

**Public Audit Committee**  
**Wednesday 26 November 2025**  
**31st Meeting, 2025 (Session 6)**

## **The 2024/25 audit of NHS Ayrshire and Arran**

### **Introduction**

1. At its meeting today, the Public Audit Committee will take evidence from the Auditor General for Scotland (AGS) on his section 22 report, [The 2024/25 audit of NHS Ayrshire and Arran](#), which was published on 4 November 2025.
2. The AGS has prepared a paper on the key messages and recommendations from the report which can be found at **Annexe A**. A copy of the report can be found at **Annexe B**.
3. The Committee will decide any further action it wishes to take following the evidence session today.

**Clerks to the Committee**  
**November 2025**

### **Annexe A: Briefing Paper by the Auditor General for Scotland**

1. The Auditor General's Section 22 report on the 2024/25 audit of NHS Ayrshire and Arran was published on 4<sup>th</sup> November. The report brings to the Scottish Parliament's attention issues relating to the financial performance and sustainability of the board, service performance and quality, and leadership and governance issues.
2. NHS Ayrshire and Arran is not financially sustainable. The board did not set a balanced revenue budget for 2024/25. Its budget, approved by the board in May 2024, projected a deficit of £53.5 million.
3. At the start of 2024/25, Scottish Government set NHS Ayrshire and Arran a brokerage cap of £27.7 million. NHS Ayrshire and Arran was unable to significantly decrease their projected deficit. Scottish Government revised the brokerage cap and NHS Ayrshire and Arran received £51.4 million of brokerage funding from Scottish Government in 2024/25. NHS Ayrshire and Arran has the highest level of outstanding brokerage across the NHS in Scotland at the end of 2024/25, at £129.9 million.
4. The board did not meet the Scottish Government three per cent recurring efficiency savings target in 2024/25. For NHS Ayrshire and Arran and the three

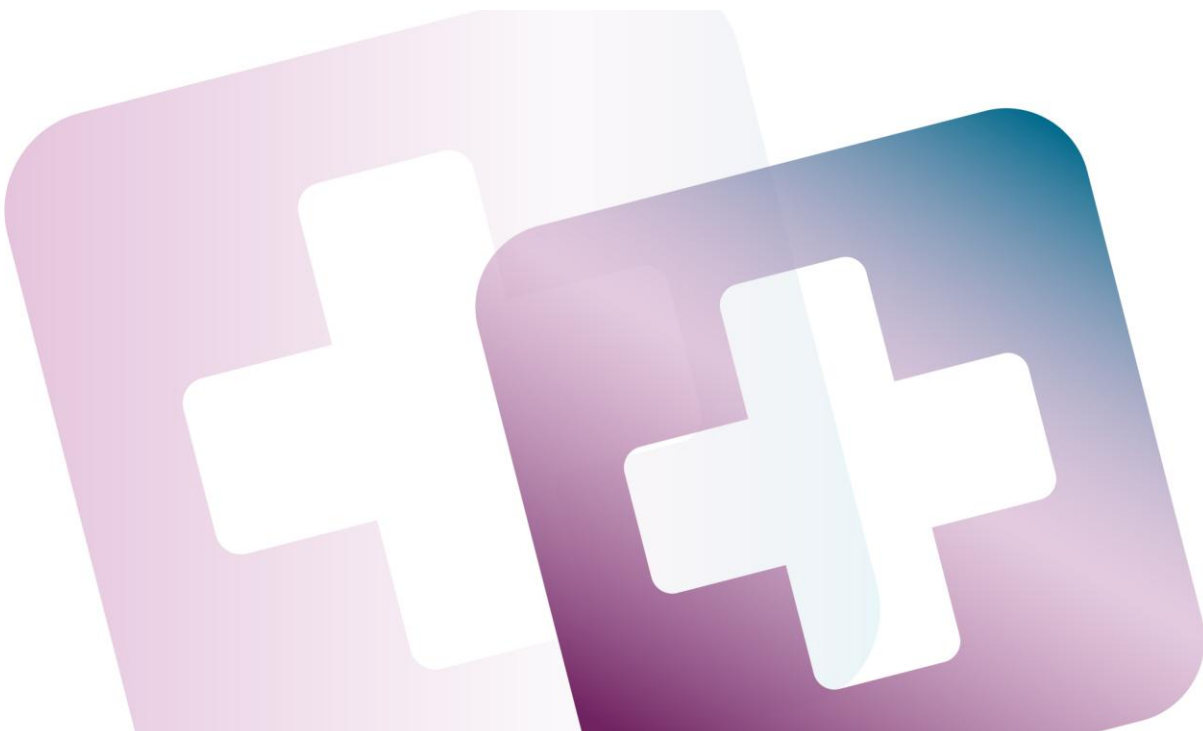
integration joint boards this equated to a requirement of £26.5 million in recurring cash releasing efficiency savings (CRES).

5. NHS Ayrshire and Arran planned to achieve £28.3 million in savings, of which £4.7 million would be non-recurring. A report to the board's Performance Governance Committee, in May 2025, explained that the board achieved £26.8 million in CRES, which was substantially higher than the £8.9 million CRES achieved in 2023/24. However, the board relied on non-recurring savings. The board achieved £17.9 million in recurring savings, which was £8.6 million below the Scottish Government's requirement.
6. The external auditor found that the report could have been clearer in its presentation to the board that the organisation was relying upon non-recurring savings to meet its target. NHS Ayrshire and Arran needed to show a clear distinction between recurring savings and non-recurring savings in its reporting to the board. Non-recurring savings do not reduce the board's underlying financial deficit. In addition, some savings reported by the board do not qualify as CRES.
7. NHS Ayrshire and Arran's three-year financial plan from 2025/26 to 2027/28 projects a cumulative financial deficit of £112.1 million, after proposed savings of £75.9 million. The Scottish Government responded to the plan and set out that the forecast position for 2025/26 does not demonstrate sufficient improvement in the board's financial sustainability. The Scottish Government could not approve the three-year financial plan and asked that the board not exceed a net financial deficit of £25 million for 2025/26.
8. At June 2025, the external auditor had not seen an updated financial plan, and the board's forecast deficit for 2025/26 was £33.1 million, with no strategy to achieve break even.
9. NHS Ayrshire and Arran has been at level 3 on the NHS in Scotland support and intervention framework since 2018 because of its financial position. It is receiving tailored Scottish Government support for its financial recovery. The Scottish Government has asked the board to create a financial recovery plan that sets out a five-year path to balance. The board has not yet prepared sufficiently detailed plans to show how it will achieve financial sustainability in the future.
10. The scale of the financial challenge facing the board is unprecedented. Despite the severity of its financial position, there is no evidence that the board can achieve financial sustainability. The board is relying on an optimistic assumption that it will achieve recurring savings of three per cent each year until 2027/28 and that forecast deficits will continue to be funded by the Scottish Government.
11. The board's Whole System Plan does not sufficiently demonstrate how services will change, and how efficiencies will be realised to meet the growing needs of patients within the financial constraints faced. The external auditor recommended that the board needs to continue to seek Scottish Government support for more radical reform if it is to demonstrate financial sustainability.

12. Service performance is behind target for several indicators. NHS Ayrshire and Arran's performance against national waiting time standards is mixed and performance against the delivery plan is behind target.
13. The board continues to rely on temporary staffing at a high cost. This will have a significant impact on the board's plans to achieve the savings needed for longer term financial sustainability. In 2024/25, nursing pay was overspent by £13.5 million, £7.9 million of which was on agency nursing in acute services. And medical pay was overspent by £7.7 million, £5.8 million of which was on agency doctors.
14. The 2024/25 AAR reported that board members and the Corporate Management Team need to continue to work together, with the Scottish Government, to provide effective leadership to secure the sustainability of its services. The external auditor recommended that the board needs to seek Scottish Government support for more radical reform if it is to demonstrate financial sustainability.
15. Between November 2023 and August 2024, leadership capacity in NHS Ayrshire and Arran was constrained by a vacancy in the Acute Director role. To help with the board's leadership capacity, the Chief Executive worked with the Scottish Government to secure external support (Viridian Associates) from August 2024 to support the delivery of savings and other transformational work.
16. In August 2025, the Chief Executive announced she was leaving the board. An interim Chief Executive is now in place, which provides an opportunity to address the board's challenges.
17. As a matter of urgency the board, with the leadership of the newly appointed interim Chief Executive, needs to set out a realistic recovery plan to address its forecast deficit for 2025/26. It also needs to agree and implement an improvement plan with Scottish Government to show how it can achieve break even within five years. This should include clear and attainable milestones to track progress.
18. In July 2025, the board committed to working with the Scottish Government to finalise a revenue plan for 2025/26, and to agree a longer-term plan to reprioritise and redesign service delivery, including efficiencies and cost reductions as part of a path to break even over five years.

The 2024/25 audit of

# NHS Ayrshire and Arran



AUDITOR GENERAL 

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# Contents

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Key messages	3
Introduction	4
Findings	5
Conclusion	10
Appendix	11

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## Accessibility

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# Key messages

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- 1** NHS Ayrshire and Arran is not in a financially sustainable position. In 2024/25, the board required a £51.4 million loan from the Scottish Government to break even, and it now has the highest amount of outstanding loans across the NHS in Scotland, at £129.9 million. The board relied on non-recurring savings in 2024/25, which exacerbates future financial pressures. Service performance against national waiting times standards is mixed. Performance against the delivery plan is behind target. And the board continues to rely on temporary staffing at a high cost.
  - 2** The scale of the financial challenge facing the board is unprecedented. Despite the severity of its financial position, the board does not have a clear plan for achieving financial sustainability. The board's three-year financial plan from 2025/26 to 2027/28 projects a cumulative financial deficit of £112.1 million. The Scottish Government has set a target of a £25 million deficit for 2025/26, but the board is forecasting a deficit of £33.1 million. It is also relying on overly optimistic savings plans that may not be achievable.
  - 3** The board is working with the Scottish Government to develop a realistic recovery plan to address its forecast deficit for 2025/26 and set out a path to breaking even over five years. Board members and the Corporate Management Team need to continue to work together to provide effective leadership to secure the sustainability of services. The recent appointment of an interim Chief Executive of NHS Ayrshire and Arran provides an opportunity to help address its challenges.
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# Introduction

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- 1.** I have received the audited annual report and accounts including the independent auditor's report for NHS Ayrshire and Arran for 2024/25. I am submitting these accounts and auditor's report under section 22(4) of the Public Finance and Accountability (Scotland) Act 2000, together with this report that I have prepared under section 22(3) of the Act.
- 2.** My report brings to the Scottish Parliament's attention issues relating to the financial performance and sustainability of the board, service performance and quality, and leadership and governance issues.
- 3.** The auditor issued unqualified opinions on the annual report and accounts of NHS Ayrshire and Arran for 2024/25.

# Findings

## NHS Ayrshire and Arran is not financially sustainable and required £51.4 million in additional financial support to break even

**4.** In its 2024/25 Annual Audit Report, the external auditor found that NHS Ayrshire and Arran is not in a financially sustainable position. NHS Ayrshire and Arran did not set a balanced revenue budget for 2024/25. Its budget, approved by the board in May 2024, projected a deficit of £53.5 million.

**5.** At the start of 2024/25, the Scottish Government set NHS Ayrshire and Arran a **brokerage** cap of £27.7 million. NHS Ayrshire and Arran was unable to significantly decrease their projected deficit. The Scottish Government revised the brokerage cap and NHS Ayrshire and Arran received £51.4 million of brokerage funding from the Scottish Government in 2024/25. This equates to around 4.3 per cent of its revenue resource limit (RRL) and enabled the board to achieve an underspend of £1.112 million. The board's outturn for the year is shown in [Exhibit 1](#). NHS Ayrshire and Arran has the highest level of outstanding brokerage across the NHS in Scotland at the end of 2024/25, at £129.9 million.

**Brokerage** is a form of loan funding that the Scottish Government can agree to provide an NHS board to help it manage changes to planned expenditure. This additional funding is repayable and repayment terms will be set only once a board has returned to a break-even position.

### Exhibit 1 Performance against resource limits in 2024/25

Resource limits	Resource limit £m	Actual £m	Underspend £m
Core revenue resource limit	1,158.184	1,157.072	1.112
Non-core revenue resource limit	39.72	39.72	0
<b>Total revenue resource limit</b>	<b>1,197.904</b>	<b>1,196.792</b>	<b>1.112</b>
Core capital resource limit	12.082	12.075	0.007



Resource limits	Resource limit £m	Actual £m	Underspend £m
Non-core capital resource limit	0.464	0.464	0
<b>Total capital resource limit</b>	<b>12.546</b>	<b>12.539</b>	<b>0.007</b>
<b>Cash requirement</b>	<b>1,248.925</b>	<b>1,248.925</b>	<b>0</b>

Source: NHS Ayrshire and Arran Annual Report and Accounts 2024/25

## NHS Ayrshire and Arran relied on non-recurring savings in 2024/25

**6.** The board did not meet the Scottish Government three per cent recurring efficiency savings target in 2024/25. For NHS Ayrshire and Arran and the three integration joint boards this equated to a requirement of £26.5 million in recurring cash releasing efficiency savings (CRES).

**7.** NHS Ayrshire and Arran planned to achieve £28.3 million in savings, of which £4.7 million would be non-recurring. A report to the board's Performance Governance Committee, in May 2025, explained that the board achieved £26.8 million in CRES, which was substantially higher than the £8.9 million CRES achieved in 2023/24. However, the board relied on non-recurring savings. The board achieved £17.9 million in recurring savings, which was £8.6 million below the Scottish Government's requirement.

**8.** The external auditor found that the report could have been clearer in its presentation to the board that the organisation was relying upon non-recurring savings to meet its target. NHS Ayrshire and Arran needed to show a clear distinction between recurring savings and non-recurring savings in its reporting to the board. Non-recurring savings do not reduce the board's underlying financial deficit.

**9.** In addition, some savings reported by the board do not qualify as CRES. For example:

- The board included a £0.5 million capital to resource transfer. This is a movement between budgets and is not an efficiency saving.
- The board underspent against funding received by the Scottish Government to cover costs associated with the shorter working week and enhanced protected learning time. The Scottish Government did not require this underspend to be returned, and the board included part of this as a non-recurring efficiency saving.

## NHS Ayrshire and Arran does not have a clear plan for achieving financial sustainability

**10.** NHS Ayrshire and Arran's three-year financial plan from 2025/26 to 2027/28 projects a cumulative financial deficit of £112.1 million, after proposed savings of £75.9 million. The board submitted the plan to the Scottish Government in March 2025.

**11.** The Scottish Government's then Director of Health and Social Care Finance responded to the plan and set out that the forecast position for 2025/26 does not demonstrate sufficient improvement in the board's financial sustainability. He concluded that he could not approve the three-year financial plan and that the board should not exceed a net financial deficit of £25 million for 2025/26. He required the board to submit an updated plan in June 2025.

**12.** At June 2025, the external auditor had not seen an updated plan, and the board's forecast deficit for 2025/26 was £33.1 million, with no strategy to achieve break even.

**13.** NHS Ayrshire and Arran has been at level 3 on the NHS in Scotland Support and Intervention Framework since 2018 because of its financial position. It is receiving tailored Scottish Government support for its financial recovery. The Scottish Government has asked the board to create a financial recovery plan that sets out a five-year path to balance. The board has not yet prepared sufficiently detailed plans to show how it will achieve financial sustainability in the future.

**14.** The scale of the financial challenge facing the board is unprecedented. Despite the severity of its financial position, there is no evidence that the board can achieve financial sustainability. The board is relying on an optimistic assumption that it will achieve recurring savings of three per cent each year until 2027/28 and that forecast deficits will continue to be funded by the Scottish Government.

**15.** NHS Ayrshire and Arran's savings plans for 2025/26 are overly optimistic and are unlikely to be achieved. It plans to achieve savings of £36.7 million in 2025/26, including £6.6 million attributed to the three IJBs. Each IJB approves their own savings proposals as part of their individual revenue budget plans, however these count towards the board's three per cent CRES target and are included in the monthly financial tracker and other financial reports.

**16.** The major savings schemes identified include:

- Service redesign – surgery (£4.3 million)
- Service redesign – emergency (£2 million)
- Service redesign – clinical support (£2.4 million)

- Workforce – nursing (£2.1 million)
- Prescribing switches (£2.6 million).

**17.** At June 2025, the board had identified 162 schemes totalling £31.8 million, against the target of £36.7 million. Of these, £18.8 million were classed as recurring savings. This is short of the Scottish Government’s target of three per cent recurring savings.

**18.** The board’s Whole System Plan does not sufficiently demonstrate how services will change, and how efficiencies will be realised to meet the growing needs of patients within the financial constraints faced. The external auditor recommended that the board needs to continue to seek Scottish Government support for more radical reform if it is to demonstrate financial sustainability.

### **Service performance is behind target for several indicators and the board continues to rely on temporary staffing at a high cost**

**19.** NHS Ayrshire and Arran’s performance against national waiting time standards is mixed ([Appendix 1](#)), and performance against the delivery plan is behind target. For example, the external auditors reported that:

- at March 2025, 65.7 per cent of A&E attendees were admitted, transferred or discharged within four hours, substantially below the national 95 per cent standard
- average length of stay for emergency inpatients was 9 days in March 2025, higher than the delivery plan’s trajectory of 6.7 days or less
- at February 2025, there were 224 delayed discharges, the highest number reported since July 2023.

**20.** The board also continues to face workforce challenges. The rate of sickness absence in 2024/25 was 5.6 per cent (5.7 per cent in 2023/24), well above the four per cent national standard, and reliance on temporary staff continues to come at a high cost to the board. This will have a significant impact on the board’s plans to achieve the savings needed for longer-term financial sustainability. In 2024/25:

- nursing pay was overspent by £13.5 million, £7.9 million of which was on agency nursing in acute services
- medical pay was overspent by £7.7 million, £5.8 million of which was on agency doctors.

## **The recent appointment of an interim Chief Executive of NHS Ayrshire and Arran provides an opportunity to address its challenges**

**21.** The 2024/25 AAR reported that board members and the Corporate Management Team need to continue to work together, with the Scottish Government, to provide effective leadership to secure the sustainability of its services.

**22.** Between November 2023 and August 2024, leadership capacity in NHS Ayrshire and Arran was constrained by a vacancy in the Acute Director role. To help with the board's leadership capacity, the Chief Executive worked with the Scottish Government to secure external support (Viridian Associates) from August 2024 to support the delivery of savings and other transformational work.

**23.** In August 2025, the Chief Executive announced she was leaving the board. An interim Chief Executive is now in place, which provides an opportunity to address the board's challenges. The board should continually review its progress.

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# Conclusion

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**24.** The board is not in a financially sustainable position and urgent action is needed. The external auditor recommended that the board needs to seek Scottish Government support for more radical reform if it is to demonstrate financial sustainability.

**25.** As a matter of urgency, the board, with the leadership of the newly appointed interim Chief Executive, needs to set out a realistic recovery plan to address its forecast deficit for 2025/26. It also needs to agree and implement an improvement plan with the Scottish Government to show how it can achieve break-even within five years. This should include clear and attainable milestones to track progress.



**26.** In July 2025, the board committed to working with the Scottish Government to finalise a revenue plan for 2025/26, and to agree a longer-term plan to reprioritise and redesign service delivery, including efficiencies and cost reductions as part of a path to break even over five years.

**27.** I will continue to monitor progress with the issues highlighted in this report and consider further reporting as necessary.




# Appendix

NHS Ayrshire and Arran's performance against key waiting times standards, quarter ending March 2025. Compared with the boards performance a year ago and the national average.

Standard	Performance at March 2025
<p><b>4-hour A&amp;E</b></p> <p>Percentage of all attendances seen within 4 hours</p> <p><b>Standard: 95%</b></p>	<p><span style="color: red;">●</span> <b>67.1%</b></p> <p><b>(Mar 2024 – 65.7%)</b></p> <p><b>(Scottish Average – 70.6%)</b></p>
<p><b>12 Weeks First Outpatient Appointment</b></p> <p>Percentage of patients waiting no more than 12 weeks from referral to first outpatient appointment</p> <p><b>Standard: 95%</b></p>	<p><span style="color: red;">●</span> <b>61.4%</b></p> <p><b>(Mar 2024 – 59.2%)</b></p> <p><b>(Scottish Average – 61.2%)</b></p>
<p><b>Drug and alcohol treatment</b></p> <p>Percentage of patients seen within 3 weeks</p> <p><b>Standard: 90%</b></p>	<p><span style="color: green;">●</span> <b>98.2%</b></p> <p><b>(Mar 2024 – 99.3%)</b></p> <p><b>(Scottish Average – 92.9%)</b></p>
<p><b>Child and Adolescent Mental Health Services (CAMHS) Waiting Times</b></p> <p>Percentage of patients seen within 18 weeks</p> <p><b>Standard: 90%</b></p>	<p><span style="color: green;">●</span> <b>100%</b></p> <p><b>(Mar 2024 – 98.7%)</b></p> <p><b>(Scottish Average – 91.6%)</b></p>
<p><b>Psychological therapies</b></p> <p>Percentage of patients to start treatment within 18 weeks of referral</p> <p><b>Standard: 90%</b></p>	<p><span style="color: green;">●</span> <b>93.0%</b></p> <p><b>(Mar 2024 – 83.6%)</b></p> <p><b>(Scottish Average – 78.6%)</b></p>
<p><b>Cancer Treatment</b></p> <p>Percentage of patients beginning treatment within 31 days of decision to treat</p> <p><b>Standard: 95%</b></p>	<p><span style="color: green;">●</span> <b>97.0%</b></p> <p><b>(Mar 2024 – 99.0%)</b></p> <p><b>(Scottish Average – 94.1%)</b></p>

Standard	Performance at March 2025
<p><b>Cancer Treatment</b></p> <p>Percentage of patients beginning treatment within 62 days of urgent referral</p> <p><b>Standard: 95%</b></p>	<p> <b>63.5%</b></p> <p><b>(Mar 2024 – 81.6%)</b></p> <p><b>(Scottish Average – 68.9%)</b></p>
<p><b>Treatment Time Guarantee (TTG)</b></p> <p>Proportion of patients that were seen within 12 weeks TTG</p> <p><b>Standard: 100%</b></p>	<p> <b>58.2%</b></p> <p><b>(Mar 2024 – 60.1%)</b></p> <p><b>(Scottish Average – 56.7%)</b></p>

Key:

-  Currently below acceptable limits (more than 5% below standard)
-  Currently requiring improvement (no more than 5% below standard)
-  Currently achieving standard

# The 2024/25 audit of NHS Ayrshire and Arran



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