

NHS Ayrshire & Arran



Meeting:	Ayrshire and Arran NHS Board
Meeting date:	Monday 8 June 2026
Title:	Abridged Financial Management Report for April 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

2. Report summary

2.1 Situation

The Board is 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 and Scottish Government is a deficit of £45 million for 2026/27, reducing to £30 million in 2027/28 and £15 million in 2028/29.

The 2026/27 plan includes £10.9 million of non-recurring sustainability funding.

The Board have overspent by £4.0 million in Month 1, excluding Health and Social Care Partnerships.

2.2 Background

The revenue plan for 2026/27 has been approved by the Board and Scottish Government.

2.3 Assessment

REVENUE

The key points from the Board finance report are:

- The Board recorded a deficit of £4.0 million in Month 1.
- Health and Social Care Partnerships underspent in aggregate by £0.65 million.
- Information is high level at Month 1 and will be subject to further refinement in Month 2.

VALUE AND EFFICIENCY

- Scottish Government require the Board to achieve 3% recurring efficiency savings our baseline funding. The recurrent target is £32.8 million. The recurring efficiency included in the Financial Plan is £36.2 million excluding IJBs at £9.0 million.
- A further non-recurring efficiency target of £11.9 million is included in the financial plan.
- At month 1 efficiency achieved was £2.4 million excluding IJBs. IJBs are assumed to be delivering their efficiency at this stage and further detail will be provided in Month 2.

2.3.1 Quality/patient care

Financial resources contribute directly to quality of patient care.

2.3.2 Workforce

TBA

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. The Finance Director has added a comprehensive explanation of the controls in place to the Strategic Risk Register.

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 paper support Best Value across the following themes.

Describe how the paper topic supports Best Value and theme/s this relates to Vision and Leadership

- Effective Partnerships
- Governance and accountability
- Use of resources
- Performance management

2.3.7 Other impacts

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

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

The paper has not been to any other groups or committees.

2.4 Recommendation

Members are asked to:

- Review the financial position for Month 1.
- Evaluate financial performance against the key Scottish Government targets

3. List of appendices

The following appendices are included with this report:

Appendix A: Finance Report – Month 1

Appendix A

NHS Ayrshire and Arran – Finance Report April 2026

1. Overall Financial Position

- 1.1 The Board was £4.0 million overspent at the end of month 1, excluding Health and Social Care Partnerships. Health and Social Care Partnerships underspends do not belong to the Health Board.

Summary Financial Position

Department	Annual Budget £000	YTD Budget £000	YTD Spend £000	Variance £000
Acute	510,713	44,196	45,234	(1,038)
New Medicine Fund	27,414	2,284	2,284	0
Pharmacy	14,033	1,169	1,135	34
Acute and Clinical Services	552,160	47,649	48,653	(1,004)
ISS (Operational)	87,600	7,203	6,941	262
ISS (Corporate)	48,723	2,925	2,879	46
Corporate Services	50,827	4,045	3,617	429
Non Clinical Support Services	187,150	14,173	13,437	737
Centrally Managed Resources	7,616	3,773	3,783	(10)
Reserves	6,046	40	0	40
Centrally Managed Resources	13,662	3,813	3,783	30
Health Board Sub Total	752,971	65,635	65,873	(237)
Maximum Deficit Support Level	(45,000)	(3,750)	0	(3,750)
Board Total	707,971	61,885	65,873	(3,987)
East Hscp	264,076	22,401	21,953	448
North Hscp	208,169	17,600	17,385	215
South Hscp	116,450	9,600	9,610	(10)
Board Total inc HSCPs	1,296,666	111,486	114,821	(3,334)

Performance against key Scottish Government targets

The Board is overspent by £4.0 million after one month. It must deliver an annual deficit not exceeding £45.0 million in the financial year.

Recurring efficiency delivered in Month 1 was £1.7 million, with the Financial Plan requiring £36.2 million in the full year excluding IJBs. Non-recurring efficiency was £0.7million, meaning total delivery in Month 1 was £2.4 million. The efficiency plan has been phased into budgets in equal 12ths.

1.2 Scottish Government Allocations

An allocation letter will be issued by Scottish Government in May 2026. The Board anticipates revenue resource of £1.3 billion. £11.3 million of the Agenda for Change Reform allocation has been added to service budgets to support delivery of the further 1 hour reduction in the working week.

2. Acute Services – analysis by cost category

2.1 The annual budget for Acute Services was £510.7 million. The directorate overspent by £1.0 million against its year-to-date budget. This was entirely due to £1.7 million savings targets not removed from specific budget areas. This has been partially offset by non-pay and purchase of healthcare underspends.

M1 Category	Annual Budget £000	YTD Budget £000	YTD Actual £000	Variance £000
Pay	390,237	32,620	32,628	(8)
Non Pay	84,448	7,074	6,630	444
Purchase of Healthcare	99,225	9,756	9,551	206
Hch Income	(42,354)	(3,519)	(3,496)	(24)
Other Operating Income	(498)	(40)	(80)	40
Savings	(20,346)	(1,695)	0	(1,695)
Total	510,713	44,196	45,234	(1,038)

2.2 Pay was in line with budget overall.

- Nursing pay was £0.4 million underspent whilst medical staffing was £0.25 million overspent. However, nurse bank spend has been historically low in April by approximately £0.4 million below the monthly average. Other staff groups had minor variances.
- Unfunded Wards are now budgeted.

2.3 Supplies and services were £0.45 million underspent.

M1 Category	Annual Budget £000	YTD Budget £000	YTD Actual £000	Variance £000
Cssd/diagnostic Supplies	7,233	602	572	30
Drugs	30,474	2,415	2,349	65
Equipment	4,778	364	330	34
Hotel Services	1,834	152	174	(22)
Other Admin Supplies	2,226	184	154	30
Other Supplies	5,736	446	450	(4)
Other Therapeutic Supplies	6,379	612	629	(17)
Property	79	7	28	(21)
Surgical Sundries	25,234	2,252	1,943	310
Other	475	40	0	40
Total	84,448	7,074	6,630	444

- These budgets have been reset in line with 2025/26 spend
- Surgical Sundries underspent by £0.3 million.
- Other variances are relatively minor in context at Month 1.

2.4 Acute Service – analysis by department

Table 1b	Annual	YTD	YTD	YTD
Division	Budget	Budget	Actual	Var
	£000	£000	£000	£000
Surgical	168,635	14,063	13,697	366
Medicine	112,680	9,466	9,582	(116)
Externals	89,186	8,818	8,737	81
Emergency Care and Trauma	52,060	4,321	4,471	(149)
Women + Children	55,284	4,615	4,502	112
Labs & Diagnostics	53,927	4,533	4,259	274
Access	2,694	459	459	(0)
Acute Management	(23,752)	(2,079)	(472)	(1,606)
Total	510,713	44,196	45,234	(1,039)

2.5 Directorate budgets have been reset in line with 2025/26 spend.

2.6 The £1.6 million overspend in Acute Management is caused by savings not yet allocated to a directorate.

2.7 Underspends in Surgical, Women and Children and Labs & Diagnostics were partially offset by overspends in Emergency Care and Trauma and Medicine.

2.8 New Medicines Fund (NMF)

The New Medicines Fund has now been funded at 2025/26 levels plus £3.24 million of anticipated additional spend. No variance is shown at Month 1. A delay in receiving information from tertiary providers results in a breakeven estimate for Month 1.

2.9 Infrastructure and Support Services (I&SS)

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 £136.3 million and were £0.3 million underspent at Month 1.

2.10 Corporate Services

Corporate services have budgets of £50.8 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 were underspent in aggregate by £0.4 million at Month 1.

2.11 Centrally Managed Resources

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 shown as breakeven at Month 1.

2.12 Reserves

Reserves are budgets not issued or attributed to any Department. These include

- The planned deficit of £45 million, disclosed separately.
- 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.

2.13 Health and Social Care Partnerships (HSCPs)

Health and Social Care Partnerships are underspent by £0.65 million in aggregate. East are underspent by £0.45 million, North by £0.2 million and South in a break even position. Further detail will be provided in Month 2 reports.

Primary Care Prescribing Budgets of £102 million are assumed to break even within this position. Information is received around 2 months after the calendar month end. Under and overspends are managed by the Health Board.

3 Efficiency and Transformation Programme

- 3.1 The Efficiency programme in the Financial Plan for 2026/27 is £57.1 million. This is comprised of £36.2 million recurring Board efficiencies, £9 million of IJB efficiencies and £11.9 million of non-recurring efficiencies.

2026/27 – delivery against the Efficiency target

- 3.2 The table below shows the annual efficiency plan together with an initial assessment of month 1 achievement. Month 1 achievement is still to be validated and formally reconciled. Forecast achievement will be added for Month 2. Prescribing savings are assumed to be on track as information becomes available 2 months in arrears. HSCP savings are also assumed to be on track in Month 1. It is important to recognise these figures represent a high level assessment and will be further refined in future.

Area	Annual Plan £000	Achieved M1 £000
Medicine	0	0
Women and Children	0	0
Surgery	4,371	0
Emergency & Trauma	0	0
Labs & Diagnostics	90	13
Workforce Nursing	3,000	109
Workforce Transformation	500	0
Workforce Medical	3,900	0
Workforce Efficiency	0	0
Procurement	353	173
Corporate	11,760	705
Primary Care Prescribing	4,000	337
Acute Prescribing	3,000	240
Acute Other	3,650	305
Infrastructure & Support Services	1,919	123
HSCP Breakeven Expectation	4,900	408
Unidentified Schemes	6,652	0
Sub Total Health Board	48,095	2,413
East HSCP	2,722	227
North HSCP	4,335	361
South HSCP	1,969	164
Total NHS Ayrshire and Arran	57,121	3,165

4. CONCLUSION

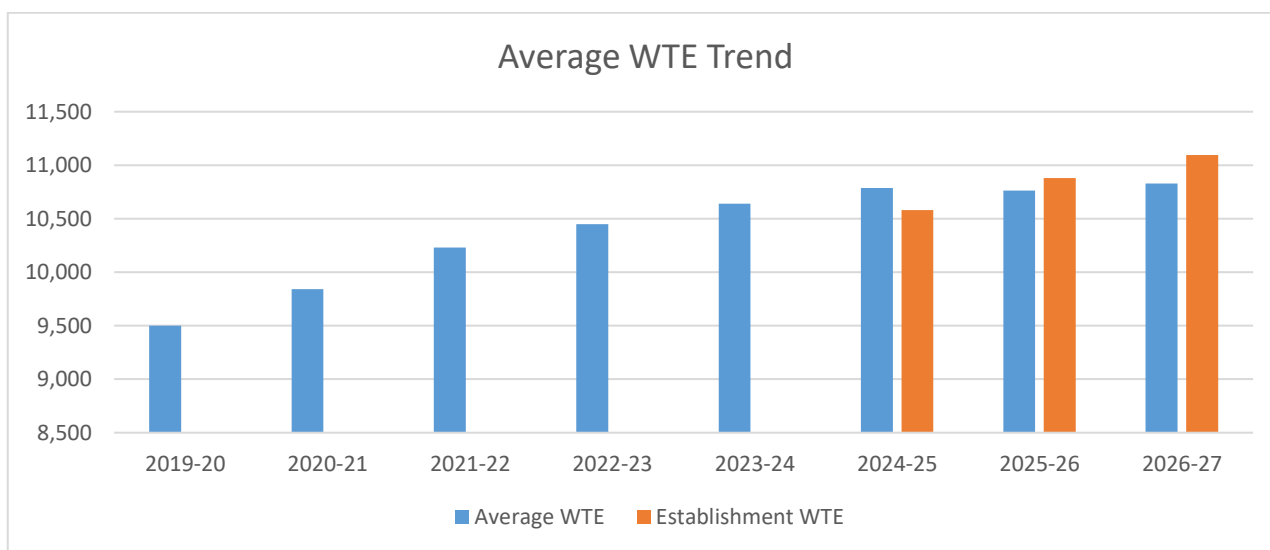
- 4.1 The Board posted a £4.0 million deficit in Month 1 of 2026/27. Whilst month 1 is not routinely produced, given the financial situation of the Board every effort has been made to produce high level figures. Further refinement will be undertaken from Month 2 onwards.

Annex A - Workforce and Performance Information

Key workforce data

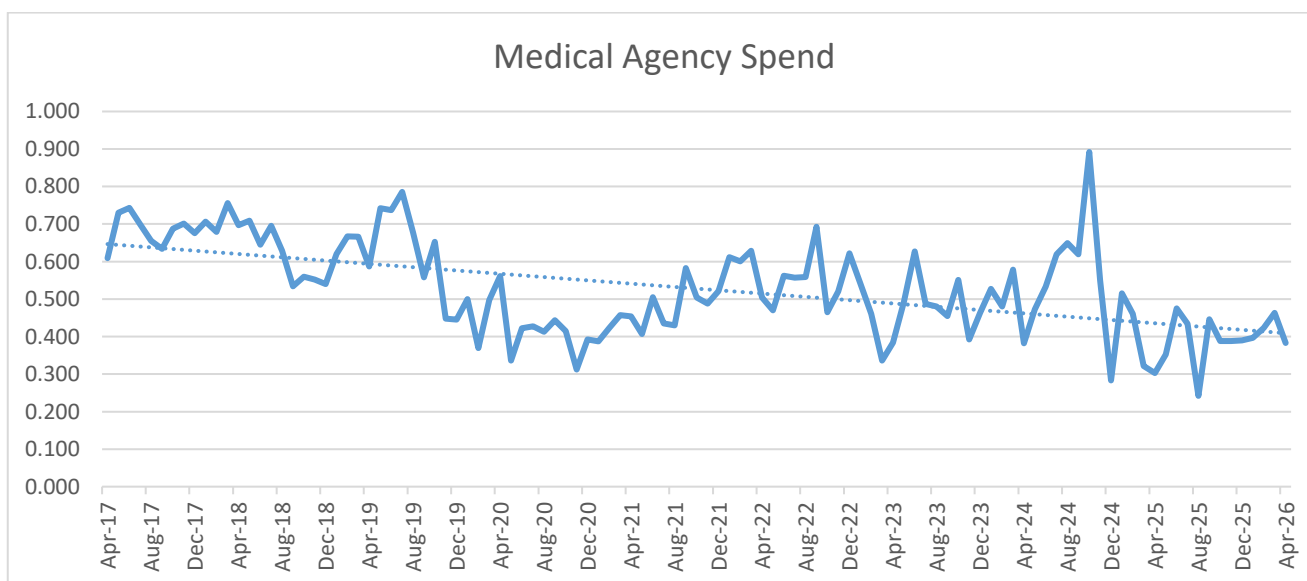
Key points:

- There has been a rise in establishment from 2025/26 due to funding previously unfunded wards
- Although the Nurse Bank and total spend is lower in April than in March, this is not indicative of a trend at this point given the monthly expenditure trend in the previous two years.
- WTE numbers are up by 66 over the 2025/26 average.
- 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 £0.08 million higher in April 2026 than April 2025, but also £0.08 million lower than in March 2026.

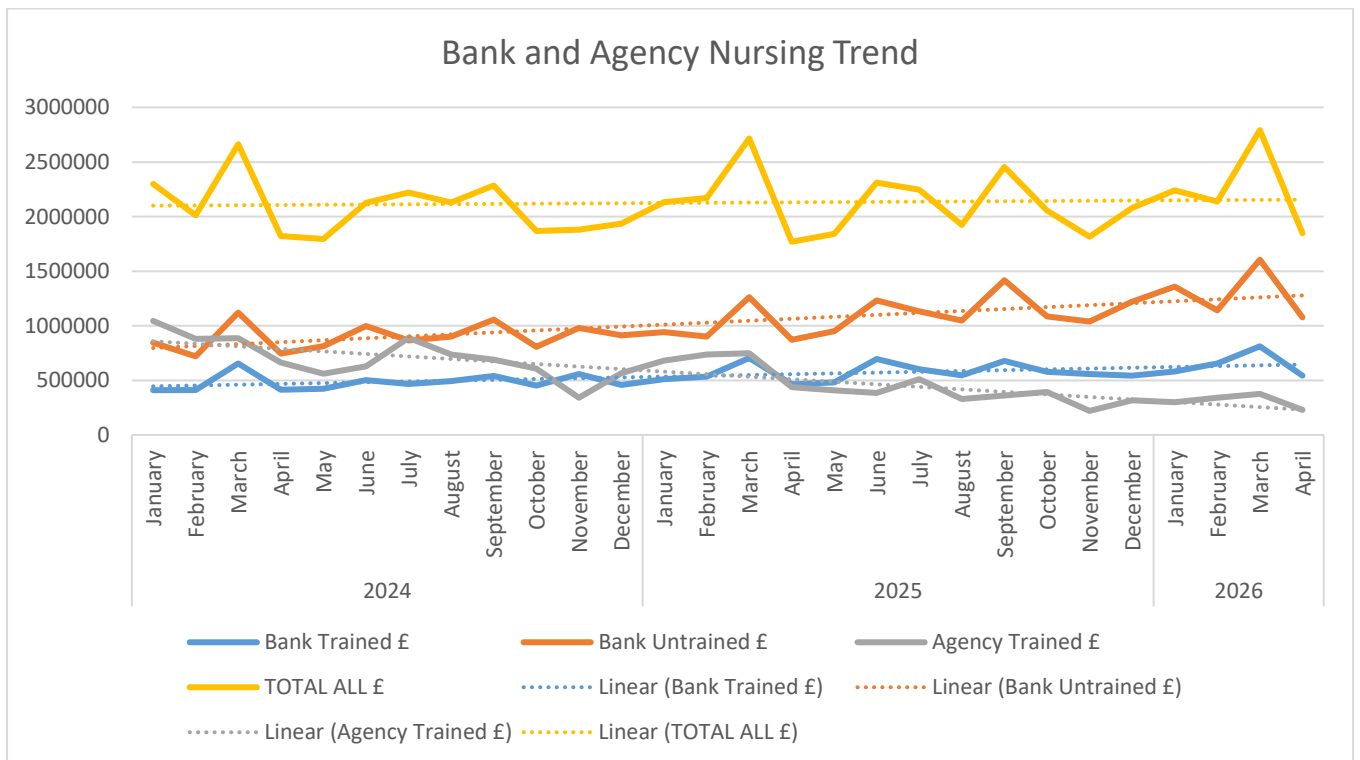


Medical Staffing breakdown



Nursing Bank and Agency Trend

The chart below shows the nursing bank and agency trend over time. Note a consistent pattern of high spend in March followed by lower spend in April.



Note - chart above is not inflation adjusted

Nursing Staffing Breakdown

