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AUDITOR GENERAL

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Convener
Public Audit Committee
The Scottish Parliament
Edinburgh
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10 November 2026

By email only

Dear Convener

The 2025/26 audit of Ayrshire and Arran

I am writing to update the Committee on progress made by NHS Ayrshire and Arran following the section 22 report on the 2024/25 audit. After careful consideration, I have decided not to produce a further section 22 report on NHS Ayrshire and Arran this year.

The 2025/26 audit of NHS Ayrshire and Arran has concluded and the auditor has provided unmodified opinions on the annual report and accounts.

The appointed auditor has reported that action to address the issues raised in my previous report is ongoing and I have determined that it is appropriate to allow the board more time to make progress. The auditor reports that the board has appropriate arrangements in place for Financial Management; Financial Sustainability, Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.

While the auditor has continued to raise concerns about the board's medium-term financial sustainability, reliance on non-recurring savings, and failure to meet NHS targets, these issues are common to many boards. I will report more fully on these issues through my NHS in Scotland 2026 report in December 2026.

Background

In November 2025, I published a section 22 report on the 2024/25 audit of NHS Ayrshire and Arran, due to the financial performance and financial sustainability of the board, service performance and quality, and leadership and governance issues. I gave evidence on this report to the previous Public Audit Committee on 26 November 2025. This was followed, on 25 February 2026, by an evidence session with representatives from NHS Ayrshire and Arran. The previous Committee later considered correspondence from NHS Ayrshire and Arran and agreed to close its scrutiny on 13 March 2026.

Following the Section 22 report on the 2024/25 audit, and due to delays agreeing a budget with the Scottish Government for 2025/26, NHS Ayrshire and Arran was

escalated to level 4 of the Scottish Government's Support and Intervention Framework on 13 February 2026.

Financial performance and sustainability

As NHS Ayrshire and Arran is at level 4 of the Support and Intervention Framework, it can access additional funding support from the Scottish Government to support its budget position. The auditor reports that NHS Ayrshire and Arran operated within all financial targets in 2025/26, however, the surplus revenue position of £0.7 million was only achieved after the board received financial deficit support funding of £25 million from the Scottish Government. This non-repayable funding replaced brokerage for boards from 2025/26.

The board did not meet the Scottish Government's 3 per cent recurring efficiency target. It achieved £19.3 million recurring savings against a target of £30.2 million. It made a further £10.6 million of non-recurring savings. This is an increase from the £17.9 million recurrent savings achieved in 2024/25.

The auditor concluded that the arrangements the board has in place for securing sound financial management were effective and appropriate. However, it remains the case that the board is not financially sustainable. The board's three-year financial plan to 2028/29 records a cumulative financial deficit, after proposed savings, of £90 million. Recurring efficiency savings of £114.6 million are required across the three years to meet the £90 million deficit target. The auditor concludes that while the board has delivered significant efficiency savings over time, based on the size of its current deficit, the board has not demonstrated that it can achieve financial sustainability without the aid of continued Scottish Government additional deficit support.

The Scottish Government has established an Assurance Board to which is chaired by a Scottish Government Director and reports report directly to the Chief Operating Officer for NHS Scotland and the Director-General for Health and Social Care. The NHS Scotland Finance Delivery Unit (FDU) monitors the board's progress against savings delivery and financial plan targets.

NHS Ayrshire and Arran established a Best Value Steering Group (BVSG) in January 2026. The purpose of the BVSG is to provide independent oversight and assurance of the board's efficiency and transformation programmes. As these arrangements were implemented late in the financial year, they had limited impact on the delivery of savings in 2025/26 but are expected to enhance governance effectiveness and oversight in 2026/27.

The Delivering Caring for Ayrshire strategy sets the strategic direction for service redesign, with elements of this ambition reflected across the 2025/26 Annual Delivery Plan. However, auditors note that the board could strengthen Delivering Caring for Ayrshire by developing and formalising a single transformation programme framework, supported by a comprehensive strategy or programme plan.

Governance and leadership

Overall, the auditor reports that the board's governance arrangements operated effectively in the year. There were a number of changes in the board's executive management team during 2025/26. An Interim Chief Executive was appointed from August 2025 and an Interim Director of Finance from February 2026. The board established an internal Project Management Office in 2025/26 and appointed a Turnaround Director in 2026/27, funded by the Scottish Government.

The Turnaround Director will support the delivery of the 2026/27 Best Value programme, as well as the identification and development of 2027/28 savings delivery.

The auditor states it will take time for the executive teams to embed within their roles and to work together as a cohesive leadership team. Through discussion with senior staff in the organisation and work to assess progress against the improvement plan, the auditor reports that members feel that the culture among the senior leadership team and at board level has improved.

The Interim Chief Executive's contract has been extended to March 2027. I understand that discussions are ongoing for a potential further extension to March 2028., The Interim Director of Finance is expected to remain in post until the end of March 2027,and the board is engaging with the Scottish Government and a recruitment provider to understand market availability of Interim Directors of Finances to cover the period post March 2027. It is crucial that the board secures stable, permanent leadership to support delivery of its strategic, financial and improvement objectives.

Service performance

Service performance against key national waiting time standards and local Delivery Plan trajectories improved in some priority areas but many measures remained below plan at year end. The auditor reports notable progress against the number of patients waiting over 52 weeks with strong performance in mental health services and significant improvement in cancer performance. Similar to other NHS boards, several targets are not being met, including planned care and unscheduled care. Unscheduled care in particular remains an area in which the board sees significant challenge in meeting national waiting time standards. This is an issue in several NHS boards, and I will be reporting further on performance in my NHS in Scotland 2026 report in December.

In my 2024/25 section 22 report I reported on NHS Ayrshire and Arran's workforce challenges, including a reliance on temporary staff which was having a significant impact on achievement of the board's savings plans. Auditors report a reducing reliance on agency staffing in 2025/26. The Annual Audit Report highlights recruitment and capacity-building actions have been taken to support this including large-scale recruitment of newly qualified nurses, and a structured Medical Workforce Strategy has been implemented to formalise establishment levels and support recruitment planning. However, auditors state that despite these actions, the board continues to experience ongoing workforce pressures, particularly in relation to consultant recruitment and wider staffing gaps, which have impacted areas such as rota compliance and delayed some workforce improvement activity.

Next steps

The appointed auditor will continue to monitor NHS Ayrshire and Arran's progress and will report through the 2026/27 annual audit report to be published next year. I will consider this, and my options for further reporting to the Committee, at this point.

Yours sincerely

Stephen Boyle
Auditor General for Scotland