

NHS Ayrshire & Arran



Meeting:	Ayrshire and Arran NHS Board
Meeting date:	Monday 12 October 2026
Title:	Financial Management Report to August 2026
Responsible Director:	David Stonehouse – Interim Director of Finance
Report Author:	Kim Wilson – Interim 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 £18.8 million after five months. The savings programme is phased in twelfths for planning purposes. On this basis there is an adverse variance to plan of £0.1 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 £18.8 million after five months. The savings programme is phased in twelfths for planning purposes. On this basis there is an adverse variance to plan of £0.1 million.
- The Board forecasts a deficit of £45.0 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.
- Health and Social Care Partnerships underspent in aggregate by £2.1 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 5 efficiency achieved was £18.8 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 £49.9 million. There is some delivery risk in the green schemes which are assumed to deliver in full in the current forecast.
- The current forecast is that the Board will remain within the £45.0 million maximum deficit support funding. Currently non recurrent slippages continue to offset under delivery of recurrent savings in acute services, management action continues to focus on pushing the best value savings programme forward whilst ensuring grip and control measures maximise current mitigations.
- The upward trajectory on the financial impact of the Band 5-6 review cost pressure risk continues to increase and at this point is assessed at the maximum level which we can manage locally within our current resource.

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.

- 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 28 September 2026
- Performance Governance Committee on 1 October 2026

2.4 Recommendation

For discussion. Members are asked to:

- Review the financial position for Month 5.
- 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 5

Appendix A

NHS Ayrshire and Arran – Finance Report August 2026

1. Overall Financial Position

- 1.1 The Board was £18.8 million overspent at the end of month 5, 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	YTD Variance	
				M5 £000	Forecast £000
Acute	531,512	218,470	222,498	(4,028)	(7,573)
New Medicine Fund	24,943	8,951	8,954	(3)	0
Pharmacy	14,403	5,962	5,854	108	250
Acute and Clinical Services	570,858	233,383	237,306	(3,923)	(7,323)
ISS (Operational)	87,915	36,916	35,345	1,571	2,732
ISS (Corporate)	52,241	19,607	19,574	33	97
Corporate Services	50,332	20,808	19,400	1,408	1,909
Non Clinical Support Services	190,488	77,331	74,319	3,012	4,738
Centrally Managed Resources	8,475	1,296	1,316	(20)	0
Reserves	21,122	875	0	875	2,585
Centrally Managed Resources	29,597	2,171	1,316	855	2,585
Health Board Sub Total	790,943	312,885	312,941	(56)	0
Maximum Deficit Support Level	(45,000)	(18,750)	0	(18,750)	(45,000)
Board Total	745,943	294,135	312,941	(18,806)	(45,000)
East Hscp	262,741	110,408	109,143	1,265	0
North Hscp	207,733	86,661	86,448	213	0
South Hscp	113,806	47,373	46,744	629	0
Board Total inc HSCPs	1,330,223	538,577	555,276	(16,699)	(45,000)

Performance against key Scottish Government targets

The Board is overspent by £18.8 million after five months. This is £0.1 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 5 was £13.1 million, with our financial plan requiring £36.2 million in the full year – both numbers excluding IJBs. Non-recurring efficiency achieved was £5.6 million. The efficiency plan has been phased into the ledger budgets in equal twelfths.

1.2 Scottish Government Allocations

An allocation letter has been issued by Scottish Government up to August 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 July 2026	3,108	8,115	93,924	105,147
System Pressures		3,000		3,000
Invest to Save		1,791		1,791
Allied Health Profession job planning		87		87
Sexual health & blood borne viruses strategy		10		10
NHS Parental employability		132		132
Targeted endoscopy		435		435
National imaging plan	944	0		944
Operational improvement plan	5,183	0		5,183
Digital Health & Care Strategic and Integrated Primary and Community Care	1,709	0		1,709
Investment in planned care	0	3,172		3,172
Additional systemic anti-cancer therapy and acute oncology	283	0		283
Allocations at 31 July	1,108,498	16,742	93,924	1,219,164

The main allocations in August were the receipt of £5.183 million of recurring Operational Improvement Plan, £3.172 million non-recurring Investment in Planned Care, which represents 50% of the total allocation and £3.0 million System Pressures non-recurring funding as per the financial plan.

2. Acute Services – analysis by cost category

2.1 The annual budget for Acute Services is £531.5 million. The directorate is overspent by £4.0 million against its year-to-date budget. This is driven by £4.9 million of unallocated savings in the year to date. Underspends on non pay are offsetting overspends in other areas.

The Month 5 overspend is less than £0.1 million. Unallocated savings cause £0.8 million of adverse variance.

M5 Cost Category	Annual Budget £000	YTD Budget £000	YTD Actual £000	YTD Variance £000	M5 Variance £000
Pay	399,900	165,503	166,140	(637)	32
Non Pay	84,795	33,629	32,020	1,609	687
Purchase of Healthcare	104,215	42,758	43,178	(420)	(286)
Hch Income	(44,286)	(17,967)	(18,252)	285	320
Other Operating Income	(1,342)	(549)	(588)	39	(59)
Savings	(11,770)	(4,904)	0	(4,904)	(765)
Total	531,512	218,470	222,498	(4,027)	(72)

2.2 Pay is overspent by £0.6 million after 5 months and breakeven in Month 5.

Pay Category	Annual Budget £000	YTD Budget £000	YTD Actual £000	YTD Variance £000	Month 5 Variance £000
Nursing & Midwifery	202,022	83,411	83,686	(275)	(87)
Medical & Dental	128,699	53,492	54,138	(646)	(44)
Admin & Clerical	21,805	8,882	8,463	420	84
Healthcare Sciences	21,121	8,836	8,302	533	98
Allied Health Professionals	25,210	10,446	9,821	624	444
Medical & Dental Support	3,335	1,391	1,365	26	8
Support Services	398	166	190	(23)	2
Senior Managers	182	76	55	21	4
Other Therapeutic	312	130	123	7	9
Labs and Diagnostics Vacancy Factor	(2,948)	(1,965)	0	(1,965)	(836)
Budget Reserves -Pay	(236)	638	(3)	641	349
Total	399,900	165,503	166,140	(637)	32

- Unfunded Wards are now budgeted for.
- Nursing pay overspent marginally in Month 5, with a slight worsening of the run rate.
- The cumulative Medical overspend has remained at £0.6 million, with a slight overspend in month 5, compared to an underspend in month 4.
- Underspends on Admin and Clerical, Allied Health Professionals and Healthcare Sciences partially offset the Labs and Diagnostics vacancy factor.
- It should be noted that the transfer of acute led Allied Health Professionals from East and South HSCPs has been fully transferred into acute in Month 5, further improvements come from increased operational improvement plan and access funding.

2.3 Supplies and services were £1.6 million underspent after five months with a period underspend of £0.7 million.

M5 Supplies Category	Annual Budget £000	YTD Budget £000	YTD Actual £000	YTD Variance £000	M5 Variance £000
Cssd/diagnostic Supplies	8,001	3,325	3,118	207	53
Drugs	29,188	10,748	9,690	1,057	489
Equipment	4,502	1,927	2,231	(305)	(94)
Hotel Services	1,686	700	1,050	(350)	(66)
Other Admin Supplies	2,613	978	1,025	(47)	4
Other Supplies	6,062	2,344	2,333	11	(11)
Other Therapeutic Supplies	6,872	3,054	3,043	11	17
Surgical Sundries	25,766	10,511	9,441	1,070	304
Other	105	44	89	(45)	(9)
Total	84,795	33,629	32,020	1,609	687

- These budgets have been reset in line with 2025/26 spend.
- Medicines are underspent by £1.1 million in the year and £0.5 million in Month 5, with material underspends recorded at University Hospital Crosshouse and Ayrshire Maternity Unit. We are reviewing the detail behind this position due to the extent of the movement.
- Hotel Services are overspent by £0.4 million cumulatively after five months. Patient transport / taxi contract is the main driver for this, the overspend was £0.25 million after five months. This is being reviewed in the context of efficiency workstreams being established to address this pressure.
- Equipment continues to overspend with the most material overspends being in the purchase of surgical equipment at Ayr and X-ray equipment service contracts within Labs and Diagnostics.
- Surgical Sundries are £1.1 million underspent year to date and is £0.3 million underspent in Month 5, an improvement of £0.1m on the run rate.

2.4 Acute Service – analysis by division

<i>Division</i>	Annual Budget £000	YTD Budget £000	YTD Actual £000	YTD Var £000	M5 Variance £000
Surgical	165,554	68,485	69,254	(769)	27
Medicine	102,417	42,594	44,264	(1,670)	(263)
Externals	89,985	37,459	37,555	(97)	44
Emergency Care and Trauma	50,038	20,832	22,296	(1,464)	(186)
Women + Children	53,742	22,454	22,393	60	(21)
Labs & Diagnostics	51,913	21,702	21,842	(139)	26
Plasma, New + Tertiary	6,607	1,839	1,989	(150)	(41)
AHPs	6,559	2,647	2,647	0	0
Access	8,521	3,047	3,047	0	(0)
Acute Management	(3,825)	(2,589)	(2,789)	201	342
Total	531,512	218,470	222,498	(4,028)	(72)

- Directorate budgets have been reset in line with 2025/26 spend.
- The Surgical division position in Month 5 is breakeven, improving on prior months run rate following receipt of planned care funding in Month 4.
- Medicine is overspent by £1.7 million year to date, within this is a pay overspend of £0.8 million, which includes bank nursing overspend of £2.4 million and phased in unallocated savings of £1.6 million.
- External purchase of healthcare improved in Month 5 as a result of a change in invoicing methodology for 2026-27 to non-Scottish Health Boards, this change moves to a 2024-25 blue book price plus relevant uplifts, backdated to April 2026.

- Emergency Care and Trauma overspent by £0.2 million in Month 5 which is a slight improvement in the run rate of £0.1 million.
- Labs and Diagnostics remains static this month with a breakeven month. The funding received in month 4 for OIP and the breast consultant should see this trend continue.
- The Acute Management cost centre has a negative annual budget due to income targets for the Compensation Recovery Unit and National Education Scotland Training being housed in this area. The in-month position has been partly improved by issuing Hospital at Home funding and a revised methodology for recharging medical workforce sessions.

2.5 **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 5. Local spend through JAC is £0.2 million under budget. The overall position is shown as breakeven as material spend is through NHS GGC with a delay in capturing full spend. Similarly, the forecast is shown as breakeven at this stage.

2.6 **Pharmacy**

Pharmacy is £0.1 million underspent year to date. This is caused by pay underspends in Pharmacy Teams and Central Pharmacy and is expected to deliver an underspend of £0.25 million.

2.7 **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 £140.2 million and were £1.6 million underspent at Month 5.

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 and are factored into the slightly reduced forecast underspend.

2.8 **Corporate Services**

Corporate services have budgets of £50.3 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 £1.4 million at Month 5. This includes training budgets where spend is in the acute directorate. A further round of corporate budget reviews is underway, and this is reflected in the improved forecast of £1.9 million underspend.

2.9 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.

2.10 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 5 are £0.9 million.

2.11 Health and Social Care Partnerships (HSCPs)

Health and Social Care Partnerships are underspent by £2.1 million in aggregate. East are underspent by £1.3 million, North by £0.2 million and South by £0.6 million.

Quarter one reviews have been held with all Chief Officers and they have all confirmed they will achieve a break-even position and full savings delivery.

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 £1.3 million after five months.

East HSCP	Annual Budget £000	YTD Budget £000	YTD Actuals £000	YTD Variance £000
Ahps East	6,268	2,612	2,510	102
And Com Nursing	945	410	410	(1)
East Business Support	2,869	1,189	1,041	148
East H + C Care	15,299	6,385	6,049	336
East Hosted Services	12,503	5,236	5,005	231
East Hscp Apprenticeship Levy	289	120	118	2
East Hscp Children	5,560	2,317	2,202	115
East Local Authority Payments	22,464	9,256	9,237	19
East Mental Health	5,628	2,345	1,987	358
East Partnership Management	437	182	238	(56)
East Primary Care	47,310	19,712	19,706	7
East Turnover Allocation	(664)	(277)	0	(277)
Ehscp Flat Cash Settlement	1,878	778	0	778
Primary Care	141,708	59,895	60,392	(497)
Whole Systems / Improving Flow	247	247	247	0
Total	262,741	110,408	109,143	1,265

This significant underspend is due to the following main factors:

Vacancies in areas such as District Nursing, Community Mental Health Teams and Business Support continue to generate underspends in line with prior months. Reduced Working Week funding remains in flat cash, with the benefit being phased in.

Note that the transfer of acute led AHP services has now fully moved to acute in Month 5.

North HSCP

North HSCP is underspent by £0.2 million after five months.

North HSCP	Annual Budget £000	YTD Budget £000	YTD Actuals £000	YTD Variance £000
Ahps North	12,862	5,353	5,102	251
Arran Montrose House	(0)	7	7	0
Mental Health Services	75,877	31,819	32,166	(347)
Nhscp Flat Cash Settlement	2,060	996	436	560
North Apprenticeship Levy	416	173	163	10
North Business Support	1,024	439	392	47
North Gp Stakeholder	53	22	27	(5)
North H + C Care	23,413	9,457	10,160	(702)
North Hosted Services	695	290	264	26
North Hscp Children	5,937	2,476	2,457	20
North Local Authority Payments	24,641	10,272	10,272	(0)
North Mental Health	6,232	2,615	2,267	348
North Partnership Management	653	272	274	(1)
North Primary Care	53,830	22,429	22,422	8
Whole Systems / Improving Flow	40	40	40	(0)
Total	207,733	86,661	86,448	213

South HSCP

South HSCP is underspent by £0.6 million after five months.

South HSCP	Annual Budget £000	YTD Budget £000	YTD Actuals £000	YTD Variance £000
Ahps	9,593	4,047	3,813	234
Int Care + Rehab Moc South	1,676	702	691	10
South Business Support	3,258	1,350	1,248	102
South H + C Care	15,705	6,575	6,756	(181)
South Hosted Services	3,954	1,627	1,469	158
South Hscp Children	4,018	1,674	1,542	133
South Hscp Management	1,280	462	447	15
South Local Authority Payments	20,836	8,611	8,611	(0)
South Mental Health	6,550	2,753	2,602	151
South Primary Care	46,906	19,544	19,538	6
Whole Systems / Improving Flow	28	28	28	0
Total	113,806	47,373	46,744	629

There is an underspend of £0.2 million on Allied Health Professionals, noting that the transfer of acute led services is now fully moved to acute in Month 5.

Community Mental Health Teams continue to run with underspends due to vacancies, this is contributing £0.1 million to the overall underspend.

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, £9.0 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 the annual plan of £57.1 million.

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”. The assessment of future savings will steadily migrate from the risk rated percentage to a more granular assessment signed off by the Director Sponsor.

Forecasts and risk ratings are agreed with Director sponsors. The current risk adjusted annual forecast is achievement of £49.9 million.

Area	Original	Original	Achieved	Variance	Forecast
	Plan £000	Plan YTD 12ths £000	YTD £000	YTD £000	Achievement Total £000
Acute	4,471	1,863	708	(1,155)	1,750
Acute Divisional Efficiencies	590	246	454	208	1,801
Acute Prescribing	3,000	1,250	1,132	(118)	3,252
Admin & Clerical Review	0	0	250	250	600
Corporate Efficiencies	0	0	777	777	1,900
Invest to Save	0	0	0	0	341
ISS	1,819	758	696	(62)	1,674
Medical Workforce	3,900	1,625	205	(1,420)	400
Nursing Workforce	3,000	1,250	277	(973)	2,750
Primary Care Prescribing	4,000	1,667	2,159	492	5,264
Procurement	353	147	140	(7)	645
SLA review	3,650	1,521	2,003	482	5,485
Transformation	0	0	0	0	0
Transport	200	83	0	(83)	100
Subtotal Acute	24,983	10,410	8,801	(1,609)	25,963
IJB Return to Balance	4,900	2,042	2,042	0	4,900
Profit on Sale of Assets	1,500	625	0	(625)	0
Financial Management Measures	10,060	4,192	4,192	0	10,060
Unidentified Gap	6,652	2,772	0	(2,772)	0
Sub Total Health Board	48,095	20,040	15,035	(5,005)	40,923
HSCP 3 % Baseline Efficiency	9,026	3,761	3,761	0	9,026
Total NHS Ayrshire and Arran	57,121	23,800	18,796	(5,004)	49,949

The year to date shortfall of £5.0 million is caused by:

- the unidentified gap phased in at £2.8 million.
- Nursing Workforce where savings from bank and agency combined have been £0.3 million in the first five months. This is £0.6 million behind the £2.0 million original year to date plan. Further enhancement to temporary pay controls have been implemented requiring any non-core shift request to be signed off by the site-based Chief Nurse.
- Savings from the Enhanced Therapeutic Observations and Care initiative (ETOC) have been reduced due to recruitment delays and are now expected to deliver £0.75 million from October to March.
- Workforce medical savings have saved £0.2 million to date. This is on Medical Bank and Agency. Most of the sustainable medical workforce efficiencies are considered high risk and do not form part of year end forecast achievement,
 - An improvement in the workforce medical forecast of £0.4 million has been recorded in month 5 with a revised confidence on the surgical junior doctor rota compliance.
- Acute - In the original plan 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 have achieved £0.7m in the five months.

- Primary Care Prescribing forecast annual achievement is now £5.4 million. This is £1.3 million higher than originally planned and generates a positive year to date position of £0.6 million ahead of plan.
- Corporate Efficiencies were not part of the original plan but have delivered £0.8 million. This area has been reviewed and is forecast to deliver £1.9 million by year end.

3.3 The table below outlines the risk categorisation of the wider schemes and their risk adjusted totals.

Savings are shown by Best Value Plan programme, with scheme values aggregated according to their Red, Amber or Green (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-Recurring 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	1,634	117	100	0	0	0	1,734	117	1,851
Acute Prescribing	3,102	150	0	0	0	0	3,102	150	3,252
Admin & Clerical Review	600	0	0	0	0	0	600	0	600
Corporate Efficiencies	0	1,900	0	0	0	0	0	1,900	1,900
Invest to Save	241	0	100	100	0	0	341	100	441
ISS	1,667	8	0	0	0	0	1,667	8	1,674
Medical Workforce	400	0	0	0	1,466	0	1,866	0	1,866
Nursing Workforce	2,750	0	0	0	250	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	3,866	1,569	100	0	50	0	4,016	1,569	5,585
Transformation	0	0	0	0	0	0	0	0	0
Transport	0	0	200	0	0	0	200	0	200
Unscheduled Care	0	0	0	0	0	0	0	0	0
Sub-total	21,865	3,748	500	200	1,991	0	24,356	3,948	28,304
IJB Return to Balance	4,900	0	0	0	0	0	4,900	0	4,900
Best Value Plan Total	26,765	3,748	500	200	1,991	0	29,256	3,948	33,204
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
Full Financial Plan Efficiency Total	35,791	13,808	500	200	1,991	1,500	38,282	15,508	53,790
Risk Adjustment	100%	100%	50%	50%	0%	0%			
Forecast Total	35,791	13,808	250	100	0	0	36,041	13,908	49,949

This table shows those schemes in which there is high confidence in delivery account for £49.6 million (the combined value of the Recurring and Non-Recurring green rated schemes) of our £57.1 million target. A targeted improvement programme continues 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. 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	(45.0)	(45.0)	(45.0)
Primary Care Prescribing	1.2	0.0	(1.5)
Best Value Savings Programme	1.2	0.0	(2.8)
Improving Flow Project	0.0	0.0	(3.0)
Cap to Rev Flexibility	1.0	1.0	0.0
New Medicines	1.4	0.0	(1.4)
AFC Reform Funding	2.0	(4.0)	(4.0)
Asset Disposal	1.5	0.0	0.0
CNORIS	1.0	0.0	(1.0)
Benefits in reserves	0.0	3.0	0.0
Forecast	(35.7)	(45.0)	(58.7)

Primary Care Prescribing is historically challenging to predict given market conditions and variations in medicine pricing. The range has been calculated based on 3 months of available information. The increase in the worst case position comes as a result of increased part 7 prices for high volume medicines such as cocodamol, ramipril and propranolol.

The Best Value Savings Programme base case forecast is £49.9 million. This was derived using 100% of potential achievement for “Green”, 50% for “Amber” and 0% for “Red” schemes. The best case scenario uses 100%, 100% and 25% respectively and generates a £1.2 million upside. The worst case scenario is 95% of the “Green” rated schemes and none of the other schemes. However whilst the nursing savings delivery is still green rated it is significantly off plan and a risk that is being actively reviewed.

The Improving Flow Project has a downside risk of £3.0 million. This assumes no bed closures in acute and full expenditure in out of hospital services in line with the programme.

New Medicines are high cost/low volume medicines and as such carry a high financial risk. At this stage a potential risk and benefit of £1.4 million are included, being 5% of the annual budget. We are expecting recharges from NHS GGC shortly for the first quarter activity which will better inform this position.

Capital to revenue flexibility is likely to realise further benefits of £1.0 million based with approval being sought through the relevant capital governance process.

With regard to AFC Reform whilst Reduced Working Week funding has been distributed the Band 5-6 review is ongoing. The latest available update on AFC reform shows an increase in the number of applications from the year end from 622 to 1123 at the end of September (an increase of 145 from last month). There is a limit on available local risk mitigation and this is material risk to achieving the £45 million. With our position behind that of other boards at year end, we are experiencing an increased volume of claims in 2026-27. Based on the historic

success rate and average cost per successful claim, this would suggest the worst case scenario is in the region of £4 million in excess of our current provision, this is also the most likely case. This has not been formally factored into the forecast at this point, reserves are being carefully managed to mitigate the increased costs as they stand now.

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.

5. FORECASTS

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

Acute - £7.6 million forecast overspend, an improved position based on a more detailed review, funding for plans such as Hospital at Home and Operational Improvement Plan and continued medicines underspends - 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 £2.8 million. ISS are £1.6 million underspent after 5 months however spend is likely to increase on digital programmes in future months.

Corporate departments are forecast to underspend by £1.9 million with the Medical Director at £1.0 million (housing teaching budgets), Finance (£0.3 million), Public Health (£0.3 million), O&HRD (£0.2 million) and Transformation and Sustainability (£0.2 million) comprising the largest elements. Ongoing detailed reviews of these areas will continue to seek financial improvement.

Reserves are forecast to have unissued budget of £2.6 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.

The table below shows the detailed construction of the £7.6 million acute forecast overspend.

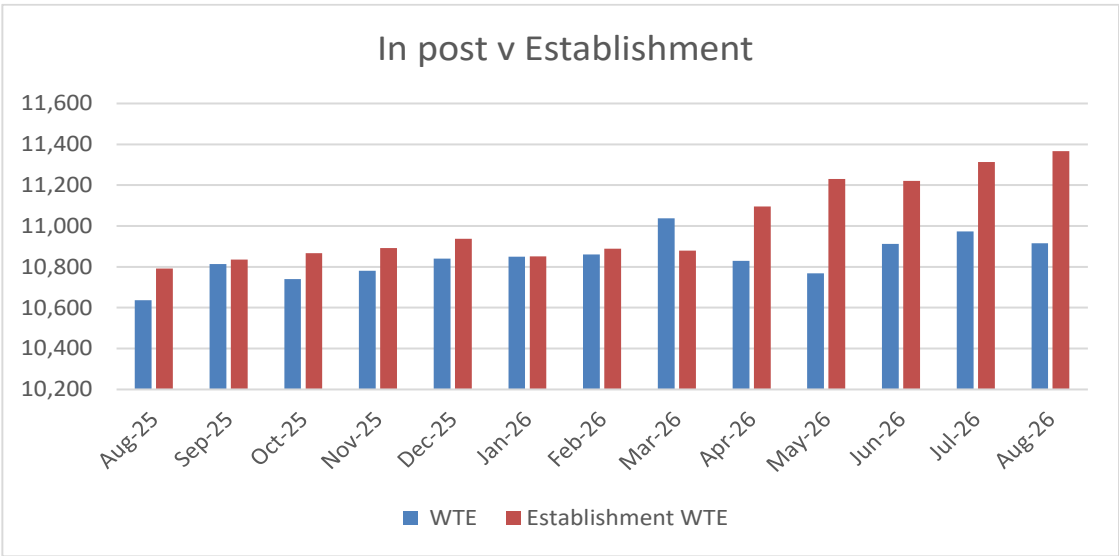
	actual	actual	actual	actual	actual	f/cast	f/cast	f/cast	f/cast	f/cast	f/cast	f/cast	f/cast
	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Medical	10.9	10.9	10.7	10.9	10.8	10.9	10.9	10.9	10.9	11.1	11.2	11.2	131.3
Nursing	16.5	16.7	17.0	16.8	16.7	16.8	16.7	16.6	16.7	17.0	17.0	17.2	201.8
AHP	1.5	1.5	1.5	1.5	3.8	1.9	1.9	1.9	1.9	1.9	1.9	1.9	23.4
Flow Board	0.0	0.0	0.0	0.0	0.0	0.0	(0.4)	(0.4)	(0.4)	(0.7)	(0.7)	(0.7)	(3.0)
All other	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	44.2
Base Pay	32.6	32.8	33.0	32.9	34.8	33.3	32.8	32.8	32.9	33.1	33.2	33.3	397.6
Less BVP	0.0	0.0	0.0	0.0	0.0	(0.2)	(0.3)	(0.3)	(0.3)	(0.4)	(0.4)	(0.4)	(2.4)
Pay	32.6	32.8	33.0	32.9	34.8	33.2	32.5	32.5	32.6	32.7	32.8	32.9	395.2
Supplies	4.4	4.8	4.1	4.8	4.4	4.6	4.6	4.7	4.7	4.8	4.8	5.1	55.9
Drugs	2.3	2.1	2.3	2.3	1.4	2.3	2.3	2.3	2.3	2.3	2.3	2.3	26.8
PoH	9.6	8.0	8.4	8.8	8.5	8.5	10.4	8.9	8.9	8.9	8.9	8.9	106.8
Income	(3.6)	(3.5)	(3.5)	(3.6)	(5.5)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(47.3)
Base Non Pay	12.6	11.5	11.3	12.3	8.7	11.5	13.5	12.1	12.1	12.1	12.2	12.5	142.3
Less BVP	0.0	0.0	0.0	0.0	0.0	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(1.4)
Non Pay	12.6	11.5	11.3	12.3	8.7	11.4	13.3	11.8	11.8	11.9	11.9	12.3	140.8
Spend	45.2	44.2	44.3	45.1	43.6	44.5	45.8	44.3	44.4	44.6	44.7	45.2	536.1
Budget	44.7	43.2	42.1	45.0	43.5	43.8	45.3	43.7	43.8	43.7	44.4	45.3	528.5
Variance	(0.6)	(1.1)	(2.1)	(0.1)	(0.1)	(0.7)	(0.5)	(0.6)	(0.7)	(0.9)	(0.3)	0.1	(7.6)
Current WTE					5,053.0	5,053.0	5,053.0	5,053.0	5,053.0	5,053.0	5,053.0	5,053.0	5,053.0
BV Reduction	0.0	0.0	0.0	0.0	0.0	(36.3)	(62.0)	(62.0)	(62.0)	(75.9)	(75.9)	(75.9)	(75.9)
WTE	0.0	0.0	0.0	0.0	5,053.0	5,016.7	4,991.0	4,991.0	4,991.0	4,977.1	4,977.1	4,977.1	4,977.1

6. CONCLUSION

- 6.1 The Board has an £18.8 million deficit after five months which is £0.1 million adverse to plan. Month five overall broadly saw a slight improvement in the run rate pattern established in the first four months which are broadly non recurrent. The efficiency plan has delivered £18.8 million and forecasts annual delivery of £49.9 million. The Board forecasts a deficit of £45.0 million in line with plan.

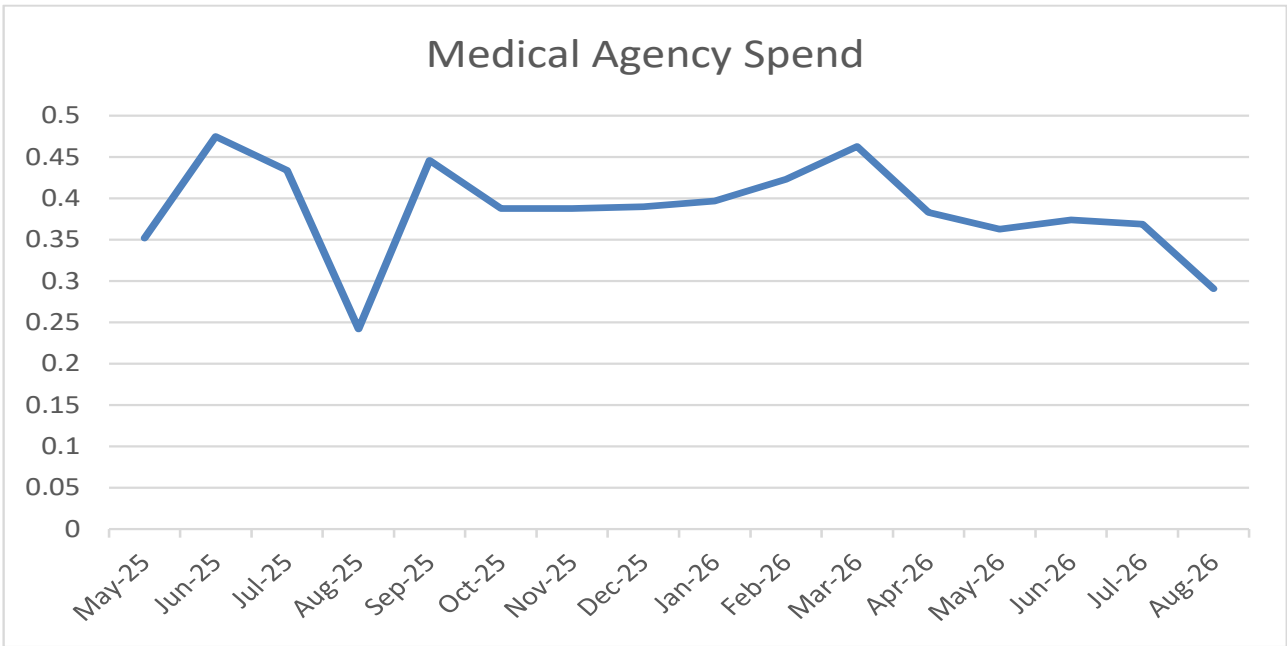
Annex A - Workforce and Performance Information

Key workforce data

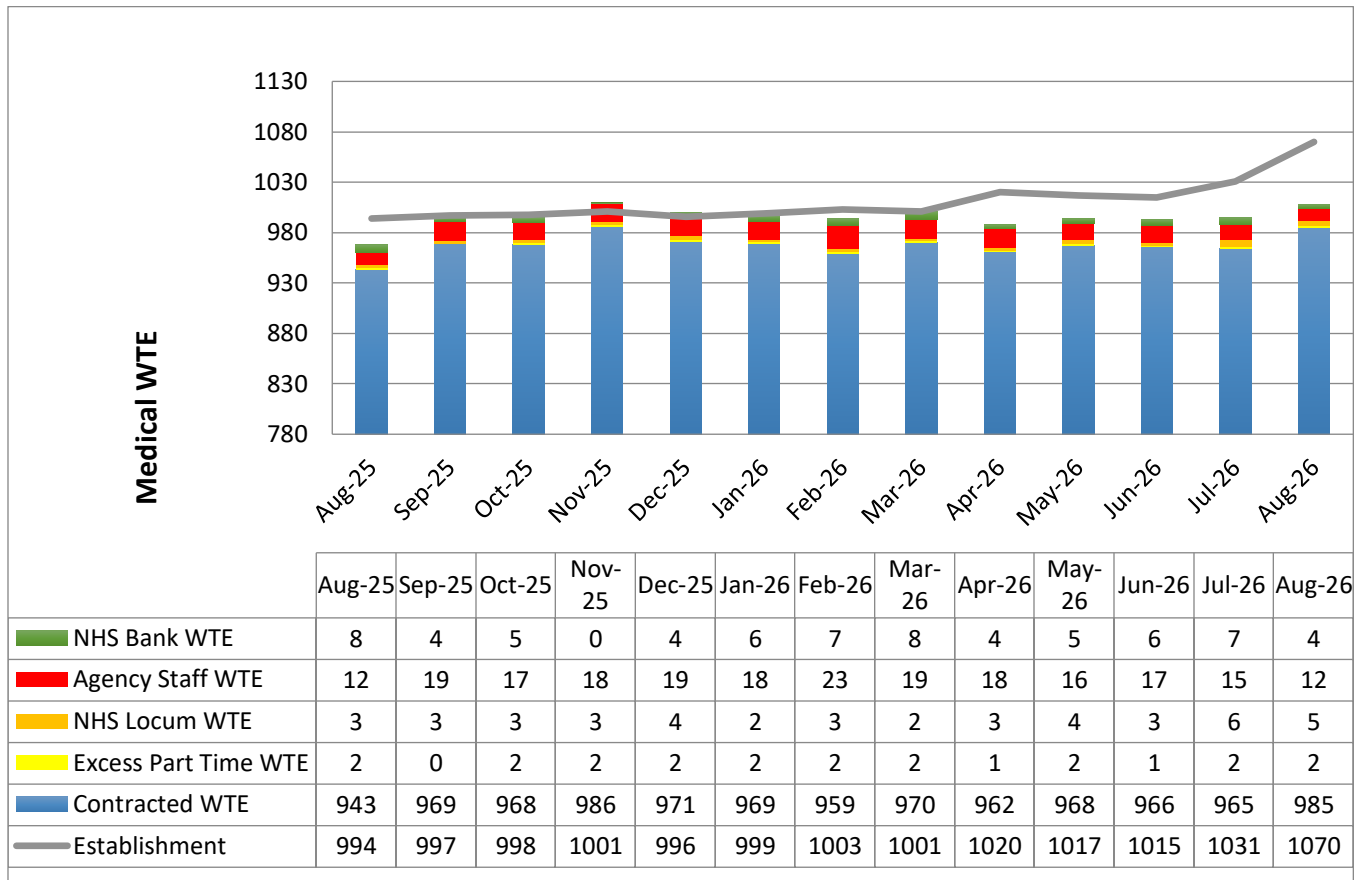


Medical Agency Trend

Agency medical costs are mainly for Consultants. They were £0.1 million lower in August 2026 than July 2026, with the run rate over M1-5 being 2.6% lower than the same period in 2025-26. These costs have been broadly flat within a small range for the last year.



Medical Staffing breakdown

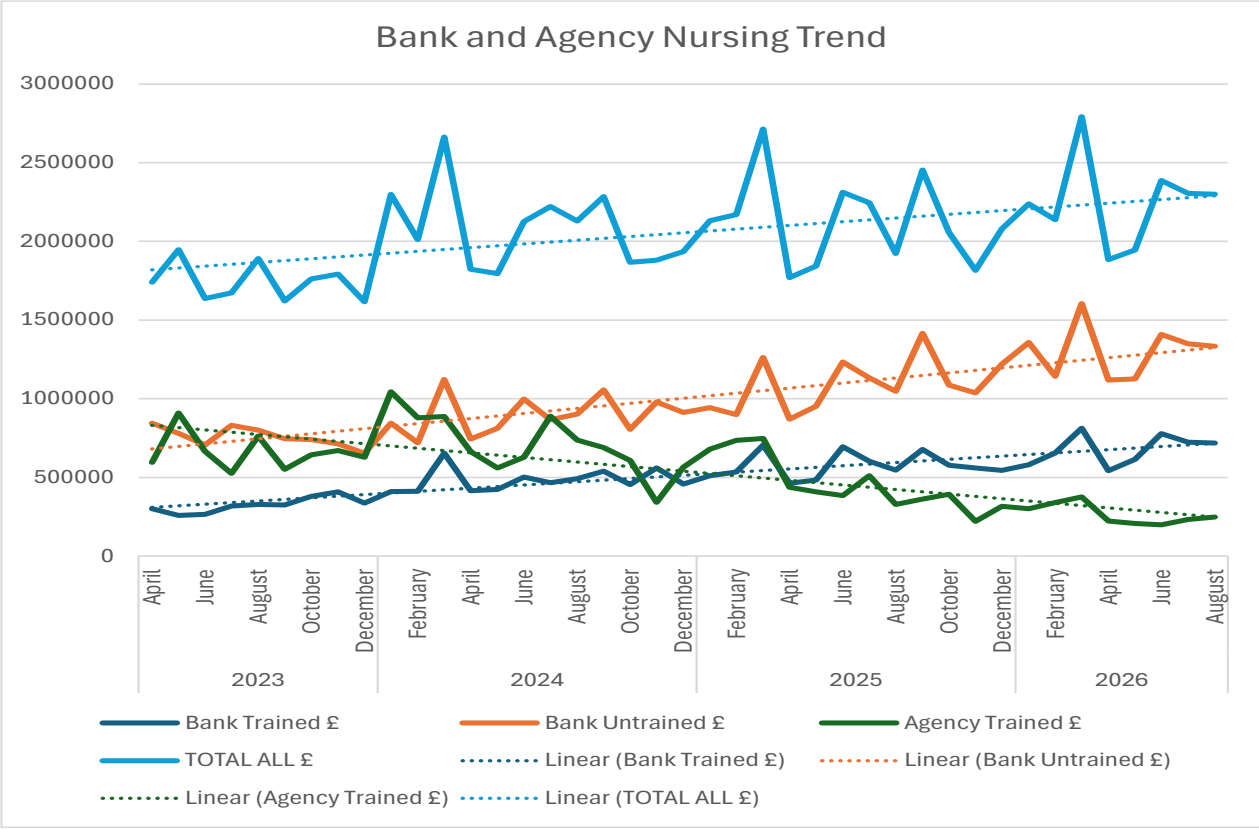


The chart above shows the trend in medical staffing numbers with a clear and sustained increase in July and August following new intakes, this is also reflected in the establishment.

An establishment increase of 8% year on year as a result of new funding for run rate and reduced working week has not been matched by in post WTE which has only increased by 4%. There has been a 5% increase in contracted hours, offset by reductions in Agency staff and bank.

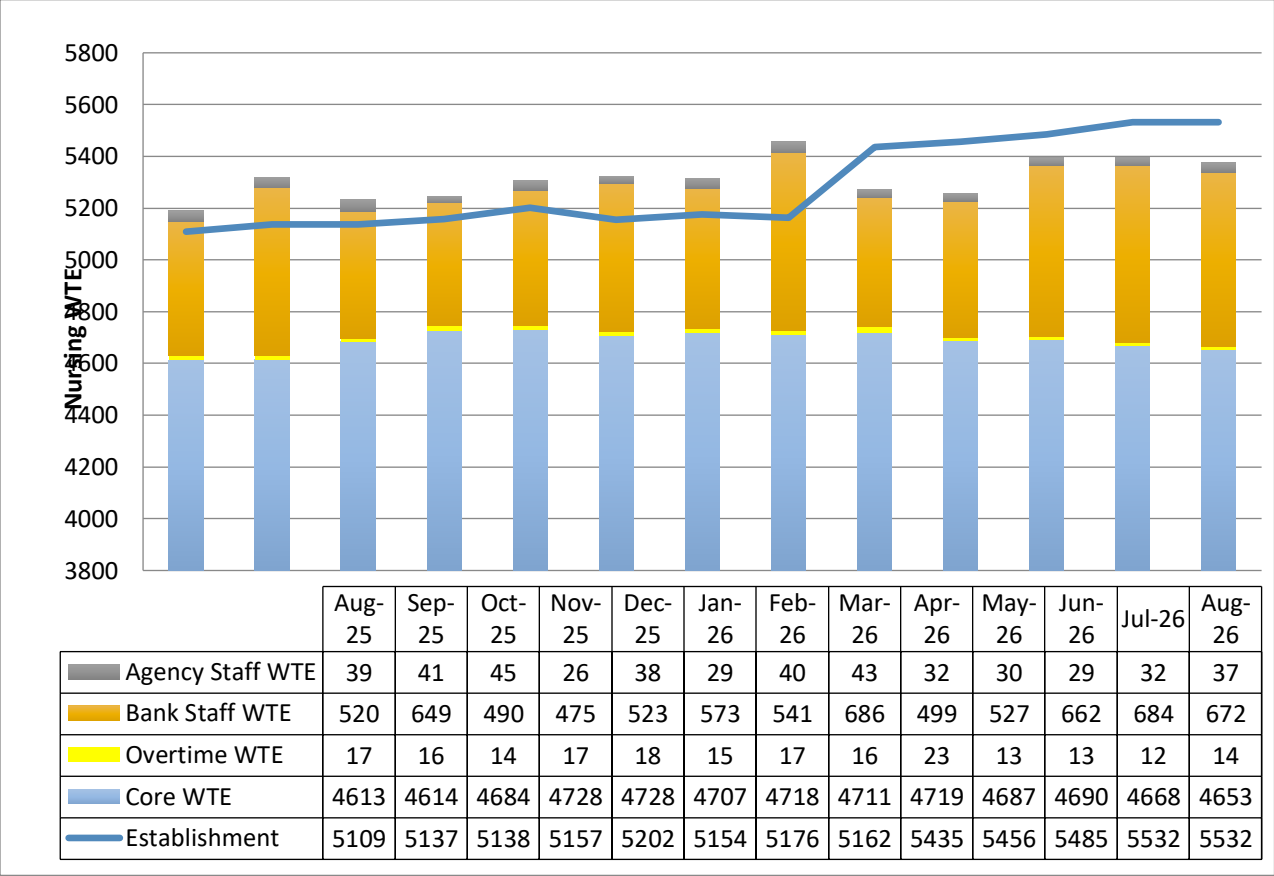
Nusing Bank and Agency Trend

The chart below shows the nursing bank and agency trend over time. The total workforce has remained consistent over June to August. A small increase in bank and agency has been used to offset a similar reduction in core staffing.



Nursing Staffing Breakdown

The increase in Nursing establishment since April 2026 is due to additional funding for initiatives such as the Reduced Working Week and the resetting of ward budgets. Contracted staff have remained broadly stable. Note the agency level, whilst in previous months was showing improvement, August has shown a deterioration in month and is broadly in line with last year WTE, although spend is around 25% less than the same period last year, indicating a move towards lower banded agency.



Sickness Absence

The local target level of sickness absence is 5.15% for the year. The absence rate increased from 6.17% in July to 6.57% in August.

