News release

For immediate release

Health boards reliant on loans and financially unsustainable

NHS Grampian and NHS Ayrshire & Arran both needed large loans from the Scottish Government to break even in the last financial year.

NHS Grampian received a £65.2 million loan in 2024/25 and is projecting a £68 million overspend in 2025/26. In May 2025, Grampian was escalated to Stage 4 of NHS Scotland's support and intervention framework due to concerns about financial sustainability, leadership and governance, and service performance.

NHS Ayrshire and Arran needed a £51.4 million loan in 2024/25 to break even. It now has outstanding loans totalling £129.9 million, the highest amount across the NHS in Scotland. The board is forecasting a deficit of £33.1 million in 2025/26 and does not have a clear plan for achieving financial sustainability.

Stephen Boyle, Auditor General for Scotland, said:

"These two health boards are not alone in finding it difficult to achieve financial balance, but their situations are currently the most pressing.

"In the case of NHS Grampian, it won't be possible for the board to return to financial balance without a significant redesign of its health and social care system.

"The severity of the financial challenge facing NHS Ayrshire and Arran is unprecedented, and the board is relying on an overly optimistic savings plan that may not be achievable.

"For both health boards, effective leadership and close working with the Scottish Government and other partners will be vital to improving their financial sustainability and the delivery of services."

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Notes to Editor:

1. NHS Ayrshire and Arran 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. NHS Ayrshire and Arran 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.

3. Although NHS Grampian made more savings than its target during 2024/25, these did not help it reduce the in-year overspend. This was mainly a result of significant overspends across the local Integration Joint Boards (IJBs), totalling £22.4 million. After accounting for the loan, the board achieved an underspend against budget of £0.253 million.

4. Although NHS Grampian has a track record of delivering significant savings, this may not be sustainable in future years.

5. The Auditor General plans to report more widely on the pressures facing the NHS in Scotland in December 2025.

6. The Auditor General has prepared reports on NHS Grampian and NHS Ayrshire and Arran’s 2024/25 accounts under Section 22 of the Public Finance and Accountability (Scotland) Act 2000. This allows the Auditor General to bring to the Parliament’s and the public's attention matters of public interest related to the financial statements of public bodies.

7. Section 22 reports are submitted to Scottish Ministers for laying in the Parliament along with the accounts of the relevant body. While there are statutory deadlines for these reports, the actual timing of publication is determined by when the report is laid in the Scottish Parliament by Scottish Ministers.

8. Audit Scotland has prepared this report for the Auditor General for Scotland. All Audit Scotland reports published since 2000 are available at www.audit.scot

- The Auditor General appoints auditors to Scotland’s central government and NHS bodies; examines how public bodies spend public money; helps them to manage their finances to the highest standards; and checks whether they achieve value for money. The Auditor General is independent and is not subject to the control of the Scottish Government or the Scottish Parliament

- Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission for Scotland.

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