NHS Ayrshire & Arran

Meeting:	**Ayrshire and Arran NHS Board**
Meeting date:	**Monday 10 August 2026**
Title:	**Financial Management Report to June 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 has a deficit of £11.5 million after three months. The savings programme is phased in twelfths for planning purposes. On this basis there is an adverse variance to plan of £0.3 million.

The Board forecasts a deficit in line with plan of £45 million. Forecast information is in Section 5.

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 has a deficit of £11.5 million after three months. The savings programme is phased in twelfths for planning purposes. On this basis there is an adverse variance to plan of £0.3 million.

- The Board forecasts a deficit of £45 million.

- Under delivery of the savings programme is partially being offset by other underspends for example in areas such as Corporate and Infrastructure and Support Services, together with potential underspends on Agenda for Change reform funding.

- Health and Social Care Partnerships underspent in aggregate by £1.5 million. These underspends do not belong to the Health Board.

- Scottish Government require the Board to achieve 3% recurring efficiency savings on 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. Total efficiency required is therefore £57.1 million.

- At month 3 efficiency achieved was £10.8 million including IJBs. IJBs are assumed to be delivering their efficiency at this stage.

- The risk assessed forecast delivery against the £57.1 million annual target is currently £48.1 million. Focus continues to firm up scheme delivery e.g. progressing schemes from red to amber and amber to green. At this point is also worth highlighting there is some delivery risk in the green schemes which are assumed to deliver in the current forecast.

- The current forecast achieves the year end deficit position of £45 million deficit through the aforementioned slippages offsetting under delivery against the annual savings target.

2.3.1 Quality/patient care

Financial resources contribute directly to quality of patient care.

2.3.2 Workforce

Not Applicable

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

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

2.3.7 Other impacts

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 on Monday 27 July 2026
- Performance Governance Committee on Thursday 30 July 2026

2.4 Recommendation

For discussion. Board Members are asked to:

- Review the financial position for Month 3.
- 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 3

Appendix A

NHS Ayrshire and Arran – Finance Report June 2026

1. Overall Financial Position

1.1 The Board was £11.5 million overspent at the end of month 3, 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	Forecast £000
Acute	520,487	130,517	133,790	(3,273)	(7,721)
New Medicine Fund	27,177	6,854	6,854	0	0
Pharmacy	14,232	3,558	3,448	110	250
Acute and Clinical Services	**561,896**	**140,929**	**144,092**	**(3,163)**	**(7,471)**
ISS (Operational)	87,620	21,919	20,905	1,015	3,048
ISS (Corporate)	48,372	11,995	11,915	79	0
Corporate Services	49,969	12,273	11,270	1,003	1,484
Non Clinical Support	**185,961**	**46,187**	**44,090**	**2,097**	**4,532**
Centrally Managed Resources	7,754	3,438	3,438	0	0
Reserves	11,830	791	0	791	2,939
Centrally Managed	**19,584**	**4,229**	**3,438**	**791**	**2,939**
Health Board Sub Total	**767,441**	**191,345**	**191,620**	**(275)**	**0**
Maximum Deficit Support Level	(45,000)	(11,250)	0	(11,250)	(45,000)
Board Total	**722,441**	**180,095**	**191,620**	**(11,525)**	**(45,000)**
East Hscp	265,858	67,264	66,151	1,113	0
North Hscp	207,586	51,807	51,753	54	0
South Hscp	116,271	29,023	28,646	377	0
Board Total inc HSCPs	**1,312,156**	**328,189**	**338,170**	**(9,981)**	**(45,000)**

Performance against key Scottish Government targets

The Board is overspent by £11.5 million after three months. This is £0.3 million adverse to plan. It must deliver an annual deficit not exceeding £45.0 million in the financial year. The forecast is a £45.0 million deficit.

Please refer to section 5 for further information on forecasts.

Scottish Government require minimum recurring efficiency of 3% of our recurring baseline budget. This is £32.8 million.

Recurring efficiency delivered by Month 3 was £5.3 million, with our financial plan requiring £36.2 million in the full year – both numbers excluding IJBs. Non-recurring

efficiency achieved was £3.4 million. The efficiency plan has been phased into the ledger budgets in equal 12ths.

1.2 Scottish Government Allocations

An allocation letter has been issued by Scottish Government up to June 2026. These allocations are shown in the table below.

Description	Baseline Recurring £000	Non-recurring £000	Earmarked Recurring £000	Total £000
Baseline Allocation	1,094,782	0	0	1,094,782
Recurring Allocation from 25/26	2,489	0	0	2,489
Allocations at 31 May 2026	2,385	(4,511)	77,447	75,320
Veterans first point service	0	61	0	61
PLICS Implementation Costs	0	16	0	16
World Cup Public Holiday	0	1,306	0	1,306
Family Nurse Partnership	0	250	0	250
Vitamin Scheme for pregnant women and children	36	0	0	36
Open University backfill quarter 3 & 4	0	253	0	253
Thrombectomy	0	0	125	125
Chronic pain	0	15	0	15
Rapid Cancer diagnostic services	0	215	0	215
Primary Care Improvement incl. AfC shortfall	0	0	13,402	13,402
Oral Health Improvement programme - Childsmile	0	3	0	3
Respiratory testing	687	0	0	687
Alcohol and Drugs partnerships	0	0	2,696	2,696
Allocations at 30 June	**1,100,379**	**(2,393)**	**93,670**	**1,191,656**

These allocations are broadly in line with expectations at this early stage. Note the receipt of £1.3 million to cover the World Cup holiday.

2. Acute Services – analysis by cost category

2.1 The annual budget for Acute Services was £520.5 million. The directorate is overspent by £3.3 million against its year-to-date budget. This is primarily due to savings targets where there is no identified scheme, together with a £1.1 million overspend on pay. This has been partially offset by non-pay underspends of £1.0 million.

M3 Category	Annual Budget £000	YTD Budget £000	YTD Actual £000	Variance £000	M3 Variance £000
Pay	385,497	97,324	98,436	(1,111)	(403)
Non Pay	84,570	21,064	20,022	1,042	501
Purchase of Healthcare	105,400	25,892	25,935	(43)	(256)
Hch Income	(42,042)	(10,533)	(10,411)	(122)	(77)
Other Operating Income	(499)	(120)	(191)	71	23
Savings	(12,440)	(3,110)	0	(3,110)	(497)
Total	**520,487**	**130,517**	**133,790**	**(3,273)**	**(709)**

2.2 Pay is overspent by £1.1 million after 3 months and by £0.4 million in month 3.

Table 2 Pay Only	Annual Budget £000	YTD Budget £000	YTD Actual £000	YTD Variance £000	Month Variance £000
Nursing & Midwifery	199,689	49,995	50,234	(239)	(256)
Medical & Dental	123,541	31,762	32,491	(729)	(90)
Admin & Clerical	21,457	5,288	5,115	173	32
Healthcare Sciences	21,113	5,294	4,998	296	100
Allied Health Professionals	17,961	4,553	4,549	4	27
Medical & Dental Support	2,954	741	823	(82)	(27)
Support Services	398	100	116	(16)	(5)
Senior Managers	174	43	33	10	3
Other Therapeutic	296	74	76	(2)	(1)
Personal Social Care	0	0	0	0	0
Labs and Diagnostics Vacancy Factor	(2,948)	(737)	0	(737)	(246)
Budget Reserves -Pay	862	211	0	211	59
Total	**385,497**	**97,324**	**98,436**	**(1,111)**	**(403)**

- Unfunded Wards are now budgeted for.
- Nursing pay was £0.3 million overspent whilst medical staffing was £0.7 million overspent.
- The Nursing and Midwifery overspend was all in Month 3, driven by the 5 week month for bank and agency charges. The finance team will accrue outstanding working days in future months to prevent future under reporting. The overspend is inclusive of identified savings plans.
- Medical staffing reduced its overspend from an average of £0.35 million per month in April and May, to £0.1 million in June. This was a result of a lower specialist registrar charge through NES in Month 3.
- The Medical overspend will further reduce with the allocation of Planned Care Operational Improvement Plan funding.
- Underspends on Admin and Clerical, Allied Health Professionals and Healthcare Sciences partially offset the Labs and Diagnostics vacancy factor.

2.3 Supplies and services were £1.0 million underspent.

M3 Category	Annual Budget £000	YTD Budget £000	YTD Actual £000	Variance £000	M3 Variance £000
Cssd/diagnostic Supplies	7,357	1,838	1,838	0	10
Drugs	30,991	7,497	6,949	548	229
Equipment	4,848	1,075	1,102	(27)	84
Hotel Services	1,657	412	630	(218)	(102)
Other Admin Supplies	2,068	517	475	42	22
Other Supplies	5,945	1,391	1,402	(11)	(52)
Other Therapeutic Supplies	6,317	1,778	1,751	27	44
Surgical Sundries	25,291	6,531	5,820	711	270
Other	96	24	54	(31)	(5)
Total	**84,570**	**21,064**	**20,022**	**1,042**	**501**

- These budgets have been reset in line with 2025/26 spend

- Medicines are underspent by £0.5 million despite removal of the efficiency target from the budgets. This will be reviewed to understand if there is scope for further efficiency recognition.

- Surgical Sundries are underspent by £0.7 million. Surgical sundries were funded to outturn levels and are now subject to non-pay spend controls along with other non-pay categories. Subject to verification it does appear tighter grip is having a positive impact e.g. consumables for robotics.

- Hotel Services are overspent by £0.2 million cumulatively after 3 months. This was £0.1 million over in Month 3 alone. Patient transport is the main driver for this and the overspend is being reviewed in the context of efficiency workstreams being established to address this pressure.

2.4 **Acute Service – analysis by department**

Table 1b M3 ***Division***	**Annual Budget £000**	**YTD Budget £000**	**YTD Actual £000**	**YTD Var £000**	**M3 Variance £000**
Surgical	162,713	40,882	41,463	(581)	(1,376)
Medicine	101,873	25,693	26,756	(1,063)	(1,207)
Externals	89,186	22,964	22,988	(25)	(167)
Emergency Care and Trauma	49,901	12,507	13,537	(1,030)	(845)
Women + Children	53,464	13,466	13,361	106	(294)
Labs & Diagnostics	49,605	12,532	13,087	(555)	(575)
Plasma, New + Tertiary	8,484	2,083	2,144	(60)	(15)
Allied Health Professionals	331	83	0	83	83
Access	8,817	1,648	1,648	(0)	(0)
Acute Management	(3,889)	(1,342)	(1,193)	(147)	3,689
Total	**520,487**	**130,517**	**133,790**	**(3,272)**	**(708)**

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

2.6 The Acute Management cost centre was £3.8 million overspent in Month 2 as a result of savings not allocated to specific directorates. These savings have now been devolved to directorates generating adverse year to date variances in all areas except for Women and Children. The distribution of savings across directorates will be subject to further refinement.

The Acute Management cost centre has an overall negative annual budget due to income targets for areas such as the Compensation Recovery Unit and National Education Scotland Training Income being housed in this area.

2.7 **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 3.

2.8 **Pharmacy**

Pharmacy is £0.1 million underspent for the year to date. This is caused by pay underspends in Pharmacy Teams and Central Pharmacy.

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 £136.0 million and were £1.1 million underspent at Month 3.

The costs of some digital programmes and associated staffing will be incurred later in the financial year. This rate and level of underspend will reduce when these costs are incurred.

2.10 **Corporate Services**

Corporate services have budgets of £50.0 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 £1.0 million at Month 3. This includes training budgets where spend is in the acute directorate.

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. There is no variance after three months.

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.
- Budget originally required now assessed to be uncommitted.
- Efficiency Programmes which have or are expected to deliver above the original plan and the additional amounts have been removed from service budgets.

Reserves released into the position from uncommitted funds at Month 3 are £0.8 million. These included £1.4 million (full year) from the reduced in year SLA charge from NHS Greater Glasgow and Clyde, £1.3 million (full year) from additional prescribing savings and £0.3 million from the Planned Care Operational Improvement funds for diagnostics.

2.13 Health and Social Care Partnerships (HSCPs)

Health and Social Care Partnerships are underspent by £1.5 million in aggregate. East are underspent by £1.1 million, North at breakeven and South by £0.4 million.

Primary Care Prescribing Budgets are assumed to break even within this position. Prescribing under and overspends are managed by the Health Board.

East HSCP

East HSCP is underspent by £1.1 million after three months.

East HSCP	Annual Budget £000	YTD Budget £000	YTD Actuals £000	YTD Variance £000
Ahps East	9,654	2,489	2,512	(23)
And Com Nursing	944	255	251	4
East Business Support	2,869	714	618	96
East H + C Care	15,279	3,826	3,592	234
East Hosted Services	12,481	3,113	2,926	187
East Hscp Apprenticeship Levy	305	76	72	4
East Hscp Children	5,559	1,390	1,312	78
East Local Authority Payments	22,427	5,543	5,532	11
East Mental Health	5,628	1,407	1,207	200
East Partnership Management	437	109	141	(31)
East Primary Care	47,310	11,827	11,783	45
East Turnover Allocation	(664)	(166)	0	(166)
Ehscp Flat Cash Settlement	1,927	479	0	479
Primary Care	141,702	36,159	36,164	(5)
Wsi - Each E	0	8	8	0
Wsi - Rehab + Reablement E	0	34	34	0
Total	**265,858**	**67,264**	**66,151**	**1,113**

This significant underspend is due to the following main factors:

-£0.4 million on Reduced Working Week funds issued
-£0.2 million on Community Mental Health teams which are under established
-£0.1 million on District Nursing due to vacancies
-£0.1 million on Business Services due to vacancies

North HSCP

North HSCP is breakeven after three months.

North HSCP	Annual Budget £000	YTD Budget £000	YTD Actuals £000	YTD Variance £000
Ahps North	12,835	3,202	3,095	107
Arran Montrose House	0	9	9	0
Mental Health Services	75,679	19,095	19,057	38
Nhscp Flat Cash Settlement	2,299	436	436	0
North Apprenticeship Levy	416	104	98	6
North Business Support	1,013	263	247	16
North Gp Stakeholder	53	13	16	(3)
North H + C Care	23,322	5,654	6,042	(388)
North Hosted Services	695	174	160	13
North Hscp Children	5,937	1,486	1,452	33
North Local Authority Payments	24,653	6,169	6,169	(0)
North Mental Health	6,201	1,550	1,364	186
North Partnership Management	653	163	168	(5)
North Primary Care	53,830	13,458	13,408	50
Wsi - Care @ Home N	0	31	31	0
Total	**207,586**	**51,807**	**51,753**	**54**

South HSCP

South HSCP is underspent by £0.4 million after three months.

South HSCP	Annual Budget £000	YTD Budget £000	YTD Actuals £000	YTD Variance £000
Ahps	11,625	2,969	2,800	169
Int Care + Rehab Moc South	1,671	418	389	29
South Business Support	3,258	810	758	51
South H + C Care	15,659	3,943	4,044	(100)
South Hosted Services	4,304	1,063	935	128
South Hscp Children	4,018	1,005	942	62
South Hscp Management	1,434	188	283	(95)
South Local Authority Payments	20,879	5,246	5,246	0
South Mental Health	6,517	1,646	1,553	92
South Primary Care	46,906	11,726	11,685	41
Wsi - Community Anp Roles S	0	10	10	0
Total	**116,271**	**29,023**	**28,646**	**378**

There is an underspend of £0.2 million on Allied Health Professionals, noting that the transfer of some resources to acute has not yet occurred.

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.

3.2 **2026/27 – delivery against the Efficiency target**

The table below shows year to date and forecast achievement against our submitted annual plan of £57.1 million at the end of March.

The forecast value is based on a risk rating of High, Medium and Low confidence levels. These are rated Green, Amber and Red respectively. Forecasts have been derived at scheme level using 100% of potential achievement for "Green", 50% for Amber and 0% for "Red".

Area	Scottish Government Plan £000	Original Plan YTD 12ths £000	Achieved YTD £000	Variance YTD £000	Forecast Achievement £000
Medicine	0	0	0	0	0
Women and Children	0	0	0	0	1,250
Surgery	4,371	1,092	425	(667)	1,700
Emergency & Trauma	0	0	0	0	0
Labs & Diagnostics	90	24	0	(24)	303
Workforce Nursing	3,000	750	217	(533)	3,000
Workforce Transformation	500	126	0	(126)	0
Workforce Medical	3,900	975	173	(802)	0
Acute Prescribing	3,000	750	635	(115)	3,252
Acute Other	3,650	912	1,001	89	4,309
Procurement Acute	307	78	50	(28)	490
Unidentified Schemes	6,652	1,662	0	(1,662)	0
Subtotal Acute	**25,470**	**6,369**	**2,501**	**(3,868)**	**14,303**
Procurement Non Acute	46	12	10	(2)	79
Corporate	1,700	426	570	144	2,756
Primary Care Prescribing	4,000	999	1,343	344	5,264
Infrastructure & Support Services	1,919	480	419	(61)	1,674
HSCP Breakeven Expectation	4,900	1,225	1,225	0	4,900
Financial Management Measures	10,060	2,515	2,515	0	10,060
Sub Total Health Board	**48,095**	**12,026**	**8,583**	**(3,443)**	**39,038**
East HSCP	2,722	681	681	0	2,722
North HSCP	4,335	1,084	1,084	0	4,335
South HSCP	1,969	492	492	0	1,969
Total NHS Ayrshire and Arran	**57,121**	**14,283**	**10,840**	**(3,443)**	**48,064**

The year to date shortfall of £3.4 million is caused by:

- the unidentified gap of £1.7 million
- Workforce Nursing where savings from bank and agency combined have been £0.2 million in the first quarter, however full year efficiency of £2.0 million are still forecast. Savings from the Enhanced Therapeutic Observations and Care initiative (ETOC) are expected to deliver £1.0 million from October to March.
- Workforce Medical where the expectation is efficiency of £0.9 million for Junior Doctor Rota Compliance however this is not expected to begin until August. £0.2 million has been saved to date on Medical Bank and Agency,

however sustainable annual savings are considered high risk and therefore future increases in spend may offset the benefit so far. Workforce medical savings are considered high risk and do not form part of year end forecast achievement.

- Surgery where the initial efficiency plans for the Theatre Improvement Plan and the Outpatient Improvement Programme were valued at £4.4 million combined. Expected achievement is now £1.7 million for these schemes which are assessed as delivering in the year to date and likely to continue doing so.

- Primary Care Prescribing forecast annual achievement is now £5.3 million. This is £1.3 million higher than originally planned and therefore generates a positive year to date position of £0.3 million ahead of target.

The Procurement position is still subject to scheme validation

3.3 The table below outlines the translation of the £57.1 million efficiency plan approved in March into the developing Best Value Plan 2026/27. The current Best Value Plan identifies schemes with a total planned value of £58.4 million, with forecast delivery of £48.1 million.

Savings are shown by Best Value Plan programme, with scheme values aggregated according to their Green, Amber or Red (RAG) rating. An overall risk assessment is included at the foot of the table and has been applied to the aggregated totals.

Programme	Indicative Savings High (£'000)		Indicative Savings Medium (£'000)		Indicative Savings Low (£'000)		Recurring Total (£'000)	Non-Recurrent Total (£'000)	Overall Total (£'000)
	Recurrent	Non-Recurrent	Recurrent	Non-Recurrent	Recurrent	Non-Recurrent	Recurrent	Non-Recurrent	R + NR
Acute	1,700	0	0	100	100	0	1,800	100	1,900
Acute Divisional Efficiencies	1,140	0	953	0	4,201	0	6,294	0	6,294
Acute Prescribing	3,102	150	0	0	0	0	3,102	150	3,252
Admin & Clerical Review	0	0	600	0	0	0	600	0	600
Corporate Efficiencies	0	1,900	0	0	0	0	0	1,900	1,900
ISS	1,667	8	0	0	0	0	1,667	8	1,674
Medical Workforce	0	0	0	0	1,466	0	1,466	0	1,466
Nursing Workforce	3,000	0	0	0	0	0	3,000	0	3,000
Primary Care Prescribing	5,264	0	0	0	125	0	5,389	0	5,389
Procurement	640	5	0	0	0	0	640	5	645
SLA review	3,006	1,569	0	0	0	0	3,006	1,569	4,575
Transformation	0	0	0	0	500	0	500	0	500
Transport	0	0	200	0	0	0	200	0	200
Unscheduled Care	0	0	0	0	1,500	0	1,500	0	1,500
Sub-total	**19,520**	**3,631**	**1,753**	**100**	**7,892**	**0**	**29,164**	**3,731**	**32,896**
IJB Return to Balance	4,900	0	0	0	0	0	4,900	0	4,900
Best Value Plan Total	**24,420**	**3,631**	**1,753**	**100**	**7,892**	**0**	**34,064**	**3,731**	**37,796**
Profit on Sale of Assets	0	0	0	0	0	1,500	0	1,500	1,500
Financial Management Measures	0	10,060	0	0	0	0	0	10,060	10,060
HSCP 3 % Baseline Efficiency	9,026	0	0	0	0	0	9,026	0	9,026
Financial Plan Efficiency Total	**33,446**	**13,691**	**1,753**	**100**	**7,892**	**1,500**	**43,090**	**15,291**	**58,382**
Risk Adjustment	**100%**	**100%**	**50%**	**50%**	**0%**	**0%**			
Forecast Total	**33,446**	**13,691**	**877**	**50**	**0**	**0**	**34,322**	**13,741**	**48,064**

This table shows those schemes in which there is high confidence in delivery account for £47.1 million (the combined value of the Recurring and Non-Recurring green rated schemes) of our £57.1 million target. A targeted improvement programme is underway across all amber and red rated initiatives to finalise delivery plans, strengthen programme assurance, and, where possible, improve confidence in the achievement of planned outcomes and forecast benefits. This work is expected to conclude by 31 July, with any resulting improvements reflected in future reporting and risk assessments. In parallel, proposals to mitigate any remaining gaps in plan are being reviewed with Director Sponsors to ensure a more complete and robust position is available for subsequent reporting. Efficiency forecasts and associated risk ratings will continue to be reviewed and updated on a monthly basis in partnership with the Project Management Office.

The forecasts are not a statement of intent, rather a reflection of the current scheme status. Further schemes are in the pipeline to support further financial improvement.

4. FORECAST, RISKS AND MITIGATIONS

4.1 Risks and mitigations against the base case £45.0 million deficit are shown in the table below.

	Best £M	Likely £M	Worst £M
Forecast at M3	(45.0)	(45.0)	(45.0)
Primary Care Prescribing	2.0	0.0	(2.0)
Best Value Savings Programme	3.3	0.0	(3.0)
Improving Flow Project	0.0	0.0	(3.0)
DEL/Cap to Rev Flexibility	3.0	0.0	0.0
New Medicines	1.4	0.0	(1.4)
AFC Reform Funding	1.0	0.0	(1.0)
Asset Disposal	1.5	0.0	0.0
CNORIS	1.0	0.0	(1.0)
Forecast	**(31.8)**	**(45.0)**	**(56.4)**

Primary Care Prescribing. This is historically challenging to predict given market conditions and variations in medicine pricing. The range will reduce as the year progresses and further months of infomration become available.

The Best Value Savings Programme base case forecastis £48.1 million. This base case was derived using 100% of potential achievement for “Green”, 50% for Amber and 0% for “Red” schemes. The best case case scenario uses 100%, 100% and 25% respectively and generates a £3.3 million upside. The worst case scenario is 100% of the green rated schemes less £2.0 million for potetntial re risk rating of workforce schemes. This generates a shortfall of £3.0 million.

The Improving Flow Project has a downside risk of £3.0 million, this assumes no bed closures in acute and full expedinture in out of hospital services in line with the programme. A separate paper captures this in more detail for the Assurance Board,

New Medicines. Whilst funded at expected spend in 2026/27, these are low volume high cost medicines and as such carry a high financial risk. At this stage a potential risk and benefit of £1.0 million are included, being 5% of the annual budget.

Departmental Expenditure Limit (DEL) and further capital to revenue benefits may realise further benefits of up to £3 million based on historic evidence as the year progresses.

With regard to AFC Reform whilst Reduced Working Week funding has been distributed the Band 5-6 review is ongiong. The financial impact is uncertain as it is dependant on the number of nurses who successfully complete the process. Where successful large elements of backpay are often involved.The risk or mitigation is highly challenging to quantify, however at an average cost of c£33,000 per successful WTE (including back pay) the £1.0 million in either direction represents 30 WTE.

Asset Disposal is based on the opportunity to realise a profit on sale of £1.5 million on a specific property. This is not in the base case and represents an upside if achieved.

The £1.0 million risk and potential benefit on CNORIS represents values evidenced by previous years. This will not be known with certainty until quarter 4 of the financial year.

FORECASTS

The Board forecasts a deficit of £45.0 million in line with plan.

Acute - £7.7 million forecast overspend - the table below sets out the base spend forecast and adjusts this for the expected additional contribution from Better Value schemes in future months.

The forecast for Infrastructure and Support Services (ISS) is an underspend of £3.0 million. ISS are £1.0 million underspent after 3 months however spend is likely to increase on digital programmes in future months.

Corporate departments are forecast to underspend by £1.5 million with the Medical Director at £1.0 million (housing teaching budgets), Finance (£0.3 million) and Transformation and Sustainability (£0.25 million) comprising the largest elements.

Reserves are forecast to have unissued budget of £2.9 million at year end. These are primarily funds held for investment which have not been spent so far along with budget returned by Better Value schemes, such as Primary Care prescribing, which are forecast to over deliver.

The overall Board forecast is therefore the Annual Maximum Deficit Support value of £45.0 million.

	Acute Forecast												
	actual	actual	actual	*f/cast*	*f/cast*	*f/cast*	*f/cast*	*f/cast*	*f/cast*	*f/cast*	*f/cast*	*f/cast*	*f/cast*
	April	May	June	*July*	*Aug*	*Sept*	*Oct*	*Nov*	*Dec*	*Jan*	*Feb*	*March*	*Total*
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
	10.5	10.3	10.3	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	124.4
	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	*1.2*
	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	*4.4*
Medical	**10.9**	**10.9**	**10.7**	**10.8**	**10.8**	**10.8**	**10.8**	**10.8**	**10.8**	**10.8**	**10.8**	**10.8**	***130.0***
	14.7	14.7	14.6	14.5	14.5	14.5	14.5	14.5	14.9	14.9	14.9	14.9	*176.1*
	1.7	1.7	2.2	1.8	1.8	1.8	1.8	1.8	1.9	2.0	2.0	2.0	*22.3*
	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	*2.5*
Nursing	**16.5**	**16.7**	**17.0**	**16.5**	**16.5**	**16.5**	**16.5**	**16.5**	**17.0**	**17.0**	**17.0**	**17.0**	***200.9***
	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	*18.2*
AHP	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	***18.2***
	3.7	3.7	3.8	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	*43.4*
All other	**3.7**	**3.7**	**3.8**	**3.6**	**3.6**	**3.6**	**3.6**	**3.6**	**3.6**	**3.6**	**3.6**	**3.6**	***43.4***
PAY TOTAL	**32.6**	**32.8**	**33.0**	**32.4**	**32.4**	**32.4**	**32.4**	**32.4**	**33.0**	**33.0**	**33.0**	**33.0**	***392.5***
Supplies	4.4	4.8	4.1	4.6	4.6	4.6	4.6	4.6	4.8	4.8	4.8	4.9	*55.4*
Drugs	2.3	2.1	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	***27.2***
PoH	9.6	8.0	8.4	8.4	8.4	8.4	8.4	8.4	8.8	8.9	9.0	9.1	***103.7***
Income	-3.6	-3.5	-3.5	-3.5	-3.5	-3.5	-3.5	-3.5	-3.5	-3.5	-3.5	-3.5	***-42.4***
NON PAY TOTAL	**12.6**	**11.5**	**11.3**	***11.7***	***11.7***	***11.7***	***11.7***	***11.7***	***12.4***	***12.5***	***12.5***	***12.7***	***144.0***
TOTAL BASELINE	**45.2**	**44.2**	**44.3**	***44.2***	***44.2***	***44.2***	***44.2***	***44.2***	***45.3***	***45.4***	***45.4***	***45.6***	***536.4***
LESS BV SCHEMES													
Pay	0.0	0.0	0.0	0.1	0.1	0.1	0.3	0.3	0.3	0.3	0.3	0.3	***2.1***
Non Pay	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.2	0.2	0.2	0.2	***1.1***
Total BV Schemes	**0.0**	**0.0**	**0.0**	0.1	0.1	0.2	0.4	0.4	0.5	0.5	0.5	0.5	**3.2**
Pay	**32.6**	**32.8**	**33.0**	**32.3**	**32.3**	**32.3**	**32.1**	**32.1**	**32.7**	**32.7**	**32.7**	**32.7**	***390.4***
Non Pay	**12.6**	**11.5**	**11.3**	**11.7**	**11.7**	**11.7**	**11.6**	**11.6**	**12.2**	**12.3**	**12.3**	**12.5**	***142.8***
FORECAST after BV	***45.2***	***44.2***	***44.3***	***44.0***	***44.0***	***44.0***	***43.7***	***43.7***	***44.9***	***45.0***	***45.0***	***45.2***	***533.2***
TOTAL BUDGET	**44.2**	**42.7**	**43.6**	***44.7***	***43.7***	***43.4***	***43.5***	***43.5***	***44.0***	***44.2***	***44.1***	***44.0***	***525.5***
VARIANCE	**-1.0**	**-1.5**	**-0.7**	**0.6**	**-0.3**	**-0.6**	**-0.3**	**-0.2**	**-0.9**	**-0.8**	**-0.8**	**-1.2**	**-7.7**
WTE BASELINE	4,967.0	4,967.0	4,967.0	4,967.0	4,967.0	4,967.0	4,967.0	4,967.0	4,967.0	4,967.0	4,967.0	4,967.0	*4,967.0*
BV Reduction	0.0	0.0	0.0	49.0	49.0	49.0	52.0	52.0	52.0	52.0	52.0	52.0	*52.0*
Exepcted WTE	**4,967.0**	**4,967.0**	**4,967.0**	**4,918.0**	**4,918.0**	**4,918.0**	**4,915.0**	**4,915.0**	**4,915.0**	**4,915.0**	**4,915.0**	**4,915.0**	**4,915.0**

The expected variance of £7.7 million overspend is shown above, with the WTE reduction for Best Value schemes totalling 52 by October. This table will be updated at Month 4 for the flow project and associated bed closures.

5. CAPITAL

Capital spend in the first quarter is £1.0 million. The capital allocation for 2026/27 is now £11.9 million

Capital Spend for the 3 months to 30th June 2026	Spend to Date £000's
National Secure Adolescent Unit	74
Estates/Capital Planning	0
Estates/Energy	0
Digital Reform	676
Caring for Ayrshire	0
EME	23
NBV from Asset Sales	0
Equipment	144
Aggregate schemes under £50k	121
Total	**1,038**

The capital allocation for 2026/27 is now £11.9 million.

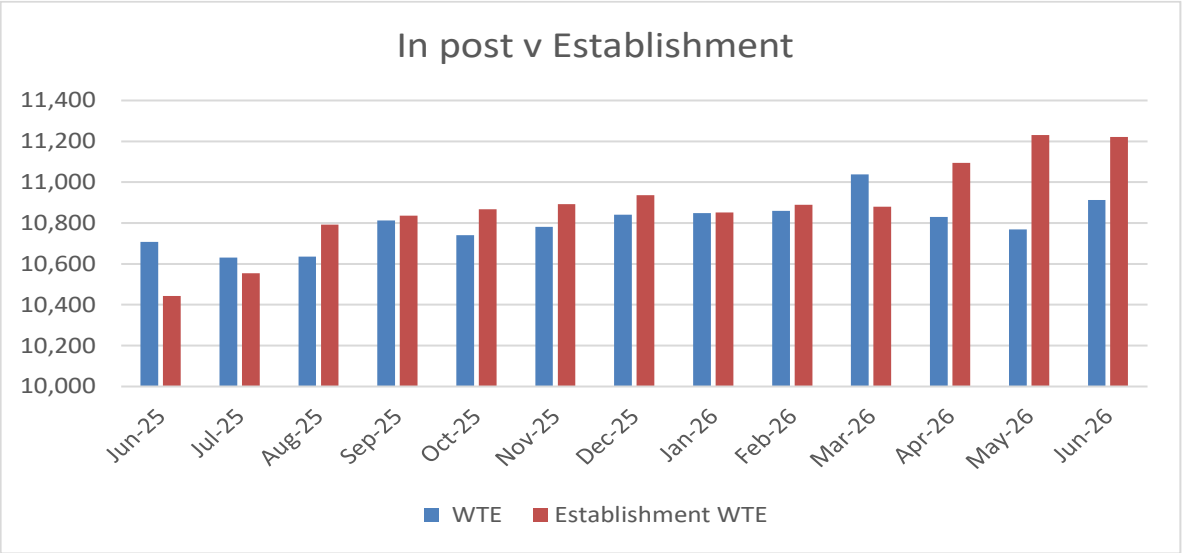
Capital Allocations 2026/27	Original £000's	Current £000's
Core Capital Allocation	9,156	9,156
Foxgrove: National Secure Adolescent Unit	1,402	1,402
National LIMS System	441	441
National Treatment Centre	150	150
SG Infrastructure - EV Charging - Slippage	501	501
SG Sustainability Energy Projects	80	80
NIB Equipment Funding		1,315
Cap to Rev Transfer		(1,106)
Total Approved Capital Allocation	**11,730**	**11,939**

6. CONCLUSION

6.1 The Board has an £11.6 million deficit after three months which is £0.3 million adverse to plan. Month three overall broadly saw a continuation of the run rate pattern established in the first two months. The efficiency plan has delivered £10.8 million and forecasts annual delivery of £48.1 million. The Board forecasts a deficit of £45.0 million in line with plan.

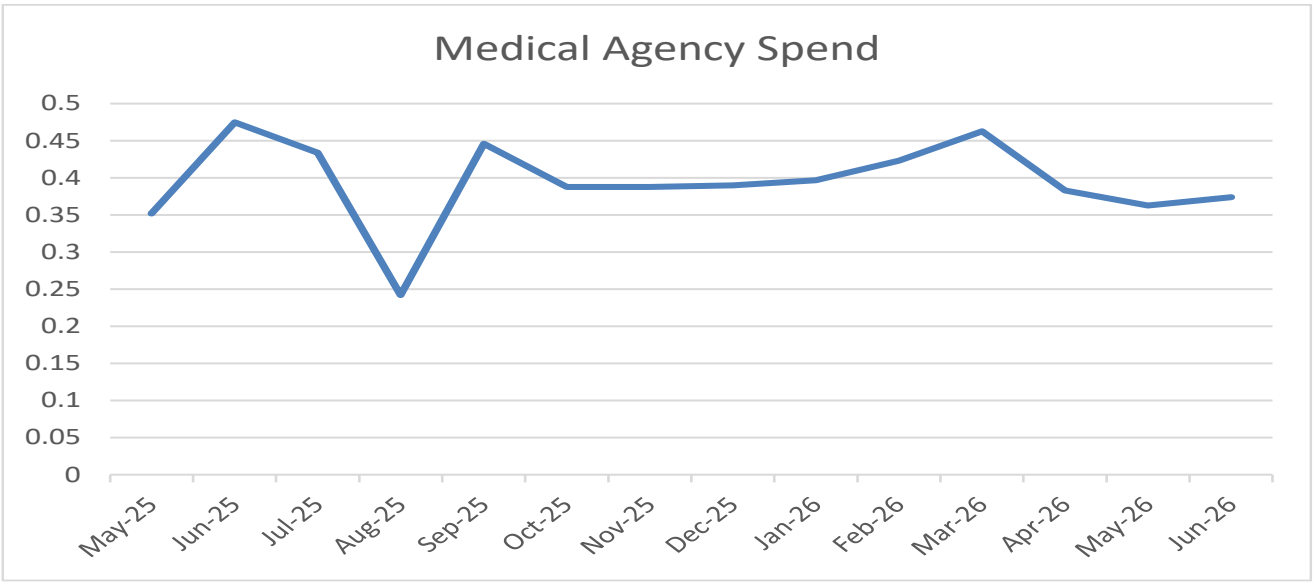
Annex A - Workforce and Performance Information

Key workforce data

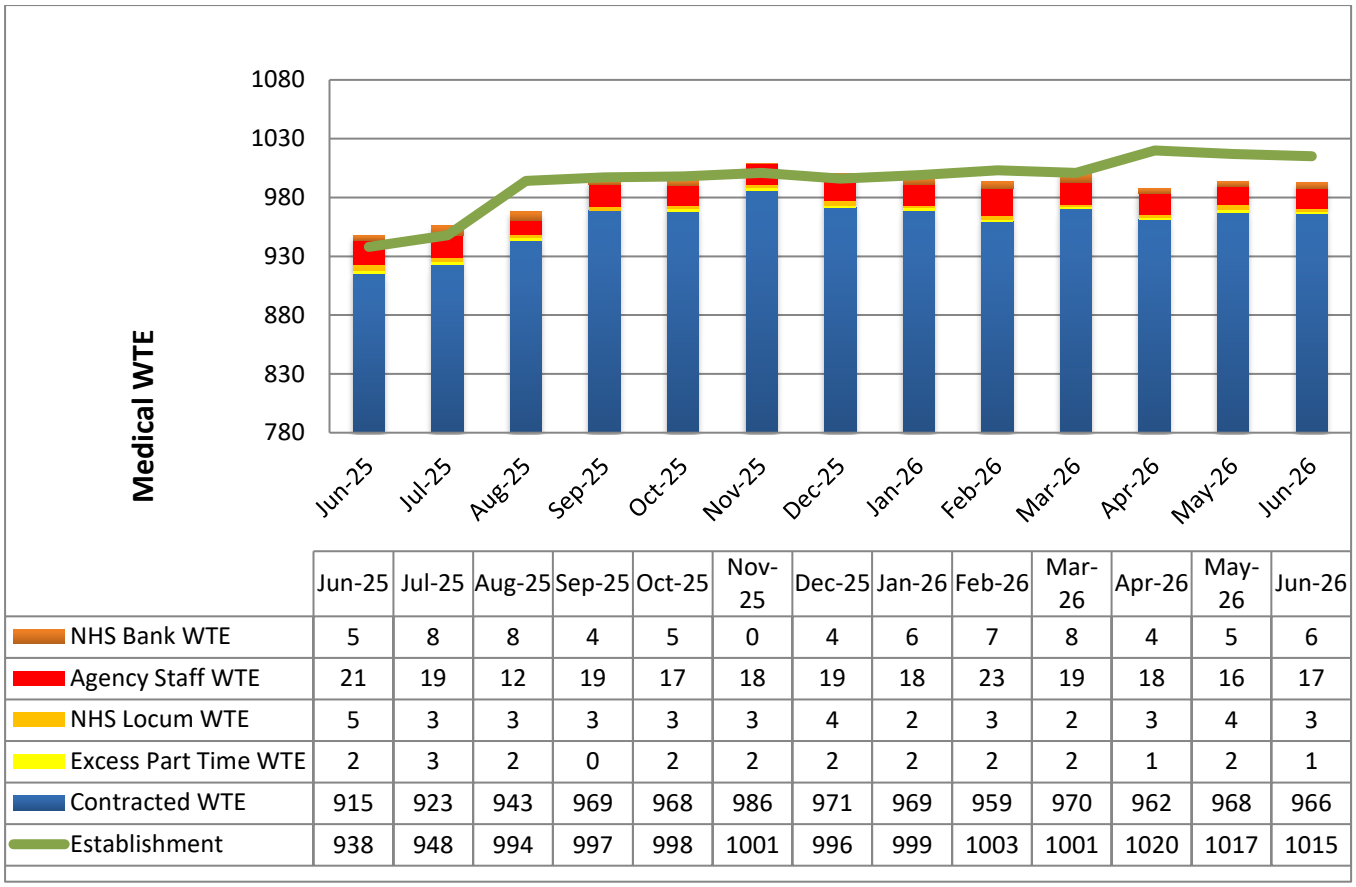


Medical Agency Trend

Agency medical costs are mainly for Consultants. They were £0.1 million lower in June 2026 than June 2025, and also £0.09 million lower than in April 2026. These costs have been broadly flat within a small range for the last year.



Medical Staffing breakdown

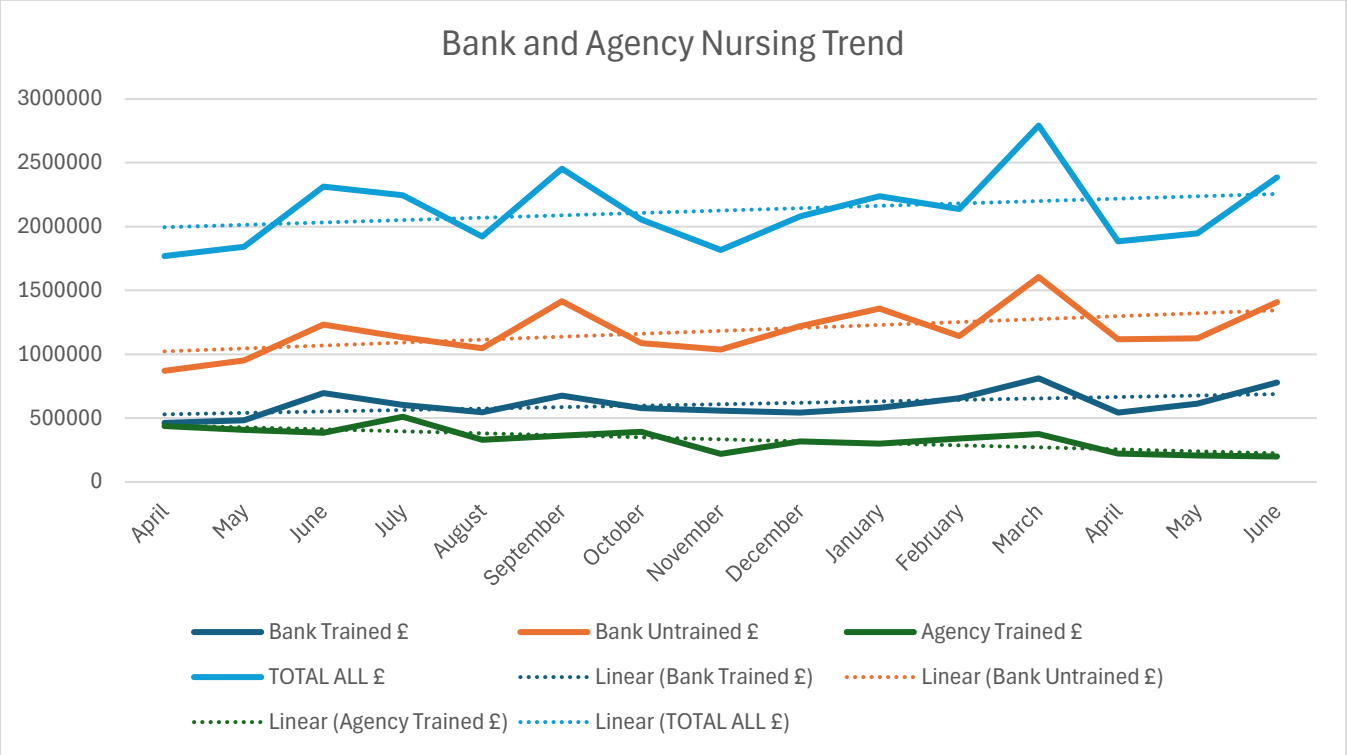


	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
NHS Bank WTE	5	8	8	4	5	0	4	6	7	8	4	5	6
Agency Staff WTE	21	19	12	19	17	18	19	18	23	19	18	16	17
NHS Locum WTE	5	3	3	3	3	3	4	2	3	2	3	4	3
Excess Part Time WTE	2	3	2	0	2	2	2	2	2	2	1	2	1
Contracted WTE	915	923	943	969	968	986	971	969	959	970	962	968	966
Establishment	938	948	994	997	998	1001	996	999	1003	1001	1020	1017	1015

The chart above shows the trend in medcial staffing numbers with a clear and sustained increase in August and September following new intakes.

Nusing Bank and Agency Trend

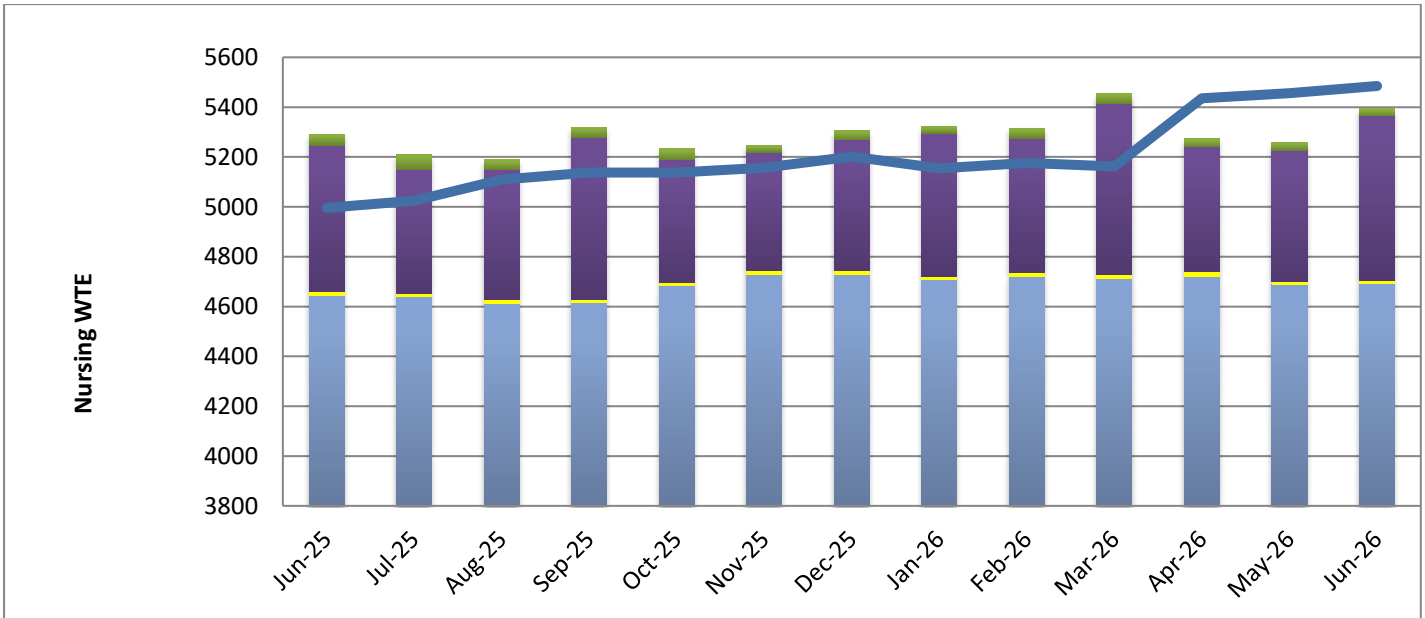
The chart below shows the nursing bank and agency trend over time. Note a consistent pattern of high spend in March followed by lower spend in April. There was an increase of £0.4 million overall in June over May, caused by the 5 week month.



Note - chart above is not inflation adjusted

Nursing Staffing Breakdown

The increase in Nursing establishment since April 2026 is due to the addition of non-recurring Vaccination funding and recurring RWW funding.



	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Agency Staff WTE	44	60	39	41	45	26	38	29	40	43	32	30	29
Bank Staff WTE	588	498	520	649	490	475	523	573	541	686	499	527	662
Overtime WTE	16	14	17	16	14	17	18	15	17	16	23	13	13
Core WTE	4644	4638	4613	4614	4684	4728	4728	4707	4718	4711	4719	4687	4690
Establishment	4996	5025	5109	5137	5138	5157	5202	5154	5176	5162	5435	5456	5485

Sickness Absence

The local target level of sickness absence is 5.15% for the year. The absence rate fell from 6.18% in April to 6.04% in May.