a	13,171	13,171
239	239	Donated Asset Additions	7a	14	14
0	0	Purchase of Cumnock SPV		0	0
225	225	GP Loans advances	10	230	230
1,904	1,904	Right of Use (RoU) Additions	17a	2,098	2,098
12,715	**12,715**	**Gross Capital Expenditure**		**15,693**	**15,693**
0	0	Net book value of disposal of property, plant and equipmen	7a	0	0
175	175	Value of disposal of Non-Current Assets held for sale	7b	0	0
1	1	Right of Use Disposals		169	169
176	**176**	**Capital Income**		**169**	**169**
12,539	**12,539**	**Net Capital Expenditure**		**15,524**	**15,524**
		Summary of Capital Resource Outturn			
12,075	12,075	Core capital expenditure included above		15,396	15,396
12,082	12,082	Core Capital Resource Limit		15,396	15,396
7	**7**	**Saving against Core Capital Resource Limit (CRL)**		**0**	**0**
464	464	Non Core capital expenditure included above		230	230
464	464	Non Core Capital Resource Limit		230	230
0	**0**	**Saving against Non Core Capital Resource Limit (CRL)**		**0**	**0**
12,539	12,539	Total capital expenditure		15,626	15,626
12,546	12,546	Total Capital Resource Limit		15,626	15,626
7	**7**	**Saving against Total Capital Resource Limit**		**0**	**0**

Note 8 Inventories

Consolidated 2025 £000	Board 2025 £000		Consolidated 2026 £000	Board 2026 £000
6,158	6,158	Raw Materials and Consumables	5,443	5,443
6,158	**6,158**		**5,443**	**5,443**

Note 9 Trade and Other Receivables

Consolidated 2025 £000	Board 2025 £000		Note	Consolidated 2026 £000	Board 2026 £000
1,976	1,976	Boards		1,923	1,923
1,976	**1,976**	**NHS Scotland receivables due within one year**		**1,923**	**1,923**
59	59	NHS Non-Scottish Bodies		475	475
0	0	VAT recoverable		0	0
4,664	4,664	Prepayments		5,402	5,402
2,850	2,850	Accrued income		4,534	4,534
19,135	19,127	Other Receivables		19,542	19,542
2,605	2,605	Reimbursement of provisions		11,436	11,436
0	0	Endowments		8	0
29,313	**29,305**	**Other receivables due within one year**		**41,397**	**41,389**
31,289	**31,281**	**Total receivables due within one year**	**SoFP**	**43,320**	**43,312**
0	0	Prepayments		0	0
27,252	27,252	Reimbursement of Provisions		25,558	25,558
27,252	**27,252**	**Total Receivables due after more than one year**	**SoFP**	**25,558**	**25,558**
58,541	**58,533**	**Total Receivables**		**68,878**	**68,870**
3,769	**3,769**	**Provision for impairment included above**		**1,415**	**1,415**
		WGA Classification			
1,976	1,976	NHS Scotland		1,923	1,923
262	262	Central Government Bodies		555	555
5,866	5,866	Whole of Government Bodies		6,405	6,405
59	59	Balances with NHS Bodies in England and Wales		475	475
50,378	50,370	Balances with bodies external to Government		59,520	59,512
58,541	**58,533**	**Total Current Receivables**		**68,878**	**68,870**
		Movement on the provision for impairment of receivables:			
873	873	At 1 April		3,769	3,769
2,896	2,896	Provision for impairment		589	589
0	0	Receivables written off during the year as uncollectable		(2,369)	(2,369)
0	0	Unused amounts reversed		(574)	(574)
3,769	**3,769**	**As at 31st March**		**1,415**	**1,415**

As of 31 March 2026, receivables with a carrying value of £1.415m (2024-25: £3.769m) were impaired and provided for.
The ageing of these receivables is as follows:

Consolidated 2025 £000	Board 2025 £000		Note	Consolidated 2026 £000	Board 2026 £000
787	787	Zero to 6 months past due		0	0
2,982	2,982	Over 6 months past due		1,415	1,415
3,769	**3,769**	**As at 31st March**		**1,415**	**1,415**

The receivables assessed as individually impaired were mainly other Health Bodies and private individuals.
It was assessed that not all of the receivable balance may be recovered.

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2026, receivables with a carrying value of £3.567 million (2024-25: £4.737 million) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:

659	659	Up to 3 months past due	305	305
699	699	3 to 6 months past due	569	569
3,379	3,379	Over 6 months past due	2,693	2,693
4,737	**4,737**	**As at 31st March**	**3,567**	**3,567**

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:

4,737	**4,737**	**Existing customers with no defaults in the past**	**3,567**	**3,567**

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:

58,541	**58,533**	**Pounds**	**68,878**	**68,870**

All non-current receivables are due within 5 years (2024-25: 5 years) from the balance sheet date.

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

The effective interest rate on non-current other receivables is 0% (2024-25: 0%).
Pension liabilities are discounted at 2.95% (2024-25: 2.4%).

Note 10 Investments

Consolidated 2025 £000	Board 2025 £000		Note	Consolidated 2026 £000	Board 2026 £000
8,631	600	Other		9,760	772
8,631	**600**	**Total**	SoFP	**9,760**	**772**
8,736	434	At 1 April		8,631	600
12,566	-	Additions	CFS	1,340	-
225	225	GP Loans advances	CFS	230	230
(12,731)	-	Disposals		(1,274)	-
-	-	Impairment recognised in SoCNE		-	-
(59)	(59)	GP Loans Fair Value Adjustment	2b	(58)	(58)
(106)	-	Revaluation surplus / (deficit) transferred to equity	SoCTE	891	-
8,631	**600**	**At 31 March**		**9,760**	**772**
8,631	600	Non-current	SoFP	9,760	772
8,631	**600**	**At 31 March**		**9,760**	**772**

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

2025 £000		2026 £000
364	Balance at 1 April	342
(22)	Net change in cash and cash equivalent balances	183
342	Balance at 31 March	**525**
342	**Total Cash - Cash Flow Statement**	**525**
	The following balances at 31 March were held at:	
57	Government Banking Service	230
78	Commercial banks and cash in hand	83
207	Endowment cash	212
342	**Balance at 31 March**	**525**

Note 12 Trade and Other Payables

Consolidated 2025 £000	Board 2025 £000		Note	Consolidate 2026 £000	Board 2026 £000
10,584	**10,584**	**NHS Scotland payables due within 1 year**	SFR 30	**7,848**	**7,848**
135	135	Amounts Payable to General Fund		313	313
24,644	24,644	FHS Practitioners		25,572	25,572
3,721	3,721	Trade Payables		8,587	8,587
22,476	22,476	Accruals		37,681	37,681
1,240	1,240	Deferred income		1,642	1,642
1,499	1,499	Net obligations under Leases	17b	1,708	1,708
1,820	1,820	Net obligations under PPP / PFI Contracts	18	2,237	2,237
13,017	13,017	Income tax and social security		15,181	15,181
11,377	11,377	Superannuation		12,441	12,441
2,891	2,891	Holiday Pay Accrual		4,778	4,778
118	118	VAT		425	425
901	887	Other payables		1,014	915
83,839	**83,825**	**Other payables due within one year**		**111,579**	**111,480**
94,423	**94,409**	**Total payables due within one year**	**SoFP**	**119,427**	**119,328**
1,135	1,135	Net obligations under Leases due within 2 years	17b	1,126	1,126
644	644	Net obligations under Leases due after 2 years but within 5 years	17b	381	381
0	0	Net obligations under Leases due after 5 years	17b	0	0
2,207	2,207	Net obligations under PPP / PFI Contracts due within 2 years	18	2,693	2,693
9,110	9,110	Net obligations under PPP / PFI Contracts due after 2 years but within 5 years	18	9,458	9,458
41,346	41,346	Net obligations under PPP / PFI Contracts due after 5 years	18	38,871	38,871
333	333	Deferred income		191	191
54,775	**54,775**	**Total payables due after more than one year**	**SoFP**	**52,720**	**52,720**
149,198	**149,184**	**Total payables**		**172,147**	**172,048**
		WGA Classification			
10,584	10,584	NHS Scotland		7,848	7,848
24,394	24,394	Central Government bodies		27,622	27,622
1,656	1,656	Whole of Government bodies		6,275	6,275
0	0	Balances with NHS bodies in England and Wales		7	7
112,564	112,550	Balances with bodies external to Government		130,395	130,296
149,198	**149,184**			**172,147**	**172,048**
		Borrowings included above comprise:			
3,278	3,278	Leases		3,215	3,215
54,483	54,483	PFI contracts		53,259	53,259
57,761	**57,761**			**56,474**	**56,474**
		Carrying amount of non-current borrowings are:			
1,779	1,779	Leases		1,507	1,507
52,663	52,663	PFI contracts		51,022	51,022
54,442	**54,442**			**52,529**	**52,529**
		The carrying amount of payables are denominated in the following currencies:			
149,198	**149,184**	**Pounds**		**172,147**	**172,048**

Note 13 a. Provisions - Consolidated and Board

	Pensions & similar obligations £000	Clinical & Medical Legal Claims against NHS Board £000	Participation in CNORIS £000	Other (non-endowment) £000	Total 2026 £000
At 1 April 2025	5,309	29,831	53,027	1,070	89,237
Arising during the year	125	9,810	7,017	9,958	26,910
Utilised during the year	(582)	(1,508)	(1,107)	(435)	(3,632)
Unwinding of discount	138	-	-	-	138
Reversed unutilised	(14)	(654)	-	(308)	(976)
At 31st March 2026	**4,976**	**37,479**	**58,937**	**10,285**	**111,677**
The amounts shown above in relation to Clinical & Medical Legal Claims against NHS Board are stated gross.					
The amount of any expected reimbursements are separately disclosed as receivables in note 9.					
Other refers to Public Liability Claims plus the Agenda for Change Band 5 review outlined below in Note 14					
Payable in one year	563	11,844	14,734	10,285	37,426
Payable between 1 - 5 years	2,155	11,232	35,834	-	49,221
Payable between 6 - 10 years	1,582	2,325	3,065	-	6,972
Thereafter	676	12,078	5,304	-	18,058
At 31st March 2026	**4,976**	**37,479**	**58,937**	**10,285**	**111,677**

Note 13 a. Provisions - Consolidated and Board Prior Year

	Pensions & similar obligations £000	Clinical & Medical Legal Claims against NHS Board £000	Participation in CNORIS £000	Other (non-endowment) £000	Total 2025 £000
At 1 April 2024	5,505	32,370	51,207	983	90,065
Arising during year	545	1,925	5,719	675	8,864
Utilised during year	(572)	(1,752)	(3,899)	(228)	(6,451)
Unwinding during year	(18)	-	-	-	(18)
Reversed unutilised	(151)	(2,712)	-	(360)	(3,223)
At 31st March 2025	**5,309**	**29,831**	**53,027**	**1,070**	**89,237**
Payable in one year	494	2,605	13,257	1,070	17,426
Payable between 1 - 5 years	1,958	13,289	32,241	-	47,488
Payable between 6 - 10 years	1,824	1,975	2,757	-	6,556
Thereafter	1,033	11,962	4,772	-	17,767
At 31st March 2025	**5,309**	**29,831**	**53,027**	**1,070**	**89,237**

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 2.95% (2.40% 2025) in real terms. The Board expects expenditure to be charged to this provision for a period of up to 25 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.The Board expects expenditure to be charged to this provision for a period of up to 55 years.

Participation in CNORIS
The Board holds a provision for Participation in the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) which recognises that CNORIS is a shared risk scheme for NHS Scotland bodies. This provision recognises the liability for future payments that it is probable that the Board will incur based on their share of the overall CNORIS scheme liability for NHS Scotland. Further details are given in Note 13(b).

Other (Non-Endowment)
The Board retains provisions in respect of other long term liabilities including all non medical claims notified to the Board. As set out above for Clinical and Medical claims these are processed by the Scottish NHS Central Legal Office who decide upon risk liability and likely outcomes of each case. In addition applications have beeen submitted to the Board as part of the national Agenda for Change Reforms banding review for Band 5 Nursing roles.

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

		2025 £000	2026 £000
Provision recognising individual claims against the NHS Board as at 31 March	13a	30,839	38,165
Associated CNORIS receivable at 31 March	9	(29,857)	(36,994)
Provision recognising the NHS Board's liability from participating in the scheme	13a	53,027	58,937
Net Total Provision relating to CNORIS at 31 March		**54,009**	**60,108**

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 and Assets

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

2025 £000		2026 £000
4,532	Clinical and medical compensation payments	59,617
4,801	Employer's liability	482
0	Other - Band 5 Review	36,128
0	Other - Contaminated Land	0
9,333	**Total Contingent Liabilities**	**96,227**
4,028	Clinical and medical compensation payments	58,680
115	Employer's liability	125
4,143	**Total Contingent Assets**	**58,805**

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. 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 for these claims.

National Agenda for Change Reforms banding include a review of Band 5 Nursing roles. Intial stages of the review process have begun however there is a high degree of uncertainty as to the number of applications that may be submitted. This is reflected in the contingent liability.

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.

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

2025 £000		2026 £000
500	ACH National Forensic Service in Scotland - Foxgrove	1,402
300	Ailsa Distributed Working	200
-	Boardwide CCTV/Access/DWR	600
800	**Total Capital Commitments**	**2,202**
	Authorised but not Contracted	
1,691	Digital Reform Plan	2,986
266	Boardwide Electric Vehicle Infrastructure	501
800	University Hospital Ayr ITU	400
5,400	University Hospital Crosshouse ITU	100
1,000	Boardwide EME Equipment	1,500
1,090	Boardwide General Equipment	620
400	Boardwide CCTV/Access/DWR	-
1,300	University Hospital Crosshouse Oncology	-
-	Board Service Transformation	896
-	Other Estates Projects	2,245
-	Net Zero Sustainability	280
11,947	**Total Authorised but not Contracted**	**9,528**

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

	Buildings £000	Dwellings £000	Transport Equipment £000	Plant & Machinery £000	**2026 £000**
Cost or valuation					
At 1 April 2025	7,345	84	4,714	427	12,570
Additions	-	360	1,738	-	2,098
Revaluations	-	-	-		-
Revaluations - Peppercorn leases	153	-	-		153
Disposals	-	(84)	(792)	-	(876)
At 31 March 2026	**7,498**	**360**	**5,660**		**13,945**
Depreciation					
At 1 April 2025	758	84	1,908	202	2,952
Provided during the year - (include new	54	90	1,727	128	1,999
Provided during the year - peppercorn leases	233	-	-	-	233
Impairment reversals - Peppercorn leases	-	-	-		-
Disposals	-	(84)	(623)		(707)
At 31 March 2026	**1,045**	**90**	**3,012**	**330**	**4,477**
Net book value at 1 April 2025	**6,587**	**-**	**2,806**	**225**	**9,618**
Net book value at 31 March 2026	**6,453**	**270**	**2,648**	**97**	**9,468**

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

	Buildings £000	Dwellings £000	Transport Equipment £000	Plant & Machinery £000	**2025 £000**
Cost or valuation					
At 1 April 2024	7,238	85	5,135	-	12,458
Additions	38	84	1,355	427	1,904
Disposals - peppercorn leases	-	-	-		-
Revaluations	73	-	-	-	73
Revaluations - Peppercorn leases	-	-	-	-	-
Disposals	(4)	(85)	(1,776)	-	(1,865)
At 31 March 2025	**7,345**	**84**	**4,714**	**427**	**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**		**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 b Lease Liabilities (Board and Consolidated)

	Buildings	Dwellings	Transport Equipment	Plant & Machinery	**2026**
	£000	£000	£000	£000	**£000**
Amounts Falling Due					
Not later than one year	55	97	1,504	52	1,708
Later than one year, not later than 2 years	51	92	949	34	1,126
Later than two year, not later than five years	31	88	262	-	381
Later than five years	-	-	-	-	-
Less: Unaccrued interest	-	-	-	-	-
Balance at 31 March 2026	**137**	**277**	**2,715**	**86**	**3,215**
Current	55	97	1,504	52	1,708
Non Current	82	180	1,211	34	1,507
Balance at 31 March 2026	**137**	**277**	**2,715**	**86**	**3,215**

Note 17 b Prior Year : 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

Low value and short term leases

2025 Consolidated £000	2025 Board £000		2026 Consolidated £000	2026 Board £000
1,499	1,499	Within one year	1,708	1,708
-	-	Between two and five years (inclusive)	1,507	1,507
-	-	After five years	-	-
1,499	1,499	**Total**	3,215	3,215

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

2025 Consolidated £000	2025 Board £000		2026 Consolidated £000	2026 Board £000
1,940	1,940	Depreciation	2,232	2,232
125	125	Interest Expense	178	178
-	-	Non Recoverable VAT on lease payments	-	-
1,499	1,499	Low value and short term leases	1,499	1,499
-	-	Remeasurement of ROU assets	-	-
3,564	**3,564**	**Total**	**3,909**	**3,909**

Amounts Recognised in the Statement of Cashflows

2025 Consolidated £000	2025 Board £000		2026 Consolidated £000	2026 Board £000
125	125	Low value and short term leases	178	178
1,806	1,806	Remeasurement of ROU assets	1,987	1,987
1,931	**1,931**	**Total**	**2,165**	**2,165**

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:

2025			Ayrshire Maternity Unit	Woodland View	2026
£000			£000	£000	£000
6,000	Rentals due within 1 year		2,018	4,304	6,322
6,244	Due within 1 to 2 years		2,313	4,283	6,596
20,013	Due within 2 to 5 years		7,625	12,132	19,757
59,060	Due after 5 years		15,472	38,052	53,524
91,317	**Gross Minimum Lease Payments**		**27,428**	**58,771**	**86,199**
	less				
(4,180)	Rentals due within 1 year		(1,445)	(2,640)	(4,085)
(4,037)	Due within 1 to 2 years		(1,391)	(2,512)	(3,903)
(10,903)	Due within 2 to 5 years		(3,595)	(6,704)	(10,299)
(17,714)	Due after 5 years		(3,065)	(11,588)	(14,653)
(36,834)	**Interest Element**		**(9,496)**	**(23,444)**	**(32,940)**
	giving	Note			
1,820	Rentals due within 1 year	12	573	1,664	2,237
2,207	Due within 1 to 2 years	12	922	1,771	2,693
9,110	Due within 2 to 5 years	12	4,030	5,428	9,458
41,346	Due after 5 years	12	12,407	26,464	38,871
54,483	**Present value of minimum lease payments**		**17,932**	**35,327**	**53,259**
2,833	Rentals due within 1 year		1,585	1,091	2,676
2,588	Due within 1 to 2 years		1,290	1,113	2,403
6,484	Due within 2 to 5 years		3,183	4,055	7,238
21,546	Due after 5 years		3,438	15,906	19,344
33,451	**Service elements due in future periods**		**9,496**	**22,165**	**31,661**
87,934	**Total Commitments**		**27,428**	**57,492**	**84,920**

2025			2026
£000			£000
4,180	Interest charges		4,085
2,833	Service charges		2,676
1,820	Principal repayment		2,237
8,833	**Total**	2	**8,998**
-	**Contingent rents (included in Other charges)**		**-**

Note 19 Pensions

(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 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 April 2024 have been paid within a range of 5.7% to 12.7% 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 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 2025 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 control element of that valuation was suspended by the UK Government following the Court of Appeal judgments in the McCloud (Judiciary scheme) and Sargeant (Firefighters' scheme) cases, which found that the transitional protections introduced as part of the 2015 reforms unlawfully discriminated on the grounds of age.

Following consultation and the introduction of statutory measures to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. In parallel, the Government Actuary was asked to review whether, and to what extent, the employer cost cap mechanism continues to meet its original policy objectives.

The findings of that review were taken into account in the completion of the 2020 actuarial valuations, which were substantially delayed as a result of the McCloud

remedy and wider economic changes. Employer contribution rates were implemented from 1 April 2024 following the completion of the 2020 valuations and will remain in force pending the outcome of the current 2024 valuation cycle, which is now underway.

(v) Ayrshire and Arran Health Board's level of participation in the scheme is 5.18% based on the proportion of employer contributions paid in 2024/25

	2025 £000	2026 £000
Pension cost charge for the year	95,265	102,717
Additional Costs arising from early retirement	572	581
Provisions / Liabilities / Pre-payments included in the Balance Sheet	5,309	4,934
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**

There are no restated Primary statements

Note 22 a Financial Instruments - Financial Assets and Liabilities

2025		Note	Financial assets at Fair Value:		2026
			at amortised cost	through Profit & Loss	
£000	Financial Assets - Consolidated		£000	£000	£000
8,631	Investments	10		9,760	9,760
22,044	Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	24,559		24,559
342	Cash and cash equivalents	11	525		525
31,017	**Financial Assets per Balance Sheet**		**25,084**	**9,760**	**34,844**
	Financial Assets - Board				
600	Investments	10		772	772
22,036	Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	24,551		24,551
135	Cash and cash equivalents	11	313		313
22,771	**Financial Assets per Balance Sheet**		**24,864**	**772**	**25,636**

2025		Note	Financial assets at Fair Value:		2026
			at amortised cost	through Profit & Loss	
£000	Financial Assets - Consolidated		£000	£000	£000
3,278	Finance lease liabilities	12	3,215		3,215
54,483	PFI Liabilities	12	53,259		53,259
54,768	Trade and other payables excluding statutory liabilities	12	72,853		72,853
112,529	**Financial Liabilities per Balance Sheet**		**129,327**		**129,327**
	Financial Liabilities - Board				
3,278	Finance lease liabilities	12	3,215		3,215
54,483	PFI Liabilities	12	53,259		53,259
54,754	Trade and other payables excluding statutory liabilities	12	72,754		72,754
112,515	**Financial Liabilities per Balance Sheet**		**129,228**		**129,228**

Note 22 b **Financial Risk Factors**

The NHS Board's activities expose it to a variety of financial risks:

Credit Risk — The possibility that other parties might fail to pay amounts due.

Liquidity Risk — The possibility that the NHS Board might not have funds available to meet its commitments to make payments.

Market Risk — The possibility that financial loss might arise as a result of changes in such measures as interest rates, stock market movements or foreign exchange rates.

Because of the largely non-trading nature of its activities and the way in which government departments are financed, NHS Ayrshire and Arran is not exposed to the degree of financial risk faced by business entities.

Credit Risk

Credit risk arises from cash and cash equivalents, deposits with banks and other institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and other institutions, only independently rated parties with an minimum rating of 'A' are accepted. Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the NHS Board.

The utilisation of credit limits is regularly monitored. No credit limits were exceeded during the reporting period and no losses are expected from non-performance by any counterparties in relation to deposits.

Liquidity Risk

The Scottish Parliament makes provision for the use of resources by the NHS Board for revenue and capital purposes in a Budget Act for each financial year. Resources and accruing resources may be used only for the purposes specified and up to the amounts specified in the Budget Act. The Act also specifies an overall cash authorisation to operate for the financial year. The NHS Board is not therefore exposed to significant liquidity risks.

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Liquidity	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31st March 2026	**£000**	**£000**	**£000**	**£000**
PFI Liabilities	2,237	2,693	9,458	38,871
Finance lease liabilities	1,714	1,126	464	0
Trade and other payables excluding statutory liabilities				0
Total	**3,951**	**3,819**	**9,922**	**38,871**
At 31st March 2025				
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**

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 2025-26 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 2025/26 payments of £0.9 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 2025/26 were:

Payments made to		**Income received from**	
East Ayrshire Council	£21.2 million	East Ayrshire Council	£1.0 million
North Ayrshire Council	£28.2 million	North Ayrshire Council	£1.0 million
South Ayrshire Council	£22.8 million	South Ayrshire Council	£3.2 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 20255/2026 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	£257.8 million	(2024/25	£244.5 million)
Commissioning income received from North Ayrshire IJB	£230.7 million	(2024/25	£217.2 million)
North Ayrshire IJB balance due from Health Board	£0.2 million	(2024/25	£0.500 million

In the year 2025/2026 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	£216.8 million	(2024/25	£208.7 million)
Commissioning income received from East Ayrshire IJB	£192.2 million	(2024/25	£183.9 million)
East Ayrshire IJB balance due from Health Board	£0.9 million	(2024/25	£3.2 million)

In the year 2025/2026 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	£219.6 million	(2024/25	£205.5 million)
Commissioning income received from South Ayrshire IJB	£198.0 million	(2024/25	£185.6 million)
South Ayrshire IJB balance due from Health Board	£1.300 million	(2024/25	£0.0 million)

Note 24 Related Party Transactions (continued)

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		£0.936 million expenditure
Linda Semple	Non-Executive	Golden Jubilee Hospital	£0.551 million income	£11.858 million expenditure
Jean Ford	Non-Executive	NHS Education Scotland	£31.106 million income	£5.222 million expenditure
Joyce White	Non-Executive	Centre Stage		£0.029 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 (2024/25 £nil) and received payments from Endowments of £0.188 million (2024/25 £0.282 million) with a balance of £0.025 million (2024/25 £0.009 million) due to the Board outstanding at year-end.

No other transactions above £10,000 with related parties occurred in 2025/26

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.

	2025 £000	Gross Inflows £000	Gross Outflows £000	2026 £000
Monetary amounts such as bank balances and monies on deposit	212	645	(660)	197

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

2025 Group £000		Note	2026 Board £000	2026 Endowment £000	2026 East Health & Social Care Partnership £000	2026 North Health & Social Care Partnership £000	2026 South Health & Social Care Partnership £000	2026 Group £000
687,708	Staff costs	3a	743,067	-	-	-	-	743,067
158,222	Independent Primary Care Services	3b	168,840	-	-	-	-	168,840
188,361	Drugs and medical supplies		191,921	-	-	-	-	191,921
892,386	Other health care expenditure		948,831	729	-	-	-	949,560
1,926,677	**Gross expenditure for the year**		**2,052,659**	**729**	**-**	**-**	**-**	**2,053,388**
(663,797)	Less: operating income	4	(700,000)	(716)	-	-	-	(700,716)
6,516	Associates and joint ventures accounted for on an equity basis		-	-	1,210	169	(77)	1,302
1,269,396	**Net expenditure for the year**		**1,352,659**	**13**	**1,210**	**169**	**(77)**	**1,353,974**

NHS Ayrshire and Arran
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Note 26 b Consolidated Statement of Financial Position

2025 Group			2026 Board	2026 Endowment	2026 Intergroup Adjustment	2026 East Health & Social Care Partnership	2026 North Health & Social Care Partnership	2026 South Health & Social Care Partnership	2026 Group
£000			£000	£000	£000	£000	£000	£000	£000
485,969	Property, plant and equipment	SOFP	486,846	-	-	-	-	-	486,846
-	Intangible assets		174	-	-	-	-		174
9,618	Right of Use assets	SOFP	9,468	-	-	-	-		9,468
	Financial assets:								
8,631	Investments	SOFP	772	8,988	-	-	-	-	9,760
9,679	Investments in associates and joint ventures		-	-	-	1,358	1,411	5,607	8,376
27,252	Trade and other receivables	SOFP	25,558	-	-	-	-	-	25,558
541,149	**Total non-current assets**		**522,818**	**8,988**	-	**1,358**	**1,411**	**5,607**	**540,182**
	Current Assets								
6,158	Inventories	SOFP	5,443	-	-	-	-	-	5,443
	Financial assets:								
31,289	Trade and other receivables	SOFP	43,312	8	-	-	-	-	43,320
342	Cash and cash equivalents	SOFP	313	212	-	-	-	-	525
-	Assets classified as held for sale	SOFP	-	-	-	-	-	-	-
37,789	**Total current assets**		**49,068**	**220**	-	-	-	-	**49,288**
			-	-	-	-	-	-	-
578,938	**Total assets**		**571,886**	**9,208**	-	**1,358**	**1,411**	**5,607**	**589,470**
	Current Liabilities								
(17,426)	Provisions	SOFP	(37,426)	-	-	-	-	-	(37,426)
	Financial liabilities:								
(94,423)	Trade and other payables	SOFP	(119,328)	(99)	-	-	-	-	(119,427)
(111,849)	**Total current liabilities**		**(156,754)**	**(99)**	-	-	-	-	**(156,853)**
									-
467,089	**Non-current assets less net current liabilities**		**415,132**	**9,109**	-	**1,358**	**1,411**	**5,607**	**432,617**
	Non-current Liabilities								
(71,811)	Provisions	SOFP	(74,251)	-	-	-	-	-	(74,251)
	Financial liabilities:								
(54,775)	Trade and other payables	SOFP	(52,720)	-	-	-	-	-	(52,720)
-	Liabilities in associate and joint ventures		-	-	-	-	-	-	-
(126,586)	**Total non-current liabilities**		**(126,971)**	-	-	-	-	-	**(126,971)**
340,503	**Assets less liabilities**		**288,161**	**9,109**	-	**1,358**	**1,411**	**5,607**	**305,646**
	Taxpayers' Equity								
157,513	General fund	SoFP	117,774	-	-	-	-	-	117,774
165,079	Revaluation reserve	SoFP	170,386	-	-	-	-	-	170,386
9,678	Other reserves - joint venture	SoFP	-	-	-	1,358	1,411	5,607	8,376
8,233	Funds Held on Trust	SoFP	-	9,110	-	-	-	-	9,110
340,503	**Total taxpayers' equity**		**288,160**	**9,110**	-	**1,358**	**1,411**	**5,607**	**305,646**

Note 26 b Consolidated Statement of Financial Position - Prior Year

		2025 Board	2025 Endowment	2025 Intergroup Adjustment	2025 East Health & Social Care Partnership	2025 North Health & Social Care Partnership	2025 South Health & Social Care Partnership	2025 Group
		£000	£000	£000	£000	£000	£000	£000
Property, plant and equipment	SOFP	485,969	-	-	-	-	-	485,969
Right of Use assets	SOFP	9,618						9,618
Financial assets:								
Investments	SOFP	600	8,031	-	-	-	-	8,631
Investments in associates and joint ventures		-	-	-	2,568	1,580	5,531	9,679
Trade and other receivables	SOFP	27,252	-	-	-	-	-	27,252
Total non-current assets		**523,439**	**8,031**	**-**	**2,568**	**1,580**	**5,531**	**541,149**
Current Assets								
Inventories	SOFP	6,158	-	-	-	-	-	6,158
Financial assets:								
Trade and other receivables	SOFP	31,281	8	-	-	-	-	31,289
Cash and cash equivalents	SOFP	135	207	-	-	-	-	342
Assets classified as held for sale	SOFP	-	-	-	-	-	-	-
Total current assets		**37,574**	**215**	**-**	**-**	**-**	**-**	**37,789**
		-	-	-	-	-	-	-
Total assets		**561,013**	**8,246**	**-**	**2,568**	**1,580**	**5,531**	**578,938**
Current Liabilities								
Provisions	SOFP	(17,426)	-	-	-	-	-	(17,426)
Financial liabilities:								
Trade and other payables	SOFP	(94,409)	(14)	-	-	-	-	(94,423)
Total current liabilities		**(111,835)**	**(14)**	**-**	**-**	**-**	**-**	**(111,849)**
								-
Non-current assets plus net current assets		**449,178**	**8,232**	**-**	**2,568**	**1,580**	**5,531**	**467,089**
Non-current Liabilities								
Provisions	SOFP	(71,811)	-	-	-	-	-	(71,811)
Financial liabilities:								
Trade and other payables	SOFP	(54,775)	-	-	-	-	-	(54,775)
Liabilities in associate and joint ventures		-	-	-	-	-	-	-
Total non-current liabilities		**(126,586)**	**-**	**-**	**-**	**-**	**-**	**(126,586)**
Assets less liabilities		**322,592**	**8,232**	**-**	**2,568**	**1,580**	**5,531**	**340,503**
Taxpayers' Equity								
General fund	SoFP	157,513	-	-	-	-	-	157,513
Revaluation reserve	SoFP	165,079	-	-	-	-	-	165,079
Other reserves - joint venture	SoFP	-	-	(1)	2,568	1,580	5,531	9,678
Funds Held on Trust	SoFP	-	8,233	-	-	-	-	8,233
Total taxpayers' equity		**322,592**	**8,233**	**(1)**	**2,568**	**1,580**	**5,531**	**340,503**

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Note 26 c Consolidated Statement of Cash Flows

2025 Group		2026 Board	2026 Endowment	2026 East Health & Social Care Partnership	2026 North Health & Social Care Partnership	2026 South Health & Social Care Partnership	2026 Group
£000	**Cash flows from operating activities**	£000	£000	£000	£000	£000	£000
(1,269,396)	Net operating cost	(1,352,659)	(13)	(1,210)	(169)	77	(1,353,974)
31,704	Adjustments for non-cash transactions	26,961	-	1,210	169	(77)	28,263
4,305	Add back: interest payable recognised in net operating cost	4,253	-	-	-	-	4,253
(233)	Investment income	-	(181)	-	-	-	(181)
3,045	Movements in working capital	36,789	84	-	-	-	36,873
(1,230,575)	**Net cash outflow from operating activities**	**(1,284,656)**	**(110)**	-	-	-	**(1,284,766)**
	Cash flows from investing activities						
(10,790)	Purchase of property, plant and equipment	(13,168)	-	-	-	-	(13,168)
-	Purchase of intangible assets	(180)	-	-	-	-	(180)
(12,791)	Investment Additions	(230)	(1,340)	-	-	-	(1,570)
-	Transfer of assets to/(from) other NHS bodies	9	-	-	-	-	9
175	Proceeds of disposal of property, plant and equipment	-	-	-	-	-	-
12,732	Receipts from sale of investments	-	1,274	-	-	-	1,274
233	Interest received	-	181	-	-	-	181
(10,441)	**Net cash outflow from investing activities**	**(13,569)**	**115**	-	-	-	**(13,454)**
	Cash flows from financing activities						
1,248,924	Funding	1,306,702	-	-	-	-	1,306,702
1	Movement in general fund working capital	178	-	-	-	-	178
1,248,925	Cash drawn down	1,306,880	-	-	-	-	1,306,880
(3,626)	Capital element of payments in respect of leases and on-balan	(4,224)	-	-	-	-	(4,224)
-	Interest paid	-	-	-	-	-	-
(4,305)	Interest element of leases and on-balance sheet PFI / PPP co	(4,253)	-	-	-	-	(4,253)
1,240,994	**Net Financing**	**1,298,403**	-	-	-	-	**1,298,403**
(22)	Net Increase in cash and cash equivalents in the period	178	5	-	-	-	183
364	Cash and cash equivalents at the beginning of the period	135	207	-	-	-	342
342	**Cash and cash equivalents at the end of the period**	**313**	**212**	-	-	-	**525**
	Reconciliation of net cash flow to movement in net debt/cash			-	-	-	
(22)	Increase / (decrease) in cash in year	178	5	-	-	-	183
364	Net debt / cash at 1 April	135	207	-	-	-	342
342	**Net cash at 31 March**	**313**	**212**	-	-	-	**525**

Directions by the Scottish Ministers

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