

NHS Ayrshire & Arran



Meeting:	Ayrshire and Arran NHS Board
Meeting date:	Tuesday 7 April 2026
Title:	Financial Management Report for the 11 months to 28 February 2026
Responsible Director:	David Stonehouse – Interim Director of Finance
Report Author:	Rob Whiteford – Assistant Director of Finance

1. Purpose

This is presented for:

- Discussion

This paper relates to:

- Annual Operational Plan

This aligns to the following NHS Scotland quality ambition:

- Effective

This supports the following Corporate Objectives:

- **Better Value** – Delivering innovative and sustainable services for everyone
This paper is a financial performance report with a core focus on spend, efficiency, sustainability funding, and the statutory breakeven duty.
- **Better Care** – Improving your experience of care
The paper links our financial pressures to risks for patient flow, delayed discharge, and service sustainability.

2. Report summary

2.1 Situation

The Board is now at level 4 of the Scottish Government Performance Framework. Delivering against financial targets without compromising patient safety is of the utmost importance.

The Board has a statutory duty to breakeven. The deficit plan approved by the Board is £33.1 million. Scottish Government require the Board to deliver a deficit no larger than £25 million in 2025/26 having received £22.5 million of sustainability funding.

The Board have overspent by £24.9 million excluding Health and Social Care Partnerships at the end of February 2026.

This includes £22.5 million of sustainability funding received at the beginning of this financial year.

The Board projects a deficit of £25.0 million. This is an improvement of £4.7 million over Month 10. The main factors were £3.0 million improved funding assumptions from Scottish Government and £1.7 million of internal benefits, both of which are non-recurring.

2.2 Background

The revenue plan for 2025/2026 was approved at the Board meeting on the 31 March 2025. This projected a deficit of £33.1 million. This plan was not accepted by Scottish Government who have stipulated that the Board must not exceed a financial deficit of £25.0 million in 2025/2026.

2.3 Assessment

REVENUE

The key points from the Board finance report are:

- The Board is £24.9 million overspent after eleven months excluding Health and Social Care Partnerships and forecasts an overspend of £25.0 million at year end.

This is an improvement of £4.7 million in the forecast year end position compared with Month 10. The improvement results from £1.7 million of internal improvement and million improved funding assumptions from Scottish Government

- The risks and sensitivities to the forecast year end position are shown in Section 4.
- Health and Social Care Partnerships are £1.4 million underspent in aggregate.

VALUE AND EFFICIENCY

- Scottish Government require the Board to achieve 3% recurring efficiency savings on their baseline funding. The recurrent target is £30.2 million. Currently almost all acute savings are non-recurring cost reductions.
- There is an additional non-recurring plan for cost reduction of £6.5 million
- Forecast efficiency delivery is £30.1 million in total however only £19.2 million is recurrent.
- £27.7 million of savings were delivered by the end of month eleven.

2.3.1 Quality/patient care

Financial resources contribute directly to quality of patient care.

2.3.2 Workforce

Annex B provides further information on workforce numbers and agency spend.

2.3.3 Financial

The Board will not meet its statutory requirement to break even in this financial year.

2.3.4 Risk assessment/management

Corporate Risk 703: Failure to deliver sufficient efficiency savings to live within financial allocation may lead to an inability to balance the budget resulting in an adverse impact on the delivery of services and reputational damage to the NHS Board. This has now resulted in the Board being moved from level 3 to level 4 on the ladder of escalation.

2.3.5 Equality and diversity, including health inequalities

This report does not require an equality and diversity impact assessment.

2.3.6 Best value

This report reflects the best value principles of governance and accountability in respect of use of resources.

- Governance and accountability

2.3.7 Other impacts

There are no other relevant impacts

2.3.8 Communication, involvement, engagement and consultation

The Board has carried out its duties to involve and engage external stakeholders where appropriate.

2.3.9 Route to the meeting

This has been previously considered by the following groups as part of its development. The groups have either supported the content, or their feedback has informed the development of the content presented in this report.

- Corporate Management Team, Monday 23 March 2026
- Performance Governance Committee, Thursday 26 March 2026

2.4 Recommendation

For discussion. Members are asked to:

- Review the financial position for the year
- Evaluate financial performance against the key Scottish Government targets
- Discuss actions to improve the financial position

3. List of appendices

The following appendices are included with this report:

Appendix A: Finance Report – Month 11

Appendix A

NHS Ayrshire and Arran – Finance Report February 2026

1. Overall Financial Position

- 1.1 The Board is £24.9 million overspent after eleven months of the 2025/26 financial year, excluding Health and Social Care Partnerships.

Summary Financial Position

Department	Annual Budget £000	YTD Budget £000	YTD Spend £000	Variance £000	Forecast Outturn M11 £000	Forecast Outturn M10 £000	Change in Outturn M11-M10 £000
Acute	499,361	452,717	484,556	(31,839)	(35,339)	(34,943)	(396)
Acute Legacy Cres	(2,294)	(2,103)	0	(2,103)	(2,294)	(2,294)	0
New Medicine Fund	17,701	16,226	21,460	(5,234)	(6,799)	(6,799)	0
Pharmacy	13,269	12,371	12,581	(210)	(229)	(400)	171
UNPACs	1,527	1,375	684	691	691	762	(71)
Acute and Clinical Services	529,564	480,586	519,281	(38,695)	(43,970)	(43,674)	(296)
ISS (Operational)	73,703	67,317	64,874	2,444	2,666	2,463	203
ISS (Corporate)	52,313	47,127	47,316	(190)	(207)	(328)	121
Corporate Services	46,567	42,457	38,305	4,152	4,529	4,236	293
Non Clinical Support	172,583	156,901	150,495	6,406	6,988	6,371	617
Centrally Managed Resources	4,384	3,097	1,502	1,595	1,737	1,737	0
Reserves	18,997	5,825	0	5,825	10,245	5,866	4,379
Centrally Managed	23,381	8,922	1,502	7,420	11,982	7,603	4,379
NHS A&A Health Board Total	725,528	646,409	671,278	(24,870)	(25,000)	(29,700)	4,700
East Hscp	261,457	236,543	235,232	1,311	0	0	0
North Hscp	199,345	181,091	181,685	(594)	0	0	0
South Hscp	113,391	104,538	103,825	713	0	0	0
NHS A&A Total inc HSCPs	1,299,721	1,168,581	1,192,020	(23,440)	(25,000)	(29,700)	4,700

Performance against key Scottish Government targets

The Board will not meet the statutory requirement to breakeven and forecasts a deficit of £25.0 million at year end. This is in line with the level of deficit support funding.

The forecast position has improved by £4.7 million. Projected reserves have been increased to reflect improved funding assumptions from Scottish Government and other one off benefits. These changes do not affect the underlying recurring deficit.

Cumulative brokerage due to be repaid to Scottish Government is £129.9 million at the end of 2024/25. This comprises brokerage of £14.7 million from 2019/20, £25.4 million from 2022/23, £38.4 million from 2023/24 and £51.4 million from 2024/25.

The Board is required to deliver recurring efficiency savings of £30.2 million - 3% of baseline recurring funding. It forecasts delivery of £19.2 million recurring savings and £30.2 million in total.

1.2 Scottish Government Allocations

The table below shows allocations received at the end of February 2026.

Description	Baseline Recurring £000	Non-recurring £000	Earmarked Recurring £000	Total £000
Baseline Allocation	1,006,572	0	0	1,006,572
Recurring Allocation from 24/25	23,607	0	0	23,607
In year allocations at 31 December	22,496	48,767	91,859	163,122
TAVI agreed SG Allocation	387			387
NSD - Risk Share Top-Slice (Return)		331		331
Pay Tranche 3 - Resident Doctors & CPI Guarantee	1,326			1,326
Young Patients Family Fund			38	38
Phased investment programme		392		392
Long COVID Support - Tranche 2		56		56
Global SUM contribution			(359)	(359)
Scottish Public Pensions Agency		(19)		(19)
NSS - Logistics Top-slice		(1,239)		(1,239)
William Quarriers Service Level Agreement	1,713			1,713
Allocations at 28 February	1,056,102	48,288	91,537	1,195,928

Allocations received in February were in line with expectations.

Outstanding are allocations for Operational Improvement Funds, Hospital at Home Virtual Capacity and further support funding.

2. Acute Services – analysis by cost category

2.1 The annual budget for Acute Services is £499.4 million. The directorate is overspent by £31.8 million against its year-to-date budget. The in-month overspend was £3.0 million, includes a £0.6 million benefit from operational improvement funds issued to budgets in month 10.

M11 Category	Annual Budget £000	YTD Budget £000	YTD Actual £000	Variance £000	In Month Variance £000
Pay	374,063	341,224	354,721	(13,497)	(922)
Non Pay	76,530	69,667	79,080	(9,413)	(981)
Purchase of Healthcare	100,179	88,177	87,989	188	174
Hch Income	(39,267)	(35,839)	(36,552)	714	(37)
Other Operating Income	(508)	(444)	(682)	239	45
Savings	(11,636)	(10,069)	0	(10,069)	(1,567)
Total	499,361	452,716	484,556	(31,838)	(3,288)

2.2 Pay is £13.5 million overspent in the year to date and £0.9 million overspent in the month.

- Nursing pay is £10.5 million overspent and was £0.7 million over in Month 11. Within this is £6.2 million on unfunded acute wards shown below which remain open.

Unfunded ward	YTD	YTD	YTD	YTD	YTD	YTD
	Overspend at Month 11	Overspend at Month 10	Overspend at Month 9	Overspend at Month 8	Overspend at Month 7	Overspend at Month 6
	£000	£000	£000	£000	£001	£000
Ward 5D	2055	1863	1674	1481	1307	1121
Ward 3F	791	785	768	757	668	581
Station 3	1559	1428	1291	1145	1010	868
Station 12	950	872	779	690	594	497
Station 8	872	790	719	646	576	498
Total	6,227	5,739	5,230	4,719	4,155	3,564

The spend in month 11 on unfunded wards was £0.5 million and has now followed a regular pattern each month from the beginning of the year. These are not the only additional beds opened, they are the discrete wards open without funding.

- Medical pay is £5.1 million overspent after 11 months having been £4.7 million over at Month 10.
- Medical consultant agency costs amount to around £3.8 million which are only partially offset by the vacant posts which they are filling.

2.3 Supplies and services are £7.6 million overspent (Month 9 - £7.6 million):

Non Pay Category	Annual Budget	YTD Budget	YTD Actual	YTD Variance	Month 11 Variance
	£000	£000	£000	£000	£000
Cssd/diagnostic Supplies	5,708	5,209	6,788	(1,579)	23
Drugs	30,020	27,270	28,576	(1,307)	(51)
Equipment	3,615	3,093	4,878	(1,786)	(187)
Heating Fuel And Power	1	1	3	(2)	(1)
Hotel Services	1,676	1,534	2,542	(1,008)	(102)
Other Admin Supplies	2,277	2,066	2,439	(373)	29
Other Supplies	4,643	4,184	4,909	(725)	(174)
Other Therapeutic Supplies	6,140	5,933	6,270	(336)	49
Property	79	74	206	(132)	(9)
Surgical Sundries	22,373	20,306	22,475	(2,169)	(560)
Total	76,532	69,670	79,086	(9,417)	(981)

- Diagnostic Supplies are £1.6 million overspent due with volume increases in managed service contracts and higher charges from NHS Greater Glasgow and Clyde.
- Medicines are £1.3 million over budget due in part to the increased costs of monoclonal antibodies over previously available treatments.
- Surgical Sundries are £2.2 million overspent.
- Equipment is £1.8 million overspent with £0.2 million in Month 11.

- Taxi services and private ambulance provision are £1.0 million overspent.
- Other Therapeutic Supplies are £0.4 million overspent due to laboratories and diagnostics contrast media for CT scans and radio isotopes for nuclear medicine.

2.4 Acute Service – analysis by department

M11 Directorate	Annual Budget	YTD Budget	YTD Actual	Variance	In Month Variance
	£000	£000	£000	£000	£000
Medicine	89,728	82,020	95,625	(13,605)	(1,381)
Emergency Crosshouse	43,840	40,138	47,004	(6,866)	(819)
Emergency Ayr	18,075	16,571	20,837	(4,267)	(426)
Surgery	135,701	124,492	129,282	(4,790)	(1,034)
Labs & Diagnostics	48,258	44,208	47,888	(3,680)	(318)
Women and Children	50,092	45,786	48,182	(2,396)	(184)
Other	113,667	99,504	95,737	3,767	875
Total	499,362	452,718	484,556	(31,838)	(3,288)

- 2.5 Medicine is overspent by £13.6 million after 11 months, having been £12.2 million over in Month 10. The “active wards” occupied by delayed discharge patients are not funded and wards intended to be open only in winter have been open all year as listed in paragraph 2.2 at a cost of £6.2 million. In addition to unfunded wards there are unfunded beds on funded wards, creating further financial pressure.
- 2.6 Annex C shows graphs on delayed discharges which demonstrate the rising numbers in our hospitals. From April to January 2025, there were 71,028 bed days lost to delayed discharges (all reasons including < 14 days). The targeted use of additional funding for urgent and unscheduled care is intended to reduce this. This is a very high level compared with previous years and represents a financial cost of £19.5 million in ten months based on a variable cost per bed day of £275. A recent Audit Scotland report quoted the full cost of a bed day including overheads as £618. Using this figure the cost to NHS Ayrshire and Arran is £43.9 million.
- 2.7 Emergency Care was overspent by £11.1 million – an increase of £1.2 million over month 10. £4.3 million of the year to date overspend is at University Hospital Ayr and £6.7 million at University Hospital Crosshouse. A&E and CAUs have additional medical and nursing staff above establishment resulting in an overspend of £3.6 million.
- 2.8 Surgery are £4.8 million overspent. The in-month overspend was £1.0 million which is £0.7 million above the run rate. This unexpected overspend was the result of:

M11 Surgery spend above run rate	
Category	£000
Back loaded efficiency target	100
Pay regradings	190
Orthopaedic Theatres	150
Other supplies spend above average	200
Total	640

The orthopaedic theatres and supplies were impacted by absence of staff responsible for receipting, a potential issue with cement supply causing a higher value of orders to be placed to sustain joint replacements and an increased number of high cost procedures such as femoral and pelvic reconstructions. Further information will be sought on the backdated pay regradings.

- 2.9 Labs and Diagnostics are £3.7 million overspent in the year to date and by £0.3 million in the month. The in-month overspend is representative of the average in the year so far. The volume of tests has increased, and the realistic medicine programme is attempting to mitigate this. External capacity for pathology and radiology was initiated at a time of consultant vacancies but has continued despite recruitment.
- 2.10 Women and Children's division are £2.4 million overspent after 11 months. And by £0.2 million in month 11. This overspend is similar to that incurred in previous months. A "Best Start" community-based midwifery service was developed in line with Scottish Government policy. However funding has now ceased resulting in a full year overspend of £0.6 million.

New Medicines Fund (NMF)

- 2.11 The New Medicines Fund is overspent by £5.2 million after 11 months. This is due to the cost of new medicines approved by the Scottish Medicines Consortium being higher than the funding provided by Scottish Government. The Board have been notified of additional funding of £2.0 million to be allocated in Month 12. This has been used to reduce the forecast outturn on New Medicines from an £8.8 million forecast overspend at Month 9 to a £6.8 million forecast overspend at Month 11.

Infrastructure and Support Services (I&SS)

- 2.12 Infrastructure and Support Services (ISS) budgets are separated between those which are operational service provision (such as estates, hotel services and digital services), and those which are corporate in nature, such as capital charges, energy and private finance initiative (PFI) costs. They have an aggregate annual budget of £126.0 million and are £2.25 million underspent after 11 months. ISS delayed £0.5 million of digital spend enabling a return to Board reserves in Month 6.

Corporate Services

- 2.13 Corporate services have budgets of £46.6 million and comprise Public Health, the Nursing Directorate, the Medical Directorate, Human Resources and Organisational Development, Finance, Transformation and Sustainability and the Chief Executive's office. These are underspent in aggregate by £4.15 million after 11 months with Public Health having the largest underspend. The forecast year end position is an underspend of £4.5 million.

Centrally Managed Resources

- 2.14 Centrally Managed Resources are budgets not owned by any of our Directorates. Examples include CNORIS, insurances, VAT recoveries, excess travel, compensation payments and resources “top sliced” from NHS Ayrshire & Arran to provide services through National Services Division. These are £1.6 million underspent at Month 11. We have been notified of a reduction in CNORIS contributions of £1.6 million and this is now included in both the year to date and forecast outturn positions.

Reserves

- 2.15 Reserves are budgets not issued or attributed to any Department. Such budgets can be:
- Legacy Deficits.
 - Allocations received from Scottish Government not yet issued to services.
 - Budget set aside in the Revenue Plan for a specific purpose but not yet spent.

The main budgets in reserves are improved Scottish Government funding assumptions, £7.0 million for Improving Flow/Hospital at Home and £6.0 million for the Band 5-6 review.

The reserve position improved by £4.4 million in Month 11. This was mostly as a result of the improved funding assumptions, a £0.5 million capital to revenue transfer and national service refunds.

Health and Social Care Partnerships (HSCPs)

- 2.16 IJBs financial reserves are depleted, and it is likely any health overspends will require to be covered by the Health Board.

2.17 East HSCP

East HSCP is underspent by £1.3 million after eleven months (£1.2 million at month 10).

East Hscp	Annual Budget	YTD Budget	YTD Actuals	YTD Variance
Ahps East	£9,122,009	£8,351,075	£8,954,865	(£603,790)
And Com Nursing	£989,826	£914,900	£911,394	£3,506
East Business Support	£2,806,899	£2,561,859	£2,137,961	£423,898
East H + C Care	£14,444,223	£13,263,803	£13,068,028	£195,775
East Hosted Services	£12,103,758	£11,087,025	£10,676,837	£410,188
East Hscp Apprenticeship Levy	£294,859	£269,899	£251,640	£18,259
East Hscp Children	£5,010,107	£4,586,774	£4,431,870	£154,905
East Hscp Recharge/misc Post	£0	£0	£0	£0
East Local Authority Payments	£22,200,953	£20,116,239	£20,075,299	£40,941
East Mental Health	£5,392,942	£4,937,621	£4,329,602	£608,019
East Partnership Management	£422,755	£387,426	£568,624	(£181,198)
East Primary Care	£46,771,726	£42,874,082	£42,873,304	£778
East Turnover Allocation	(£500,000)	(£458,333)	£0	(£458,333)
Ehscp Flat Cash Settlement	£601,845	£542,949	£0	£542,949
Primary Care	£141,795,516	£127,089,366	£126,934,196	£155,170
Wsi - Each E	£0	£1,559	£1,559	£0
Wsi - Rehab + Reablement E	£0	£16,732	£16,732	(£0)
	£261,457,416	£236,542,977	£235,231,911	£1,311,066

The underspend in East is driven by underspends on Community Mental Health Teams which are underspent by £0.6 million, lead AHP services which are £0.3 million underspent, Dental services which are £0.5 million underspent and AUCS which is £0.2 million underspent. East local AHPs are £0.6 million overspent as a result of recruitment to alleviate service pressures.

2.18 North HSCP

North HSCP is overspent by £0.6 million after eleven months, having been £0.5 million overspent at Month 10.

North Hscp	Annual Budget	YTD Budget	YTD Actuals	YTD Variance
Ahps North	£11,995,514	£10,982,862	£10,516,918	£465,944
Arran Montrose House	£14,094	£14,094	£14,094	£0
Mental Health Services	£72,937,769	£66,413,282	£66,656,753	(£243,471)
Nhscp Flat Cash Settlement	£1,237,444	£753,182	£436,000	£317,182
North Apprenticeship Levy	£401,990	£368,017	£351,300	£16,717
North Business Support	£1,018,568	£929,369	£896,486	£32,883
North Gp Stakeholder	£53,442	£48,989	£60,422	(£11,433)
North H + C Care	£21,799,424	£19,349,931	£21,447,301	(£2,097,370)
North Hosted Services	£609,264	£557,865	£598,395	(£40,530)
North Hscp Children	£5,356,068	£4,904,166	£4,891,426	£12,740
North Local Authority Payments	£23,747,327	£21,608,376	£21,608,376	(£0)
North Mental Health	£6,280,070	£5,753,334	£4,789,490	£963,844
North Partnership Management	£631,640	£578,547	£589,900	(£11,353)
North Primary Care	£53,261,984	£48,823,486	£48,822,615	£871
North Retained Profit	£0	£0	£0	£0
Wsi - Care @ Home N	£0	£5,559	£5,559	£0
	£199,344,599	£181,091,058	£181,685,035	(£593,978)

The main areas of overspend are UNPACS external placements (£1.05 million) and wards at Woodland View. These require supplementary staffing and high levels of constant observations.

The North HSCP have a payroll turnover target which is recorded under Hospital and Community Services. This makes this area look overspent; however the target is projected to overachieve. The turnover to achieve this is generated across all non-lead partnership services including those recorded out with Hospital and Community Services e.g. AHPs, local Mental Health, Learning Disability Services and Long-Term Conditions.

The financial recovery plan for the North Ayrshire HSCP, first agreed in June 2025, has delivered £2.833 million of cost reductions. These actions have helped to mitigate additional in-year pressures and have supported the improved outturn position. Given the proximity to the year-end, no new recovery actions are proposed at this stage, with the focus remaining on strong governance, scrutiny, and control.

The 2026/27 budget assumes all mitigations and controls established in 2024-25 and 2025-26 continue throughout 2026-27 as it is recognised that the same uncertainty and risks remain into 2026-27 and there needs to be tight grip and control over expenditure overall.

2.19 South HSCP

South HSCP is underspent by £0.7 million after eleven months, an unchanged position from Month 10.

South Hscp	Annual Budget	YTD Budget	YTD Actuals	YTD Variance
Ahps	£11,610,024	£10,639,314	£10,040,468	£598,846
Int Care + Rehab Moc South	£1,551,197	£1,419,933	£1,365,458	£54,475
South Business Support	£3,147,533	£2,867,049	£2,670,290	£196,759
South Covid 19	£0	£0	£35	(£35)
South H + C Care	£14,709,003	£13,513,810	£14,156,246	(£642,436)
South Hosted Services	£4,584,320	£4,149,014	£4,269,511	(£120,497)
South Hscp Children	£3,649,963	£3,341,592	£3,123,740	£217,852
South Hscp Management	£1,537,251	£1,204,369	£1,078,905	£125,464
South Local Authority Payment:	£19,379,705	£18,609,404	£18,609,404	£0
South Mental Health	£6,155,853	£5,597,989	£5,316,712	£281,277
South Primary Care	£46,446,691	£42,576,133	£42,575,410	£723
South Retained Profit	£0	£0	£0	£0
Wsi - Integrated Assessment T	£11,750	£11,750	£11,750	£0
Wsi - Reablement Step Up-dow	£607,234	£607,234	£607,234	£0
	£113,390,524	£104,537,590	£103,825,163	£712,428

The underspend in South is across most services and particularly in AHPs, Community Mental Health, Children's services and Community administration. Areas of overspend include the Community Equipment Loan Store (hosted on behalf of Ayrshire) and nursing at Biggart and Girvan hospitals.

3 Efficiency and Transformation Programme

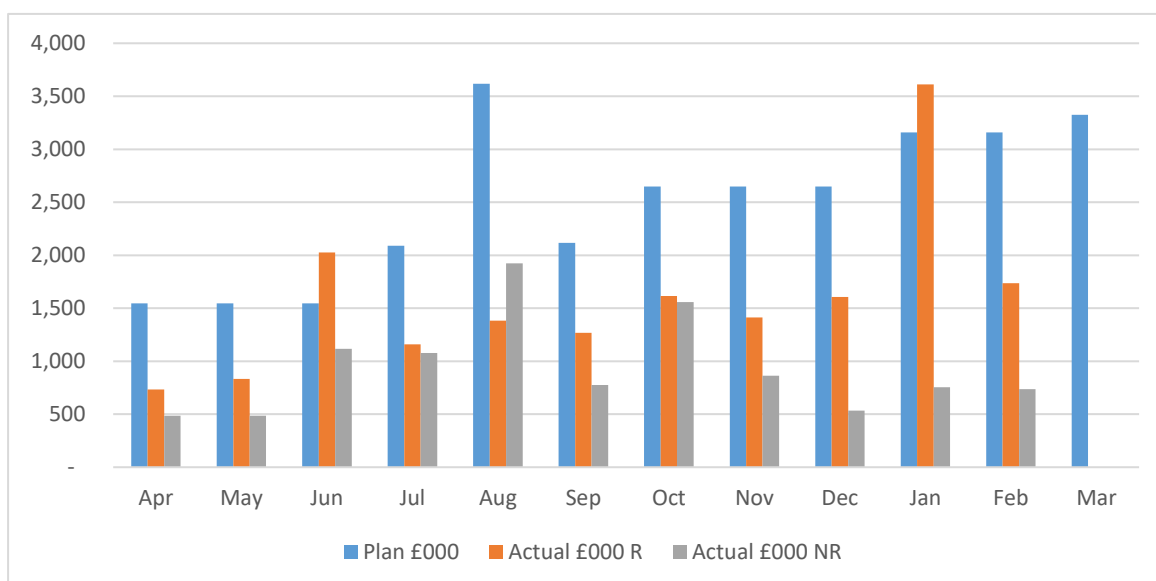
3.1 The Efficiency programme for 2025/26 approved by the Board as part of the Revenue Plan is £36.7 million.

2025/26 – delivery against the Efficiency target

Area	Annual Target £000	Annual Forecast £000	Forecast Variance £000	Forecast Recurring £000	Forecast Non-Recurring £000	YTD Plan M11 £000	YTD Achieved M11 £000	YTD Variance £000
Medicine	3,000	889	(2,111)	0	889	2,824	814	(2,010)
Women and Children	1,400	717	(683)	14	703	1,086	690	(396)
Surgery	4,300	3,056	(1,244)	170	2,886	1,684	2,909	1,225
Emergency & Trauma	2,000	1,496	(504)	0	1,496	1,839	1,387	(452)
Labs & Diagnostics	1,950	985	(965)	377	608	889	900	11
Workforce Nursing	2,100	1,109	(991)	0	1,109	1,476	1,009	(467)
Workforce Transformation	630	942	312	0	942	954	907	(47)
Workforce Medical	1,250	1,621	371	0	1,621	1,144	1,553	409
Workforce Efficiency	0	2,234	2,234	2,234	0	0	2,048	2,048
Procurement	1,400	332	(1,068)	330	2	1,264	282	(982)
Corporate	3,270	2,813	(457)	2,690	123	2,932	2,574	(358)
Primary Care Prescribing	2,000	2,275	275	2,275	0	1,824	2,130	306
Acute Prescribing	2,000	2,035	35	2,035	0	1,744	1,924	180
Acute Other	400	171	(229)	171	0	0	161	161
ISS - Corporate	1,950	1,947	(3)	1,847	100	1,790	1,782	(8)
ISS - Operational	900	953	53	953	0	820	873	53
ISS - Commercial	1,500	0	(1,500)	0	0	0	0	0
East HSCP	2,445	2,015	(430)	1,750	265	2,002	1,728	(274)
North HSCP	2,170	2,526	356	2,351	175	1,628	2,180	552
South HSCP	2,015	2,015	0	2,015	0	1,848	1,848	0
Total NHS Ayrshire and Arran	36,680	30,131	(6,549)	19,212	10,919	27,748	27,699	(49)

3.2 Achievement is on track against the internal plan but forecast to be £6.5 million short of the original annual target of £36.7 million.

3.3 The backloading of the efficiency programme together with recurring and non-recurring achievement to date are shown in the graph below.



- 3.4 The forecast for recurring Cash Releasing Efficiency Savings achievement is £19.2 million against the Scottish Government target of £30.2 million. This is a shortfall of £11.0 million.
- 3.5 Viridian Associates are currently commissioned to support the Acute Services and associated workforce improvement programme for 2025/26. This does not include the Boards wider efficiency programme and recovery plan. The acute efficiency target has been devolved to divisions for 25/26 and totals £16.6 million. Most of the savings identified for acute are non-recurring cost reductions.
- 3.6 The acute savings forecast for 25/26 currently stands at £10.8 million leaving a shortfall of £5.6 million savings to find. This is driven by Medicine (£2.1 million), Labs and Diagnostics (£1.0 million) and Surgery (£1.25 million) along with smaller but still material shortfalls in other divisions.

	Annual Target	Annual Forecast	Forecast Variance	Forecast Recurring	Forecast Non-Recurring	YTD Plan M11	YTD Achieved M11	YTD Variance
Area	£000	£000	£000	£000	£000	£000	£000	£000
Medicine	3,000	889	(2,111)	0	889	2,824	814	(2,010)
Women and Children	1,400	717	(683)	14	703	1,086	690	(396)
Surgery	4,300	3,056	(1,244)	170	2,886	1,684	2,909	1,225
Emergency & Trauma	2,000	1,496	(504)	0	1,496	1,839	1,387	(452)
Labs & Diagnostics	1,950	985	(965)	377	608	889	900	11
Workforce Nursing	2,100	1,109	(991)	0	1,109	1,476	1,009	(467)
Workforce Transformation	630	942	312	0	942	954	907	(47)
Workforce Medical	1,250	1,621	371	0	1,621	1,144	1,553	409
Total Acute	16,630	10,815	(5,815)	561	10,254	11,896	10,169	(1,727)

4. RISKS AND MITIGATIONS

- 4.1 The table below sets out risks and opportunities based on the the changes since Month 9. A month 10 table was produced but scheduling meant that this committee did not receive it. As the change in our forecast position was material between months 9 and 10 both months movements are shown – taking us from £40.2 million to £25.0 million.

	Best £M	Likely £M	Worst £M
Forecast at M9	(40.2)	(40.2)	(40.2)
Improved SG Funding Assumptions (NR)		4.8	
CNORIS Benefit		1.7	
Additional New Medicines Funding		2.0	
Write back of historic GRNI		0.6	
Other improvements		1.4	
Forecast at M10	(29.7)	(29.7)	(29.7)
NR changes to Acute projection		(0.4)	
NR changes to Pharmacy/UNPACS		0.1	
NR changes to ISS and Corporate		0.6	
Capital to Revenue Benefits		0.5	
National Risk Share Underspends		0.5	
Maternity PFI Settlement		0.4	
Improved SG Funding Assumptions (NR)		3.0	
Sub Total Forecast Outturn M11	(25.0)	(25.0)	(25.0)
New Medicines Fund	1.0	0.0	0.0
Acute projection	1.0	0.0	0.0
HSCP Overspends	0.0	0.0	(0.9)
Primary Care Prescribing	0.4	0.0	(0.8)
AFC Reform	1.5	0.0	(5.4)
Month 11 Forecasts	(21.1)	(25.0)	(32.1)

- 4.2 Aggregated in month benefits as listed improved the year projection from a deficit of £29.7 million to a deficit of £25.0 million.
- 4.3 The New Medicines Fund comprises low volume high cost medicines which by their nature are subject to large swings in spend following clinical decisions. A best case allowing for £1.0 million improvement is included. The most likely case is considered prudent.
- 4.4 The acute projection is subject to both service pressure and late invoicing during month 12. A best case allowing of £1.0 million improvement is included. The most likely case is considered prudent.
- 4.5 IJBs may overspend health budgets and require Health Board support. Recovery plans are in place but may not fully offset overspends. Likelihood: Medium. Value: £0.9 million.
- 4.6 Primary Care Prescribing is historically volatile. The trend in 2025/26 has been an increasing underspend, although the in month position was much closer to budget based on December information (the latest available). This is budget of over £100 million and as such a best case of a further £0.4 million underspend and a worst case of a deterioration of £0.8 million is included.
- 4.7 The regrading of some Band 5 nurses to Band 6 is part of an ongoing process. The cost will depend on number of applicants and their progress through stages in the process. The most likely scenario estimates a year end liability of £2.5 million. A worst case and prudent approach may involve a liability of up to £7.9 million. The worst case scenario therefore includes a provision for an additional £5.4 million. A best case calculation shows a liability of £1.0 million, and therefore a best case of £1.5 million improvement is shown.

5 CONCLUSION

- 5.1 The Board is £24.9 million overspent after 11 months excluding IJBs. The year end forecast is a £25.0 million overspend. This is a £4.7 million improvement from Month 10 largely driven improved funding assumptions and £1.7 million of additional non-recurring benefits. It does not represent an improvement in the underlying deficit.

The ongoing patient flow issues continue to drive large overspends within the acute directorate. It is essential the Board takes all appropriate available actions to minimise the financial deficit.

Annex A
Value Based Efficiency Recurrent Position

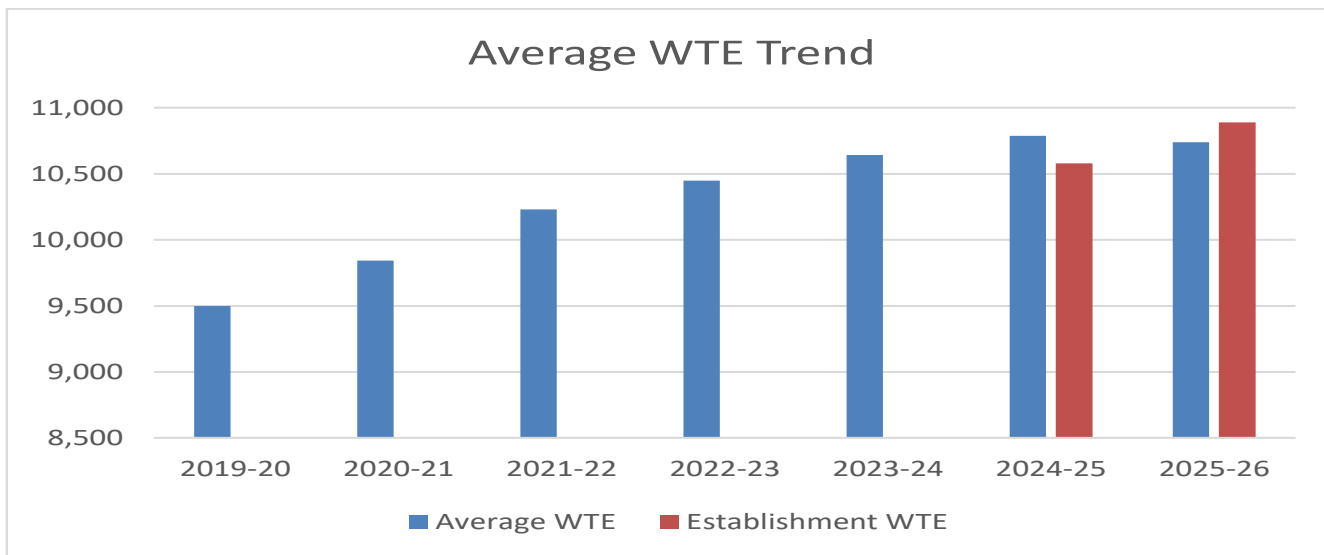
Value Based Efficiency Area	YTD Plan £m	YTD Actual £m	YTD Variance £m	Annual Plan £m	Forecast £m	Variance £m	Recurrent Annual Plan £m	Recurrent Annual Plan YTD £m	Recurrent Actual YTD £m	Recurrent Variance YTD £m	Recurrent Forecast £m	Forecast Recurrent Variance £m
Medicine	2.8	0.8	(2.0)	3.0	0.9	(2.1)	3.0	2.8	0.0	(2.8)	0.0	(3.0)
Women and Children	1.1	0.7	(0.4)	1.4	0.7	(0.7)	1.4	1.1	0.0	(1.1)	0.0	(1.4)
Surgery	1.7	2.9	1.2	4.3	3.1	(1.2)	4.0	1.7	0.2	(1.5)	0.2	(3.8)
Emergency & Trauma	1.8	1.4	(0.5)	2.0	1.5	(0.5)	2.0	1.8	0.0	(1.8)	0.0	(2.0)
Labs & Diagnostics	0.9	0.9	0.0	2.0	1.0	(1.0)	1.7	0.9	0.3	(0.6)	0.4	(1.3)
Acute Other	0.0	0.2	0.2	0.4	0.2	(0.2)	0.4	0.0	0.2	0.2	0.2	(0.2)
Workforce Nursing	1.5	1.0	(0.5)	2.1	1.1	(1.0)	0.0	0.0	0.0	0.0	0.0	0.0
Workforce Transformation	1.0	0.9	(0.0)	0.6	0.9	0.3	0.1	0.1	0.0	(0.1)	0.0	(0.1)
Workforce Medical	1.1	1.6	0.4	1.3	1.6	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Workforce Efficiency	0.0	2.0	2.0	0.0	2.2	2.2	0.0	0.0	2.0	2.0	2.2	2.2
Procurement	1.3	0.3	(1.0)	1.4	0.3	(1.1)	1.4	1.3	0.3	(1.0)	0.3	(1.1)
Infrastructure & Support Services - Commercial (CG)	0.0	0.0	0.0	1.5	0.0	(1.5)	0.0	0.0	0.0	0.0	0.0	0.0
Corporate	2.9	2.6	(0.4)	3.3	2.8	(0.5)	2.8	2.4	2.4	0.0	2.7	(0.1)
Infrastructure & Support Services - Corporate	1.8	1.8	(0.0)	2.0	1.9	(0.0)	1.9	1.7	1.7	(0.0)	1.8	(0.0)
Primary Care Prescribing	1.8	2.1	0.3	2.0	2.3	0.3	2.0	1.8	2.1	0.3	2.3	0.3
Acute Prescribing	1.7	1.9	0.2	2.0	2.0	0.0	2.0	1.7	1.9	0.2	2.0	0.0
Infrastructure & Support Services - Operational	0.8	0.9	0.1	0.9	1.0	0.1	0.9	0.8	0.9	0.1	1.0	0.1
Total	22.3	21.9	(0.3)	30.0	23.6	(6.5)	23.6	18.2	12.0	(6.2)	13.1	(10.5)
East HSCP	2.0	1.7	(0.3)	2.4	2.0	(0.4)	2.4	2.0	1.5	(0.5)	1.8	(0.7)
North HSCP	1.6	2.2	0.6	2.2	2.5	0.4	2.2	1.6	2.0	0.4	2.4	0.2
South HSCP	1.8	1.8	0.0	2.0	2.0	(0.0)	2.0	1.8	1.8	0.0	2.0	(0.0)
Grand Total	27.7	27.7	(0.1)	36.7	30.1	(6.6)	30.2	23.7	17.4	(6.3)	19.2	(11.0)

Annex B - Workforce and Performance Information

Annex B: Key workforce data

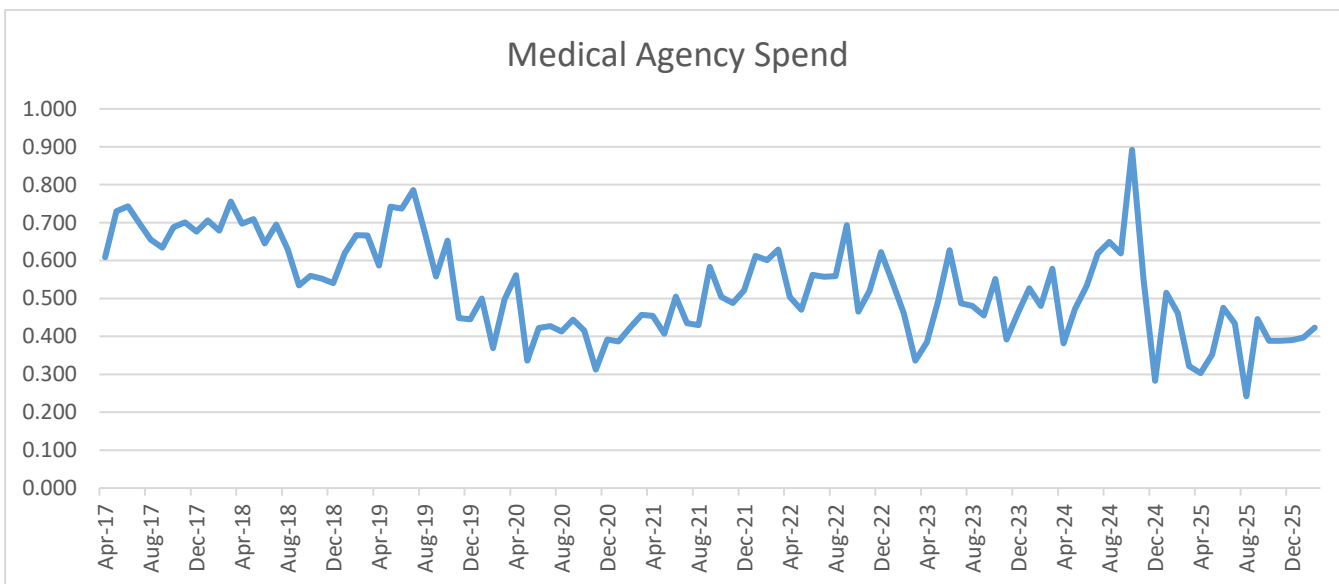
Key points:

- There has been an increase in staffing since 2020/2021, but 2025/26 shows a reduction in the year so far.
- Medical agency spend has been broadly static since April 2021.
- Nursing agency spend has been on an overall downward trend since October 2024.



Medical Agency Trend

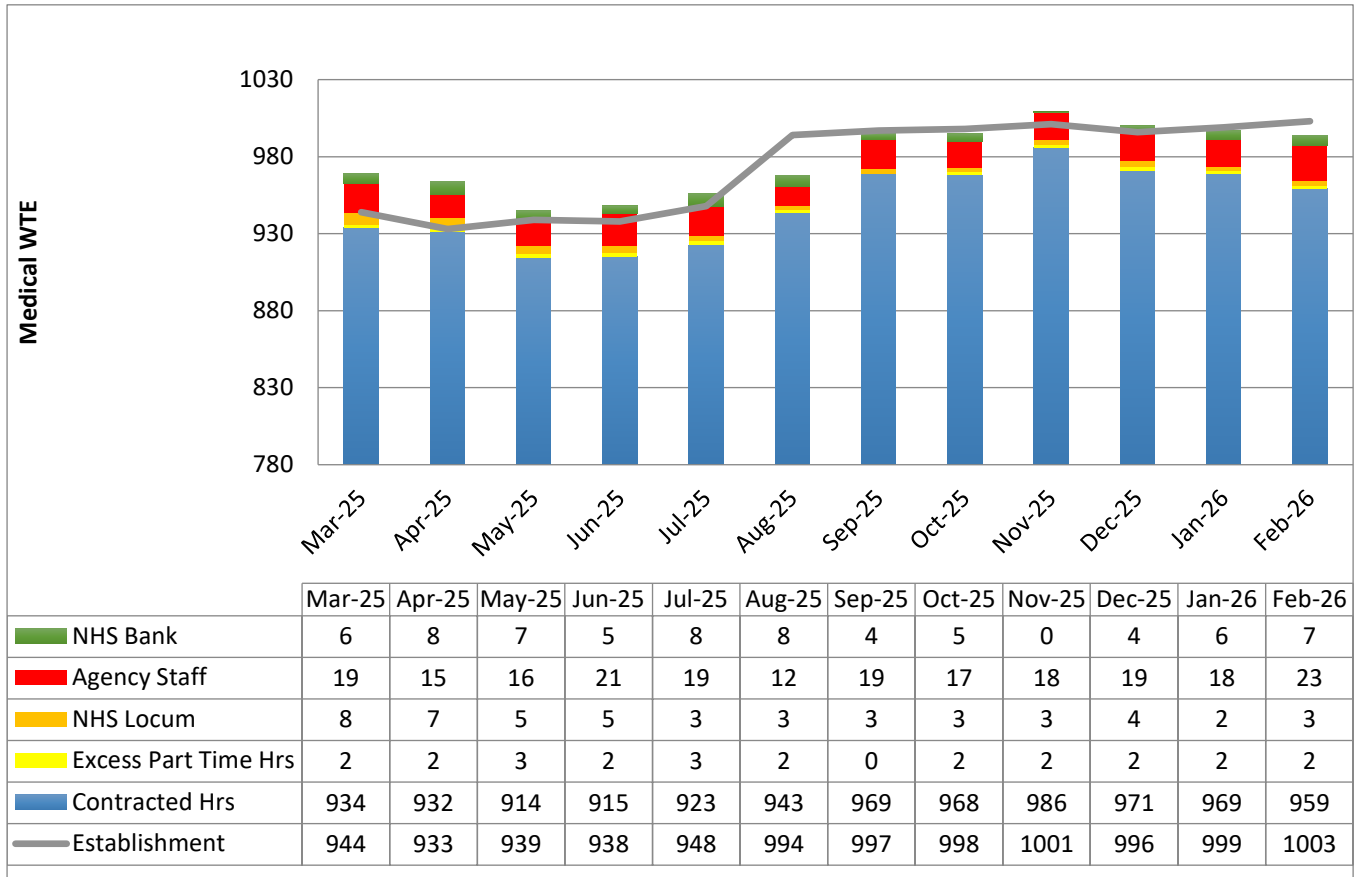
Agency medical costs are mainly for Consultants. They were £1.7 million lower than in the first eleven months of 2024/25.



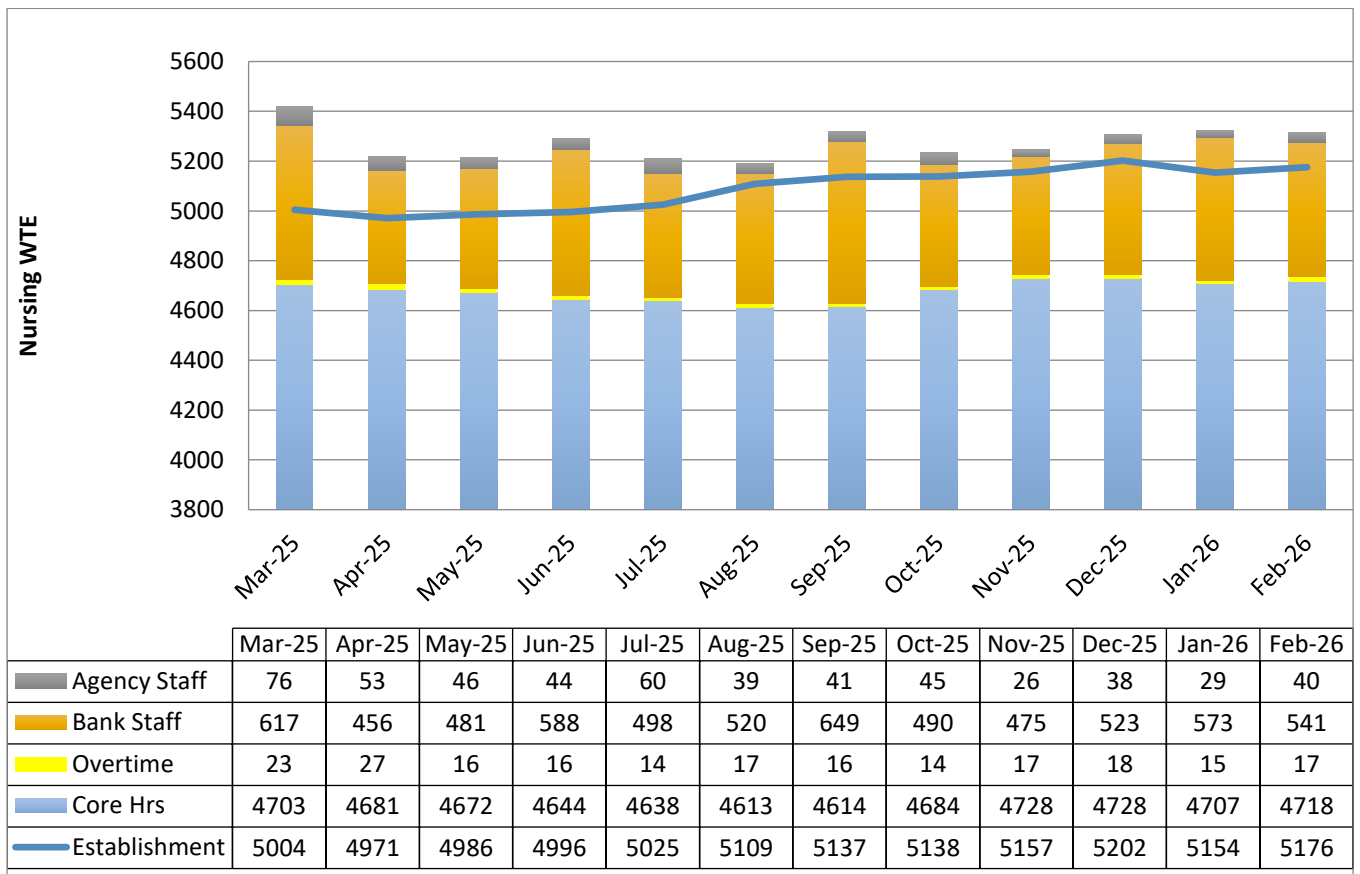
Nusing Agency Trend

Agency Nurse costs have reduced by £3.5 million in the first eleven months of 2025/26 compared with the first eleven months of 2024/25. However bank nursing costs have risen to offset this. Almost half of the entire nursing agency spend is in Crosshouse A&E, CAU and the Orthopaedic Trauma Wards.

Medical Staffing breakdown

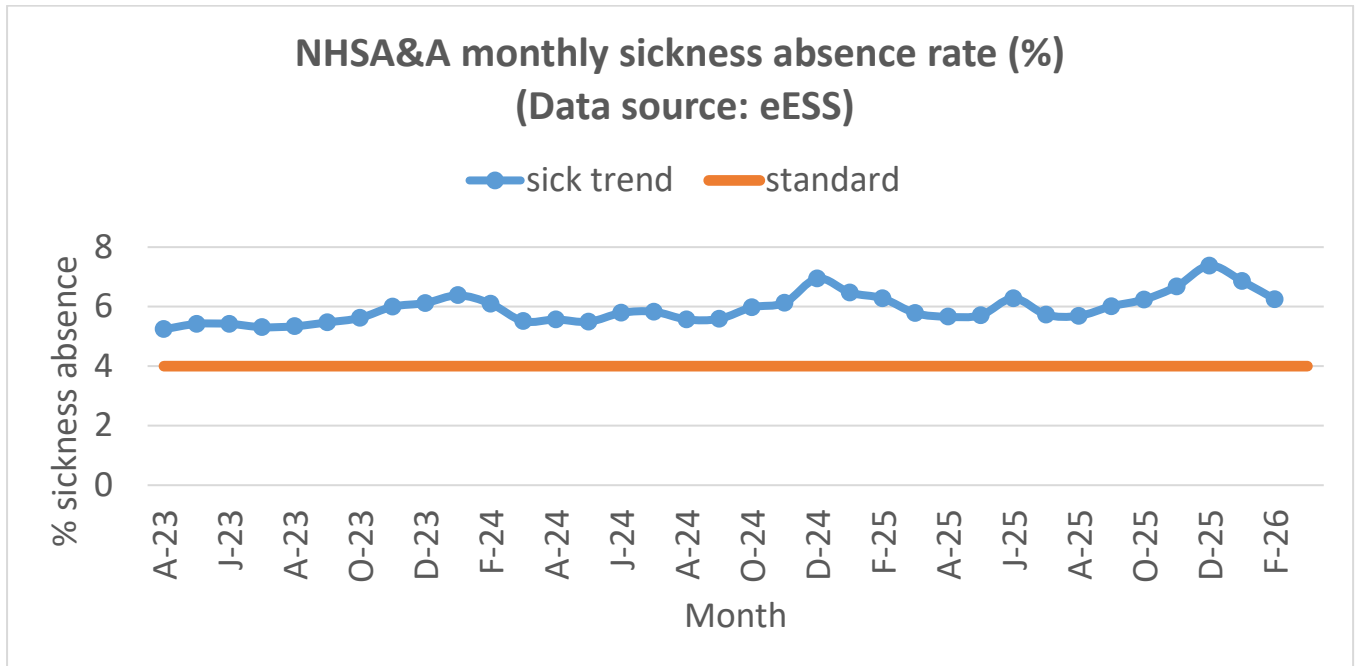


Nursing Staff breakdown



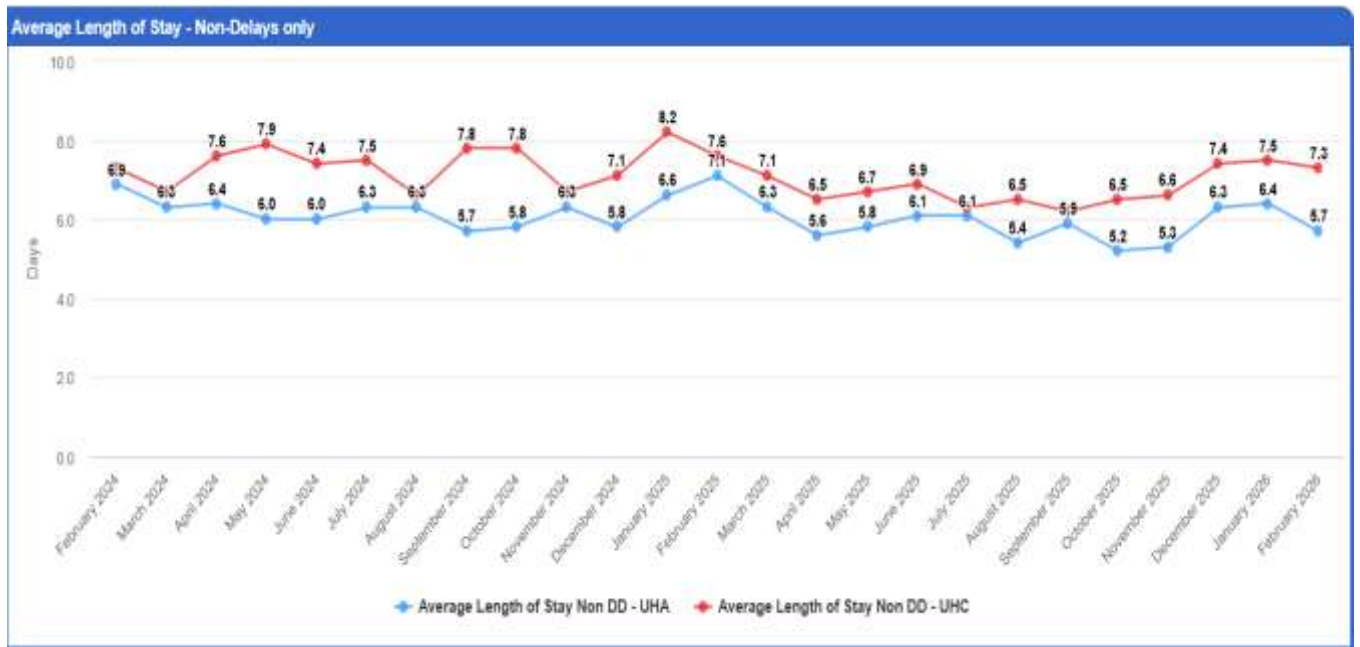
Sickness Absence

The local target level of sickness absence is 5.15% for the year. The absence rate fell from 7.38% in December to 6.86% in January.



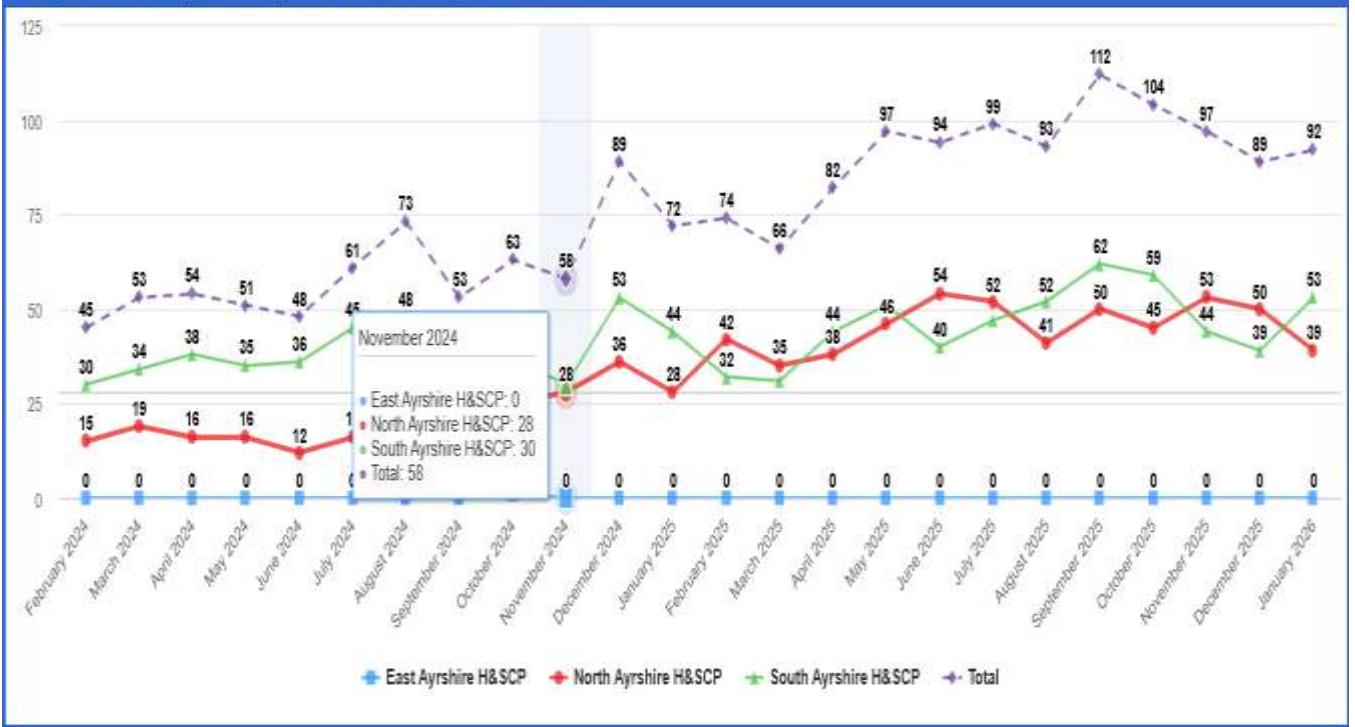
Annex C: Selected Performance Indicators

In February the ALOS for Non-Delayed patients fell from 7.5 to 7.3 days as Crosshouse and from 6.4 to 5.7 days at Ayr. It had previously been rising at both sites from October.



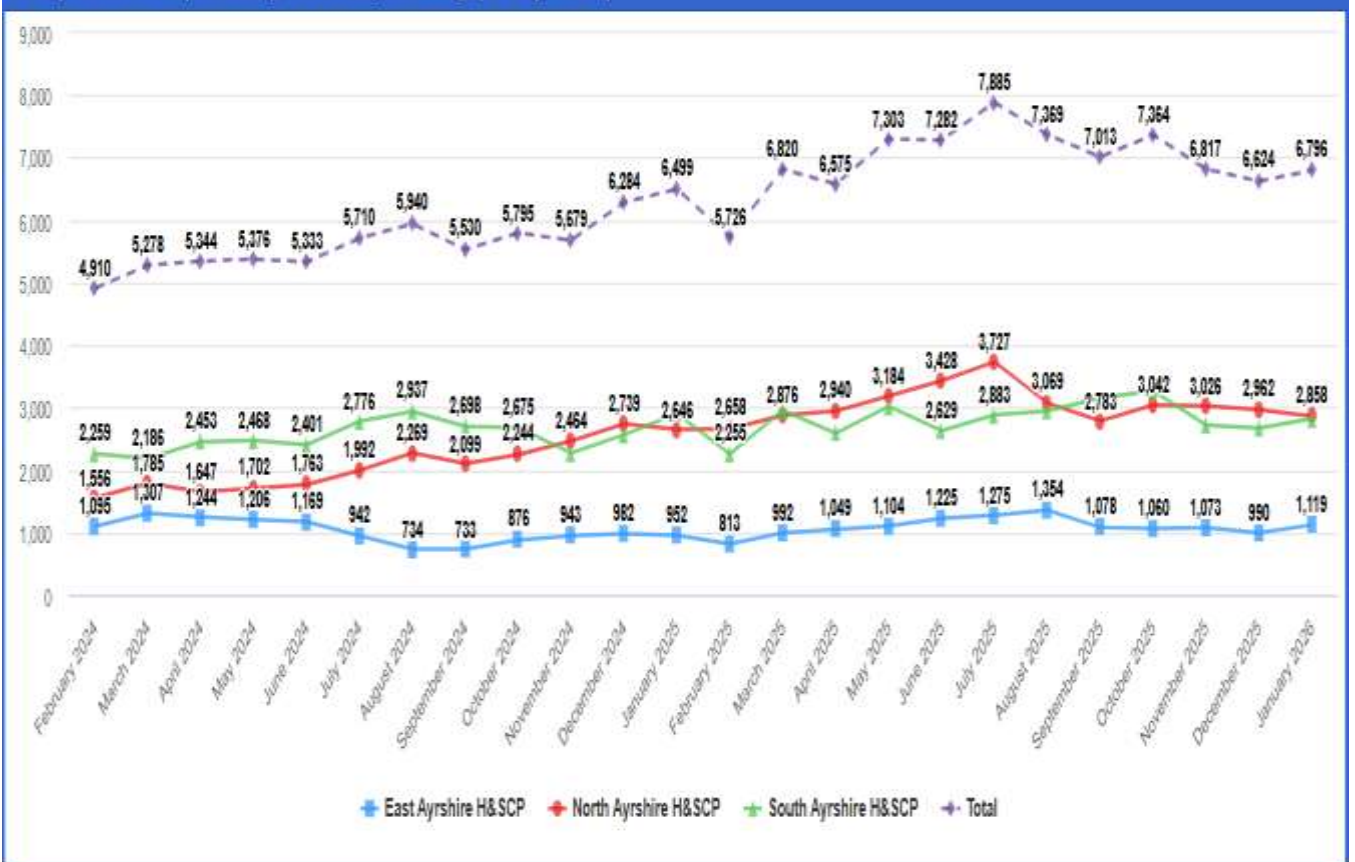
The number of delayed discharges rose steeply in April and May following reductions from January to March 2025. They were then broadly static until September when they rose from 93 to 112. There was a reduction to 89 in December, and a rise to 92 in January 2026.

Monthly numbers of delayed discharges over 2 wks, excluding code 9



The number of bed days occupied by Delayed Discharges has increased over last year. This is a major cause of the financial deficit and in year variation from plan. These have fallen in recent months but remain at a higher level than in April.

Monthly number of occupied bed days due to delayed discharge (all delay reasons)



At a variable bed day cost of £275 per day the 71,028 bed days lost to delayed discharges from April to January cost £19.5 million. At the fully absorbed £618 per bed day quoted by Audit Scotland this becomes £43.9 million. Bed days lost to delayed discharges rose by 172 in January.