

# NHS Ayrshire & Arran



<b>Meeting:</b>	<b>Ayrshire and Arran NHS Board</b>
<b>Meeting date:</b>	<b>Monday 8 June 2026</b>
<b>Title:</b>	<b>Performance Governance Annual Report 2025-26</b>
<b>Responsible Director:</b>	<b>David Stonehouse, Interim Director of Finance</b>
<b>Report Author:</b>	<b>Sheila Cowan, Chair of Performance Governance Committee</b>

## 1. Purpose

This is presented to the Board for:

- Discussion

This paper relates to:

- Government policy/directive

This aligns to the following NHSScotland quality ambition(s):

- Safe
- Effective
- Person Centred

This supports the following Corporate Objectives:

- **Better Value** – Delivering innovative and sustainable services for everyone

## 2. Report summary

### 2.1 Situation

As part of the Board's annual assurance process, the Performance Governance Committee provides an annual report which gives assurance that the Committee has discharged its Remit and Duties as defined in the Terms of Reference (TOR).

The Performance Governance Committee report for 2025-26 is presented to Board Members to report on progress and provide assurance that the Committee has delivered its remit.

### 2.2 Background

Each NHS Board Governance Committee is required to provide an annual report to Committee and the Board to provide assurance that the Committee has discharged its role as set out in the agreed Terms of Reference.

The Governance Committee annual reports are part of the overall assurance mechanism for the NHS Board to provide assurance in support of the Board's annual governance statement that the committees have fulfilled their remit.

## **2.3 Assessment**

To evidence discharge of remit, the Performance Governance Committee annual report details the membership of the Committee and provides information on its activities in the past year. The report includes a Self-Assessment Checklist (Appendix 1), the Assurance Mapping Template (Appendix 2) and the Reporting to the NHS Board template (Appendix 3).

### **Key Messages**

- The Committee monitored the Board's performance including budget monitoring and progress in programmes to achieve Cash Releasing Efficiency Savings, whilst maintaining the safe provision of services for which there was a continued increase in demand.
- They received non-financial performance reports and also approved the capital plan and scrutinised investments.
- The risk register for items delegated to Performance Governance was also considered by the committee in order to mitigate actions to improve risk.
- The committee were responsible for various Internal Audits delegated to Performance Governance and the monitoring of these to ensure actions were completed.
- Regular deep dives were requested by the committee to ensure action plans were in place to bring performance back on track.
- Budget processes are aligned to financial sustainability and Scottish Government expectations.

### **2.3.1 Quality/patient care**

Ensuring good performance governance supports the effective delivery of quality, patient-centred services throughout NHS Ayrshire & Arran.

### **2.3.2 Workforce**

This assurance report has no workforce implications for the organisation.

### **2.3.3 Financial**

A range of financial reports were considered throughout the year, including Financial Management Reports to each committee.

### **2.3.4 Risk assessment/management**

The annual report process ensures an assessment of committee business against the agreed Terms of Reference. This mitigates against the risk of any gaps in assurance and supports the NHS Board's annual assurance statement.

### **2.3.5 Equality and diversity, including health inequalities**

An impact assessment has not been completed because this is an assurance reporting paper.

### **2.3.6 Best value**

This paper support Best Value across the following themes.

- Vision and Leadership

- Effective Partnerships
- Governance and accountability
- Performance management

### **2.3.7 Other impacts**

Compliance with Corporate Objectives - Providing this assurance report supports compliance with objectives on quality, safety, improved patient experience and a learning organisation

### **2.3.8 Communication, involvement, engagement and consultation**

This paper requires no engagement with external stakeholders.

### **2.3.9 Route to the meeting**

The annual report was considered and approved by the Performance Governance Committee on 01 June 2026.

## **2.4 Recommendation**

Members are asked to receive the annual report and note the assurance from the Performance Governance Committee that it fulfilled its remit in 2025-26.

- **Discussion** – Examine and consider the implications of a matter.

## **3. List of appendices**

The following appendices are included with this report:

Appendix 1 - Performance Governance Committee annual report and self-assessment checklist 2025-26

Appendix 2 – Performance Governance Committee Assurance Mapping Template 2025-26

Appendix 3 – Reporting to NHSAA Board 2025-26

## **NHS Ayrshire & Arran**

### **Annual Report for Performance Governance Committee – 2025-26**

#### **1. Summary**

1.1 The function of the Performance Governance Committee is to scrutinise the overall performance of NHS Ayrshire and Arran across the following functions: resource allocation; performance management and strategic planning. The Committee scrutinise and challenge financial plans and business cases before submission to the Board. The Committee's remit is also to provide scrutiny and challenge on the progress and achievement of NHS Ayrshire & Arran's Delivery Plan – 2025-26.

#### **1.2 Key Messages**

The Board is still continuing to recover from the impact of the COVID-19 pandemic both in terms of increased financial costs and the ability to deliver services at pre-pandemic capacity levels.

The Committee recognised its need to be flexible and agile in the way it worked, recognising the pressures being faced whilst continuing to ensure that governance processes were carried out. Throughout the year the Committee monitored and scrutinised the Board's performance against the projected budget deficit for 2025-26. It has not been possible for the Board to fully deliver its cash releasing efficiency savings (CRES). The board delivered £29.9m against the £36.7m savings target, with £19.3m being delivered recurrently. The Board ultimately out-turned a deficit of £24.3m against the Scottish Government control total of £25m

The Committee has also monitored the performance of the Board against national targets, national benchmarking and delivery against improvement trajectories set out in the delivery plan for 2025-26.

Deep dives were also provided to the Committee on Performance within specific areas of concern as well as updates on progress of internal audit actions for which the committee were responsible. Follow ups were scheduled for Audits which had outstanding actions.

#### **2. Remit**

2.1 The Committee's Terms of Reference were reviewed at its meeting on 29 January 2026. These were submitted to the Board for approval.

2.2 A self-assessment is carried out by the Chair and Committee members and forms part of this annual report.

### 3. Membership

3.1 The Committee is composed of six Non-Executive Members. The membership of the Committee during 2025-26 is given below:

- Ms. Sheila Cowan (Chair)
- Mr. Ewing Hope
- Cllr. Lee Lyons
- Mr. Marc Mazzucco
- Ms. Linda Semple (Vice-chair)
- Ms. Joyce White

*Ex Officio* members

- Mrs. Lesley Bowie, Board Chair
- Ms. Claire Burden, Chief Executive (until 31/07/2025)
- Ms. Kirstin Dickson, Director for Transformation & Sustainability
- Mr, Gordon James, Interim Chief Executive (from 01/08/2025)
- Mr. Derek Lindsay, Director of Finance (until 22/02/2026)
- Dr. Crawford McGuffie, Executive Medical Director
- Mr. David Stonehouse, interim Director of Finance (from 23/02/2026)
- Ms. Jennifer Wilson, Executive Nurse Director
- Ms. Roisin Kavanagh, Executive Director of Pharmacy

Where relevant to the subject matter, other officers attended meetings of the Committee.

### 4. Meetings

4.1 The Committee met on six occasions between 1 April 2025 and 31 March 2026. All meetings were conducted virtually using Microsoft Teams. There was an additional PGC “Light” meeting scheduled to allow for the Financial Management Report and Financial Plan to be considered before being submitted to the NHS Board. This took place on 12 March 2026.

4.2 The NHS Board has previously agreed that attendance at Committee meetings should be recorded in the relevant Annual Report. The attendance record of each member is shown below (x indicates attended).

Member	Meeting date					
	22 May 2025	24 Jul 2025	26 Sep 2025	27 Nov 2025	29 Jan 2026	26 Mar 2026
Sheila Cowan (Chair)	X	-	X	X	X	X
Ewing Hope	-	X	-	-	X	-
Lee Lyons	-	-	X	X	X	-
Marc Mazzucco	X	-	X	X	X	X
Linda Semple	X	X	-	-	-	X
Joyce White	X	X	-	X	X	X

### 5. Committee Activities

5.1 As outlined in the Committee's Terms of Reference, the Performance Governance Committee is responsible for:

- Supporting the development of performance management and accountability across NHS Ayrshire and Arran
- Monitoring performance against the Annual Operational Plan
- Finance and Service Performance
- To provide scrutiny and challenge on the progress and achievement of the priority programmes for change
- Investment Scrutiny
- Benefits Realisation
- Post project evaluation

## 6. Priorities for 2026-27

6.1 A key priority for the Committee through 2026-27 will be to support NHS Ayrshire & Arran as it continues to deliver services within the constrained finances and the effect this has on the ability to achieve performance targets while working within available Resources with an agreed deficit budget of £45m. The Committee will continue to monitor budgets and expenditure on a monthly basis in 2026-27 and how these impact on performance across the system. Additional PGC "Light" meetings will take place on alternate months to ensure that the committee have oversight of the Financial Management Report and Best Value Savings Plans before they are considered by the Board. There will also be a key priority to ensure there is a focus delivery of planned savings as well as operational performance improvement with deep dives scheduled to take place within certain areas across the year and regular updates will be received on the work being undertaken by the PMO.

## 7. Chair's Comments

7.1 I appreciate the support from all members of the Committee for their input in the development of and contribution to the agenda and for the considerable work undertaken during the course of the year.

Throughout 2025-26, the Committee has overseen a wide range of activity relating to Performance Governance. The routine reporting of Financial Management has included monitoring of the expenditure against the budget approved by the Board. Routine reporting has also taken place on performance across the system and the factors adversely affecting performance on a daily basis.

I can confirm that the Performance Governance Committee has fulfilled its remit and that the Board has adequate and effective governance arrangements in place.

I would wish to record my thanks to all the staff who have supported the Committee over this and previous years, and to those who have responded to requests from the Committee for further information. This has enabled the Committee to fulfil its duties successfully throughout the past year.

**Sheila Cowan**  
**Chair – Performance Governance Committee**  
**01/06/2026**

**Approved by Performance Governance Committee**  
**01/06/2026**

## Performance Governance Committee Committee effectiveness checklist for 2024/25

The Role and Work of the Committee	Yes / No / NA	Comments
The Committee has a clear understanding of its role and authority as set out in its terms of reference.	Yes	
The Committee undertakes an annual review of its remit and terms of reference and submits to the NHS Board for approval.	Yes	
The Committee has been provided with sufficient membership, authority and resources to perform its role effectively and independently?	Yes	Substitute Non-Executive Director when required
In discharging its role, the focus of the governance Committee is on seeking and reviewing assurances rather than operational issues.	Yes	
Remit - the Committee discharges its role to provide assurance that systems and procedures are in place to monitor, manage and improve overall performance and best value is achieved from resources.	Yes	
The Committee regularly reviews the strategic risks relevant to its remit and seeks assurance on mitigating controls and actions	Yes	
The Committee identifies further risk for consideration and escalation from the papers presented and discussion.	Yes	
The committee receives internal audit reports relevant to its remit and monitors progress against recommendations.	Yes	
The Committee has visibility of the mechanisms that are in place to monitor all aspects of its remit.	Yes	
The work of the Committee enables it to assure the Board that policies and procedures which are monitored, as relevant to the Committee's remit, are robust.	Yes	

The Committee links well with other Board committees and the Board itself, and opportunities are taken to share information, learning and good practice.	Yes	Link with Audit and Risk Committee regarding relevant internal audit reviews
The Committee produces an annual work plan.	Yes	
The Committee periodically assesses its own effectiveness.	Yes	

Committee Meetings, Support and Information	Yes / No / NA	Comments
The Committee has a designated secretariat	Yes	
The committee meets regularly, at least four times a year, and this is set out in the Terms of Reference.	Yes	
The scheduling of those meetings is appropriate to meet the body's business and governance needs	Yes	Additional PGC "Light" meetings have been arranged to review the Financial Management Report and Best Value Savings Plans
The length of Committee meetings is appropriate to allow the Committee to discharge its role.	Yes	
Papers presented to the Committee are of a high standard and an effective format and ensure that members have access to appropriate information	Yes	
The Committee receives adequate information in relation to national policy and direction to enable it to fulfil its role and responsibilities.	Yes	
The Committee agenda is well managed and ensures that all topics within the remit are considered.	Yes	
The agenda and papers are circulated in advance of meetings to allow adequate preparation by committee members and attendees.	Yes	
Minutes are prepared and circulated as set out in the Terms of Reference.	Yes	
The Committee provides an effective annual report on its own activities.	Yes	
An action log/matters arising are well managed and indicate who is to perform what and by when.	Yes	

Committee Membership and Dynamics	Yes / No / NA	Comments
Chair and Membership of the committee has been agreed by the NHS Board and a quorum set	Yes	
A Vice Chair of the Committee has been proposed by the Chair and agreed by Committee.	Yes	
Membership of the Committee is appropriate with the correct blend of skills, knowledge and experience.	Yes	
All members of the Committee contribute to its deliberations on an informed basis.	Yes	
Committee members are offered an appropriate induction on joining and development opportunities to support them in undertaking their role.	Yes	
The leadership of the Committee by the Committee Chair is effective and supports input from all members.	Yes	
Committee members attend meetings on a regular basis and if not this is reported to the Board Chair for action.	Yes	
The Accountable Officer and other senior officers normally attend the committee as considered appropriate, as noted in the terms of reference.	Yes	Additional Directors added to ex-officio during the year
Support provided to the Committee by executives and senior management is appropriate.	Yes	

## Assurance Mapping (Review of papers submitted against the Performance Governance Committee Remit 2025-26)

Remit: To provide assurance to the NHS Board that systems and procedures are in place to monitor, manage and improve overall performance and best value is achieved from resources.

Duties as noted in Terms of Reference		22 May 2025	24 July 2025	26 Sept 2025	27 Nov 2025	29 Jan 2026	26 Mar 2026
To scrutinise the overall performance of NHSAA across:	Performance management	√	√	√	√	√	√
	Strategic planning	√	√	√	√	√	√
	Resource allocation	√	√	√	√	√	√
To provide scrutiny and challenge on the progress and achievement against NHSAA Priority Programme.		√	√	√	√	√	√
To ensure that systems and procedures are in place to monitor, manage and improve performance, across the whole system, and liaise closely with relevant Governance Committees (Staff, Healthcare, Information and Audit and Risk) to ensure appropriate remedial action takes place.		Financial Management Report Performance Report	Financial Management Report Performance Report	Financial Management Report Performance Report	Financial Management Report Performance Report Budget Setting Process 2026-27	Financial Management Report Performance Report Pay and Supplies Cost Pressures Prescribing Cost Pressures Budget Setting Process	Financial Management Report Performance Report
Consider financial plans and approve annual budget proposals and business cases for submission to the NHS Board.		NHS Ayrshire and Arran 2025-28 Financial Plan Letter	Financial Plan Letters Urgent and Unscheduled Care Funding Letter		Q2 Finance Review Letter	Quarter 2 Letter from SG – Action Plan Draft three year Financial Plan	Level 4 Escalation Feedback Quarter 3 Letter from SG

## Assurance Mapping (Review of papers submitted against the Performance Governance Committee Remit 2025-26)

Remit: To provide assurance to the NHS Board that systems and procedures are in place to monitor, manage and improve overall performance and best value is achieved from resources.

Duties as noted in Terms of Reference	22 May 2025	24 July 2025	26 Sept 2025	27 Nov 2025	29 Jan 2026	26 Mar 2026
<p>The Performance Governance Committee would consider:</p> <ul style="list-style-type: none"> <li>- Annual Operational Plan performance targets</li> <li>- Investment Scrutiny</li> <li>- Benefits Realisation</li> <li>- Post Project Evaluation</li> <li>- Finance and Service Performance</li> </ul>	<p>CRES Plan Update</p> <p>Ledger Analysis</p> <p>Viridian Update</p>	<p>Non-medical Agency Spend</p> <p>Capital Investment Plan Update</p> <p>15-Box Grid</p> <p>Viridian Update</p>	<p>A&amp;C Agency Spend</p>	<p>15-Box Grid</p> <p>Update on Transition from Viridian to PMO</p>	<p>Capital Plan Mid-year Review</p> <p>Update on Transition from Viridian to PMO</p> <p>Best Value Reporting Template</p> <p>Viridian Value for Money Assessment</p> <p>Delivery Plan 2026-27 Update</p>	<p>Capital Plan 2026/27</p> <p>Best Value Plan 2026/27</p> <p>Strength and Governance</p> <p>Update on Transition from Viridian to PMO</p> <p>Best Value Reporting Template</p>

## Assurance Mapping (Review of papers submitted against the Performance Governance Committee Remit 2025-26)

Remit: To provide assurance to the NHS Board that systems and procedures are in place to monitor, manage and improve overall performance and best value is achieved from resources.

Duties as noted in Terms of Reference	22 May 2025	24 July 2025	26 Sept 2025	27 Nov 2025	29 Jan 2026	26 Mar 2026
To support the development of a performance management and accountability culture across NHSAA	Urgent and Unscheduled Care Performance Update Workforce Performance Update	Urgent and Unscheduled Care Performance Update Planned Care Performance Update	Internal Audit Report – Patient Flow Management LOS/Safer Performance Update Planned Care Performance Update MSK Performance Update	Unscheduled Care Performance Update Planned Care Performance Update Cancer Services Performance Update Internal Audit Report – Patient Flow Management Update		Imaging and Endoscopy Performance Update
Receive annual reports and quarterly updates from any sub-committees established by the Performance Governance Committee in order to provide assurance and accountability.	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
To monitor and review risks falling within its remit.	√	No report	√	√	No report	√

## Performance Governance Committee Reporting to NHS A&A Board 2025-26

Reporting Duties	22 May 2025	24 July 2025	26 Sep 2025	27 Nov 2025	29 Jan 2026	26 Mar 2026
Reporting action to the NHSAA Board	<ul style="list-style-type: none"> <li>• Strategic Risk Register</li> <li>• Routine financial and performance reports</li> <li>• Viridian Update</li> <li>• 3 year Financial Plan Response</li> <li>• SAFER Programme Performance Update</li> <li>• Workforce Performance Update</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic Risk Register</li> <li>• Routine Financial and Performance reports</li> <li>• Non-Agency Spend</li> <li>• 15-Box Grid</li> <li>• Capital Investment Plan Update</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit Report – Patient Flow Management</li> <li>• Routine Financial and Performance reports</li> <li>• MSK Performance Update</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit Report – Patient Flow Management – Update</li> <li>• Strategic Risk Register</li> <li>• Routine Financial and Performance reports</li> <li>• Quarter 2 Finance Review Letter</li> <li>• Cancer Services Performance Update</li> <li>• Budget Setting Process</li> </ul>	<ul style="list-style-type: none"> <li>• Capital Plan Mid-Year Review</li> <li>• Routine Financial and Performance reports</li> <li>• Update on PMO Structure</li> <li>• Draft Three Year Financial Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Draft Capital Plan for 2026/27</li> <li>• Strategic Risk Register</li> <li>• Routine Financial and Performance reports</li> <li>• Best Value Service report and savings plan</li> </ul>
Confirmed that these were brought to the NHSAA Board	Y	Y	Y	Y	Y	Y