

East Ayrshire Integration Joint Board

2022/23 Annual Audit Report



 AUDIT SCOTLAND

Prepared for East Ayrshire Integration Joint Board and the Controller of Audit
11 October 2023

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Key messages

2022/23 annual accounts

- 1 Our audit opinions on the annual accounts of the East Ayrshire Integration Joint Board are unmodified. The financial statements give a true and fair view and were prepared in accordance with the financial reporting framework.

Financial management and sustainability

- 2 The IJB underspent its 2022/23 budget by £7 million. Its reserves balance at 31 March 2023 is £20.172 million.
- 3 The IJB has appropriate and effective financial management arrangements in place.
- 4 A Budget Working Group has been established to work alongside the Strategic Commissioning Board to support the re-design of services as part of the Transformational Change Programme.
- 5 The 2023/24 financial plan indicates a budget gap of £3.949 million. Savings proposals have been identified to meet this.
- 6 Achievement of savings proposals and the Transformational Change Programme is key to securing the IJBs longer term financial sustainability.
- 7 The medium-term financial plan needs to be updated to reflect the medium and long-term financial challenges.

Vision, leadership and governance,

- 8 The IJB has appropriate governance arrangements in place that support the scrutiny of decisions by the Board.
- 9 An updated Scheme of Integration is being developed.

Use of resources to improve outcome.

- 10 Performance management arrangements are effective. The Service Improvement Plans for a three-year cycle enable improvement actions to be identified and delivered across the medium term.
- 11 During 2022/23 demand on services has increased. The challenging year has seen performance declining against most core performance indicators.
- 12 The IJB has an established programme of Best Value Service Reviews.

Introduction

1. This report summarises the findings from the 2022/23 audit of East Ayrshire Integration Joint Board (the IJB). The scope of the audit was set out in our 2022/23 Annual Audit Plan presented to the Audit and Performance Committee 2023 meeting of the 7 March 2023. This Annual Audit Report comprises:

- significant matters arising from an audit of the IJB’s annual accounts
- conclusions on the following wider scope areas that frame public audit as set out in the [*Code of Audit Practice 2021*](#):
 - Financial Management
 - Financial Sustainability
 - Vision, Leadership, and Governance
 - Use of Resources to Improve Outcomes.
- a review of the arrangements put in place by the IJB to secure Best Value.

2. This report is addressed to the board of the IJB and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

Audit appointment from 2022/23

3. I, Fiona Mitchell Knight, have been appointed by the Accounts Commission as auditor of the IJB for the period from 2022/23 until 2026/27. The 2022/23 financial year was the first of my five-year appointment. My appointment coincides with the new Code of Audit Practice which was introduced for financial years commencing on or after 1 April 2022.

4. My team and I would like to thank Audit and Performance Committee members, senior management, and other staff, particularly those in finance, for their cooperation and assistance in this year and we look forward to working together constructively over the course of the five-year appointment.

Responsibilities and reporting

5. The IJB has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. The IJB is also responsible for compliance with legislation and putting arrangements in place for governance and propriety that enable it to successfully deliver its objectives.

6. The responsibilities of the independent auditor are established by the Local Government (Scotland) Act 1973 and the [Code of Audit Practice 2021](#), and supplementary guidance and International Standards on Auditing in the UK.

7. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management of the IJB from its responsibility to address the issues we raise and to maintain adequate systems of control.

8. This report contains an agreed action plan at [Appendix 1](#). It sets out specific recommendations, the responsible officers, and dates for implementation.

Auditor Independence

9. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2022/23 audit fee of £31,470 as set out in our 2022/23 Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

10. We add value to the IJB by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations
- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, arrangements to ensure the best use of resources and financial sustainability.
- sharing intelligence and good practice identified.

1. Audit of 2022/23 annual accounts

Public bodies are required to prepare annual accounts comprising financial statements and other related reports. These are principal means of accounting for the stewardship public funds.

Main judgements

Our audit opinions on the annual accounts of the East Ayrshire Integration Joint Board are unmodified.

Audit opinions on the annual accounts are unmodified

11. The IJB's annual accounts for the year ended 31 March 2023 were approved by the IJB Board on 11 October 2023. As reported in the independent auditor's report, in my opinion as the appointed auditor:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- the audited part of the remuneration report was prepared in accordance with the financial reporting framework
- the management commentary and annual governance statement were consistent with the financial statements and properly prepared in accordance with the applicable requirements.

Overall materiality was assessed as £5.943 million.

12. Broadly, the concept of materiality is applied by auditors to determine whether misstatements identified during the audit could reasonably be expected to influence the economic decisions of users of the financial statements, and hence impact their opinion set out in the independent auditor's report. Auditors set a monetary threshold when considering materiality, although some issues may be considered material by their nature. It is ultimately a matter of the auditor's professional judgement.

13. Our initial assessment of materiality was carried out during the risk assessment and planning phase of the audit. This was reviewed and revised on receipt of the unaudited annual accounts and is summarised in [Exhibit 1](#).

Exhibit 1

Materiality values

Materiality level	Amount
Overall materiality: This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements.	£5.943 million
Performance materiality: This acts as a trigger point. If the aggregate of errors identified during the financial statements' audit exceeds performance materiality this would indicate that further audit procedures should be considered.	£4.475 million
Reporting threshold: We are required to report to those charged with governance on all unadjusted misstatements in excess of the 'reporting threshold' amount.	£0.250 million

14. The overall materiality threshold for the audit of the annual accounts of the IJB was set with reference to gross expenditure, which we judged as the figure most relevant to the users of the financial statements.

15. Performance materiality is used by auditors when undertaking work on individual areas of the financial statements. It is a lower materiality threshold, set to reduce the probability of aggregated misstatements exceeding overall materiality. Performance materiality was set at 75% of overall materiality, reflecting the fact that there were no significant issues identified in the prior year audit impacting our audit approach and no significant history of errors being communicated to us by the former audit team.

16. It is our responsibility to request that all misstatements, other than those below our reporting threshold, are corrected, although the final decision on making the correction lies with those charged with governance.

Significant findings and key audit matters

17. Under International Standard on Auditing (UK) 260 we communicate significant findings from the audit to the board, including our view about the qualitative aspects of the body's accounting practices.

18. The Code of Audit Practice also requires all audits to communicate key audit matters within the annual audit report under International Standard on Auditing (UK) 701. These are matters that we judged to be of most significance in our audit of the financial statements. We have no significant issues to report from the audit.

19. As part of our audit work, we reviewed the disclosures within the audited parts of the remuneration report. The Chief Finance Officer post is held on an interim basis and has been since January 2021. As this is a key position in the

financial management of the IJB, we would expect a permanent appointment to be made to this role.

Our audit work responded to the risks of material misstatement we identified in the annual accounts.

20. We have obtained audit assurances over the identified significant risks of material misstatement in the annual accounts. [Exhibit 2](#) sets out the significant risks of material misstatement to the financial statements we identified in our 2022/23 Annual Audit Plan. It also summarises the further audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

Exhibit 2

Significant risks of material misstatement in the annual accounts

Audit risk	Assurance procedure	Results and conclusions
<p>1. Risk of material misstatement due to fraud caused by management override of controls</p> <p>As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<p>Assurances to be obtained from the auditors of NHS Ayrshire and Arran and east Ayrshire Council on the completeness, accuracy and allocation of income and expenditure.</p> <p>Evaluate any significant unusual transactions outside the normal course of business.</p>	<p>Results: Testing of income and expenditure transactions was carried out by the external auditors of the IJB's partner bodies.</p> <p>No issues were identified which would have an impact on the processing of IJB transactions or our audit approach.</p> <p>No significant unusual transactions were identified.</p> <p>Conclusion: There was no evidence of management override of controls from the work performed.</p>

Source: Audit Scotland

21. In addition, we identified an "area of audit focus" in our 2022/23 Annual Audit Plan relating to the IJB reserves. The IJB held an earmarked reserve balance for Covid-19 funding carried-forward from 2021/22 totalling £11.363 million. Scottish Government outlined arrangements to enable Covid reserve balances to be returned through NHS Board allocations back to the Scottish Government. During the year, £7.356 million of the IJB's Covid reserves were returned to the Scottish Government by way of a reduction to the health board's revenue resource limit in January 2023. An equal reduction was made in the funding provided by the health board to the IJB. The accounting treatment and disclosures in the accounts for the return of the Covid-19 reserve balances to the Scottish Government are appropriate.

There were no identified misstatements.

22. There were no identified misstatements identified within the unaudited accounts.

The unaudited annual accounts were received in line with the agreed audit timetable.

23. The unaudited annual accounts were received in line with our agreed audit timetable by 30 June 2023.

Performance reporting in the management commentary of the Annual Accounts was of a good standard.

24. The Management Commentary is of a good standard and clearly explains the IJB's strategy, finances and links to the financial statements. The statutory requirements relating to non-financial performance have been met.

Good progress was made on prior year recommendations

25. The IJB has made progress in implementing the audit recommendations identified by Deloitte, the IJB's previous external auditor in their interim management report. For actions not yet implemented, revised responses and timescales have been agreed with management, and are set out in [Appendix 1](#).

2. Financial management and sustainability

Financial management means having sound budgetary processes, and the ability to understand the financial environment and whether internal controls are operating effectively. Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

Conclusion

The IJB underspent its 2022/23 budget by £7 million. Its reserves balance at 31 March 2023 is £20.172 million.

The IJB has appropriate and effective financial management arrangements in place.

A Budget Working Group has been established to work alongside the Strategic Commissioning Board to support the re-design of services as part of the Transformational Change Programme.

The 2023/24 financial plan indicates a budget gap of £3.949 million. Savings proposals have been identified to meet this.

The medium-term financial plan needs to be updated to reflect the medium and long-term financial challenges.

Financial management and reporting arrangements are effective and allow members and officers to scrutinise the budget effectively.

26. Comprehensive financial management reports are presented to the IJB Board. These contain detail on the current financial position, projected outturn for the year, update on financial risks and specific key actions on significant variances. The reports also outline the current reserve position and progress on delivery of savings.

27. Detailed finance performance updates were presented to the IJB Board meetings in December 2022, February and June 2023.

The IJB underspent its 2022/23 budget by £7 million.

28. The IJB Financial Plan for 2022/23 was presented to the IJB Board on 23 March 2022. The budget included price inflation where contractual requirements were specified. Further financial risks were outlined including pay awards above the public sector pay policy assumption, legislative changes and changes in service demand. Savings were identified of £1.803 million.

29. The annual accounts show that the IJB underspent on services delegated to the IJB by £7.240 million. The underspend reduces to £7.066 million when lead partnership arrangements are included. Of this balance, £3.690 million has been earmarked for specific commitments in future financial years, leaving an uncommitted balance for 2022/23 of £3.376 million. The uncommitted balance will be earmarked for transformational change purposes as follows:

- £2.170 million will be earmarked for transformational change and workforce development purposes,
- £0.302 million set aside as a provision against specific commitments.
- £0.904 million being added to the general contingency balance in line with the IJB reserve strategy.

30. Reserves of £34.169 million were brought forward from 2021/22, with the reserves balance at 31 March 2023 of £20.172 million taking account of the return of the balance of £7.038 million of Covid-19 reserves balances to the Scottish Government as required.

Set Aside

31. The pilot project “Fair share” commissioning through use of Directions has recommenced on a pan-Ayrshire basis following a pause due to covid-19. The project aims to ensure the full implementation of delegated hospital budgets and set aside budget requirements going forward.

32. The Ayrshire Finance Leads group has undertaken work to establish baseline resources for each IJB and how this compares to the NRAC share of resources. The information will be used to map activity data to costs for bed days, admissions and discharges across six specialties at various acute service locations.

33. The Strategic Commissioning Board will review the impact on set aside resources as part of their service redesign configurations. The 2023/24 budget does not include any specific identified set aside resource, instead the 2018/19 baseline allocation has been uplifted by two per cent to £28.698 million.

IJB Financial Plan 2023/24

34. The 2023/24 financial plan was approved by the IJB Board on 29 March 2023. The financial plan outlines a total budget of £332.452 million which consists of:

- £108.040 million delegated budget from East Ayrshire Council

- £193.627 million from NHS Ayrshire and Arran
- Set aside budget of £28.698 million.

35. The budget outlined financial challenges including pay and inflationary pressures. Additional non-recurring funding and flat cash offsets reduced the pressures to identify a budget gap of £3.949 million. Savings proposals have been identified to meet this funding gap and progress on the achievement of savings will be reported regularly to the IJB Board through the Financial Management Reports.

36. The IJB established a Budget Working Group to take forward actions to ensure a balanced budget could be presented the IJB Board for approval. The group is chaired by the Interim Chief Finance Officer, with representation from Heads of Service, Senior Managers and Council and NHS Finance officers. The Budget Working Group will continue to meet over the course of 2023/24, in recognition of the challenging financial environment within which the IJB operates. The work undertaken by the group will be alongside the Transformational Change Programme.

Achievement of the savings proposals and transformational activities will be key to securing the IJB's financial sustainability.

37. In our annual audit plan we identified the IJB's financial sustainability as a wider scope audit risk for focus.

38. In 2017/18 East Ayrshire Council recognised the challenges facing health and social care and the need for transformational change. The council earmarked £1 million from general fund balances for the IJB to facilitate change and identify recurring savings.

39. The IJB's Strategic Commissioning Board, provides oversight and direction for the transformational programme and supports the development of transformational change required to deliver the Strategic Plan 2021-30 priorities. The board supports this through agreeing proposals to reduce costs and deliver savings in current and future years. Where transformational or savings proposals require service or policy changes, reports will be presented to the IJB to outline the proposed changes and to seek Board approval.

40. In 2021/22, the IJB approved uncommitted balances be added to the transformational change fund which included £0.500 million for workforce development. This brought the total value of the transformational funding available to the IJB to £5.942 million, with spend and commitments totalling £4.788 million identified at the time of approving the 2023/24 budget.

41. The transformational change programme will continue into 2023/24 and funding will be allocated to business cases that justify short term investment to design services to be more cost-effective.

The medium-term financial plan needs to be updated to reflect current challenges and to demonstrate the IJBs financial sustainability.

42. The original medium term financial plan 2017/18 – 2021/22 was approved by the IJB on 30 November 2017. An update to the original plan was presented to the IJB on 25 March 2020, with a further high-level update included within the Annual Budget report for 2022/23 presented to the IJB Board on 23 March 2022.

43. The Scottish Government Health and Social Care Medium Term Financial Framework (MTFF) was approved in 2018. The IJB Chief Officers Network have been advised that the Health and Social Care MTFF is due to be updated in 2023. Given the ongoing uncertainties including the National Care Service legislative process, the IJB have delayed the preparation of an updated medium term financial plan until after the publication of the Scottish Government Health and Social Care MTFF. It is the intention of officers that following the Scottish Government's publication of the MTFF, the IJB will finalise a detailed medium term financial plan to 2030.

44. The previous auditors had made a recommendation in the prior year around link between the budgeted spend and the IJB's priorities as set out in the Strategic Commissioning Plan. Officers had previously outlined that this will be reviewed as part of the development of the medium-term financial plan.

Recommendation 1

The IJB should prepare an updated medium term financial plan and include linkages to strategic priorities and how these will be delivered within delegated budgets.

Financial systems of internal control operated effectively.

45. The IJB is reliant on the systems of its partner bodies, NHS Ayrshire and Arran and East Ayrshire Council, for its key financial systems, including ledger and payroll. All IJB transactions are processed through the respective partners' systems and all controls over those systems are within the partner bodies rather than the IJB.

46. As part of our audit approach, we sought assurances from the external auditors of NHS Ayrshire and Arran and East Ayrshire Council (in accordance with ISA 402) and confirmed there were no weaknesses in the systems of internal control for either the health board or the council.

Standards of conduct and arrangements for the prevention and detection of fraud and error were appropriate.

47. The IJB does not maintain its own policies relating to the prevention and detection of fraud and error but instead depends on those in place at its partner

bodies. We reviewed the arrangements in place at NHS Ayrshire and Arran and East Ayrshire Council through consideration of the work by partner body auditors and found them to be adequate.

48. Appropriate arrangements are in place for the prevention and detection of fraud and error. We are not aware of any specific issues we require to bring to your attention.

Climate change

49. The Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015 came into force in November 2015, as secondary legislation made under the Climate Change (Scotland) Act 2009. This requires bodies to prepare reports on compliance with climate change duties. This includes Integration Joint Boards established by order under section 9(2) of the Public Bodies (Joint Working) (Scotland) Act 2014.

50. Scottish Government guidance was issued to IJBs in May 2017, setting out detail of the new duty to produce an annual climate change report. The report requires to be approved by the IJB Board, with returns to be submitted on the Sustainable Scotland Network (SSN) online portal by 30 November each year. The most recent [Climate Change Report](#) was submitted by the IJB on 19 October 2022.

3. Vision, leadership and governance

Public sector bodies must have a clear vision and strategy and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation.

Conclusion

The IJB has appropriate governance arrangements in place that support the scrutiny of decisions by the Board.

An updated Scheme of Integration is due to be completed by December 2023 and then submitted to Scottish Ministers.

The 2021-30 strategic plan sets out the IJB's priorities

51. The Strategic Plan 2021-30 outlines the IJB's aims for delivering transformational change and sets these out in short, medium and long-term objectives, aligning to the six core strategic commissioning intentions:

- Starting Well and Living Well
- Caring for East Ayrshire
- People at the Heart of What We Do
- Caring for Our Workforce
- Safe and Protected
- Digital Connections.

52. Service Improvement Plans are in place for the three-year period 2021-2024 and actions are aligned to the strategic priorities 2021-2030. The Service Improvement Plans are a key part of the performance management and improvement framework and set out arrangements for improvement activities across the main service portfolios. The three-year plans provide further scope to plan and implement improvement activities over the medium term.

The Integration Scheme is currently being reviewed.

53. The Public Bodies (Joint Working) (Scotland) Act 2014, places a legal duty on Councils and Health Board to review the Integration Schemes at least every 5 years to consider whether any changes are necessary or desirable. The Integration Scheme for the IJB was last updated in 2018. East Ayrshire Council and NHS Ayrshire and Arran both considered reports during June 2023 which recommended that the review be undertaken.

54. A Programme Board will oversee the work, provide strategic direction, and ensure a consistent pan-Ayrshire approach for the Integration Schemes across the NHS Ayrshire and Arran board area. The Programme Board will be chaired by two Chief Executives, with one being from an Ayrshire Local Authority and the other the NHS Board. Membership of the board will be Chief Executives, the Health Board's Director of Transformation and Sustainability and sub-group chair representatives. The Chief Officer will also attend but in an advisory capacity.

55. The updated Scheme of Integration is planned to be reviewed and approved by the council and health board by December 2023. It would thereafter be submitted to Scottish Ministers.

Governance arrangements are appropriate and operate effectively. Consideration should be given to recording meetings.

56. The IJB have established arrangements around committee reports and pre-agenda meetings and timetables. Democratic Services receive reports for committee in line with established lodgement dates outlined in the committee meeting calendar. The agenda and papers are then issued approximately a week before the committee date.

57. Pre-agenda meetings involving the IJB Chair, Chief Officers and Governance and Communications Managers take place prior to the issue of the formal agenda. Issues arising from the meeting are followed-up with officers who have reports to be presented to the IJB prior to issue.

58. All IJB meetings take place in a hybrid format with members and officers attendance either in-person in the Council chambers or remotely via Microsoft Teams. Members of the public can attend IJB Board meetings for open items of business.

59. Meeting papers are available on the website in advance of meetings and minutes are available following approval. The previous auditors recommended that the Board should make arrangements to allow members of the public access to IJB meetings through webcasting, whether live or access to on demand recordings. Currently, a number of East Ayrshire Council meetings are recorded and available for the public to view. No decision has been made regarding roll out of these arrangements to other committees and the IJB's response is in Appendix 1.

60. We consider that governance arrangements are appropriate and support effective scrutiny, challenge and decision making. We agree that arrangements could be improved by enabling members of the public an opportunity to view meetings via the website.

Recommendation 2

The IJB should progress its work to allow members of the public access to IJB meetings through webcasting, whether live or access to on demand recordings.

4. Use of resources to improve outcomes

Public sector bodies need to make best use of their resources to meet stated outcomes and improvement objectives. Through effective planning and working with strategic partners and communities.

Conclusion

Performance management arrangements are effective. The Service Improvement Plans for a three-year cycle enable improvement actions to be identified and delivered across the medium term.

The IJB has an established programme of Best Value Service Reviews.

Performance management arrangements are effective.

61. The Audit and Performance Committee maintains oversight of performance reporting against the strategic plan. Twelve month rolling performance reports are presented to each of their committee meetings. The purpose of the performance reports is to report key information relating to service performance, human resources, learning and development and risk management to provide assurance to the IJB of overall performance.

The 2022/23 Annual Performance report is published.

62. Integration authorities are required to publish an Annual Performance Report by the end of July each year. The Annual Performance Report for 2022/23 was presented to the IJB on 30 August 2023 in draft. The draft report was approved by the Audit and Performance Committee on 1 August 2023 and a draft was also published on the Partnership's 'Our Performance' website on 31st July 2023.

63. The Report for 2022/23 includes measures of performance under integration; performance in 2022/23; workforce; governance and decision making; financial performance; best value; inspection findings; audit and performance committee activity; lead partnership arrangements and looking ahead.

64. The IJB have decided that to enhance the accessibility of performance information, with a summary annual performance report (APR) having been

produced to accompany the detailed report. Both documents were published in advance of formal IJB approval of the APR on 30 August 2023 and are digitally accessible on the website.

2022/23 has been a challenging year with performance declining against most core performance indicators.

65. Since 2018 Health and Social Care Partnerships have been working to improve performance against six local objectives and trajectories set by the Ministerial Strategic Group for Health and Community Care (MSG).

66. The full year position was reported to the Joint Board on 30 August 2023 within the draft annual performance report. 28 June 2022. This provides a year-on-year comparison on the six prescribed Health and Social Care Delivery Plan and Ministerial Steering Group indicators, as set out in [Exhibit 3](#) below.

67. It is important to consider these movements in the context that many services were suspended in 2020/21 and while the NHS conveyed the message that it was open for business, the performance information for the period pre-pandemic to date shows that many people did not access NHS services during the early months of the pandemic. During 2022/23, demand on services has continued to increase.

Exhibit 3

National performance indicators

Indicator	Performance in 2022/23 compared to 2021/22
Unplanned admissions	Unscheduled admissions which reduced by 9% from baseline (target was 5% reduction).
Occupied bed days for unscheduled care (target: 6% reduction)	Bed days occupied by unscheduled care increased by 5%
Accident and emergency 4 hour standard for admission, discharge or transfer (target: 95%)	Accident and emergency 4-hour standard met for 67%. This was a reduction from 77.9% in 2021/22.
Delayed discharges (target: 20% reduction)	Bed days lost due to delayed discharges increased by 68%.
End of life care (target: 91.7%)	The number of people spending the last six months of life in the community reduced from 90.2% to 88.9%.
The balance of spend across institutional and community services (no target).	The number of people aged 65+ living supported or unsupported at home has reduced from 96.4 % in the prior year to XX

Source: Audit Scotland

68. Senior Leadership Group reviews performance fortnightly. Actions are identified to support performance improvement, and these are taken forward through a number of programme groups.

The IJB had an established programme of Best Value Service Reviews for 2019-22.

69. Integration authorities have a statutory duty to have arrangements to secure Best Value. To achieve this, IJBs should have effective processes for scrutinising performance, monitoring progress towards the strategic objectives and holding partners to account.

70. The IJB Best Value Service Review programme for 2019-22 was endorsed by the Strategic Commissioning Board in September 2019. The three-year programme set out an approach to service review which demonstrates continuous improvement across the IJB Board's delegated functions. These Service Reviews sit within the context of the national outcomes that integration authority's work towards, the Strategic Plan and the available finances.

71. The Audit and Performance Committee receive an annual and bi-annual update on the activities of the Strategic Commissioning Board. During 2022/23 best value service reviews took place across a number of areas including financial inclusion.

72. During 2022/23, the outcome of the Financial Inclusion team (FIT) Best Value Service Review was reported to the February Board. The Financial Inclusion Team provides a front-line service to East Ayrshire residents through providing a wide range of information, advice and support relating to social security, benefit entitlement, money and energy advice and debt management. The staff within the Financial Inclusion Team have a range of expertise including housing, employability, court advice and MacMillan cancer support. The team undertake a variety of activities including benefit checks, assisting with claims for potential benefits to maximise income, advise on budgeting and money management.

73. The scope of the review encompassed all parts of the Financial Inclusion Team including policy and operational environment, quantitative and qualitative benchmarking and comparators and workforce roles, management and analysis of recruitment and retention.

74. The review acknowledged the challenges faced by the Financial Inclusion Team during the Covid-19 pandemic and the interim changes implemented to respond to national lockdown restrictions, reduced face to face appointments and the increase in the overall caseload.

75. As part of the best value service review, a consultation exercise was undertaken. Feedback from stakeholders was positive and noted partnership working and awareness of the role and remit of the Financial Inclusion Team as positive. Staff feedback collected outlined that the interim structure in place throughout the Covid-19 pandemic worked well and was the preferred way of

working. Staff were keen to return to the office environment for peer support, information sharing and a return to face-to-face working.

76. The service review evaluated the current service delivery and identified a number of future priorities:

- Increase flexibility and capacity of the service
- Innovation, projects and promotion of the service
- Outcomes and measuring performance

77. An option appraisal exercise took place across three options. As outlined in the report, the preferred option of retaining the interim structure required additional funding of £18,869. This was secured from Scottish Government through the General Resource Grant for the Financial Inclusion Team and includes an additional £89k to support the administration of the Adult Disability Payment.

78. The Board approved the progression of the preferred option and tasked the implementation officer with progressing the final recommendations of the service review.

Appendix 1. Action plan 2022/23

2022/23 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>1. Financial sustainability</p> <p>The IJB has undertaken high level annual updates of its medium-term financial plan produced in 2017/18 to cover the period to 2021/22. Management have confirmed that the development of a new medium-term financial plan is planned following the publication of the Scottish Government Health and Social Care Medium Term Financial Framework.</p>	<p>The IJB should prepare an updated medium term financial plan and include linkages to strategic priorities and how these will be delivered within delegated budgets.</p> <p>Paragraph 44</p>	<p>Following publication of Scottish Government MTFF, a full review and update will be undertaken during 2023/24, aligned to the Strategic Plan, and used to inform future budget setting exercises.</p> <p>Chief Officer, Interim Chief Finance Officer, Senior Manager – Wellbeing, Planning and Performance</p> <p>31 March 2024</p>
<p>2. Access to meetings</p> <p>Members of the public are not able to access live or on demand recordings of the IJB meetings.</p>	<p>The Board should progress its work to allow members of the public access to IJB meetings through webcasting, whether live or access to on demand recordings.</p> <p>Paragraph 59</p>	<p>To be progressed with East Ayrshire Council to determine timescale</p> <p>Chief Officer, Governance and Communications Manager</p> <p>31 March 2024</p>

Follow-up of prior year recommendations made by Deloitte in 2021/22 Annual Audit Report and Audit Dimension and Best Value Report

Issue/risk	Recommendation	Agreed management action/timing
b/f 1. Set aside	The IJB should progress with implementing delegated	In Progress

Issue/risk	Recommendation	Agreed management action/timing
<p>The IJB has not identified specific set aside resource and instead is uplifting 2018/19 ISD data.</p> <p>Risk – The budget for set aside does not reflect actual activity levels.</p>	<p>hospital budgets and Set Aside requirements, in collaboration with the Scottish Government, NHS Ayrshire and Arran and other Ayrshire partnerships</p>	<p>Following a hiatus due to the Covid-19 pandemic, the pilot project on ‘fair share’ commissioning through the use of Directions has recommenced on a pan-Ayrshire basis and is being taken forward in conjunction with the ongoing review of the Integration Scheme. Whilst this work will seek to ensure that delegated hospital budgets and Set Aside budget requirements can be fully implemented going forward, there will require to be recognition of future guidance and legislation related to National Care Service implementation.</p> <p>Interim Chief Finance Officer 31 March 2024</p>
<p>b/f 2. Medium Term Planning</p> <p>The planned update to the Board’s Medium Term Financial Plan should take account of the financial implications of the Scottish Government five-year Medium Term Financial Strategy.</p>	<p>The planned update to the Board’s Medium Term Financial Plan should take account of the financial implications of the Scottish Government five-year Medium Term Financial Strategy.</p>	<p>Outstanding.</p> <p>Management response in 2021/22: The Annual Budget 2022/23 Report to the IJB on 23/3/22 contains a high-level Medium Term Financial Plan (2022-30). The report highlights that a detailed MTFP will be produced once the Scottish Government Health and Social Care Medium Term Financial Strategy has been updated (anticipated in second half of 2022). This detailed plan will also include updates in respect of areas of uncertainty including National Care Service for Scotland proposals and potential impact associated with recovery from the pandemic.</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>b/f 3. Budget process</p> <p>We recommended the following improvements to the budget setting process:</p> <ul style="list-style-type: none"> • There needs to be a link between the budgeted spend and the IJB's priorities as set out in the Strategic Commissioning Plan. • There needs to be improved links between the budget and outcomes: there is no information of the outcomes the IJB expects to be progressed (and to what extent) by the budget, which makes it difficult for the IJB to assess to what extent budgetary decisions are impacting on outcomes achieved. 	<p>We recommended the following improvements to the budget setting process:</p> <ul style="list-style-type: none"> • There needs to be a link between the budgeted spend and the IJB's priorities as set out in the Strategic Commissioning Plan. • There needs to be improved links between the budget and outcomes: there is no information of the outcomes the IJB expects to be progressed (and to what extent) by the budget, which makes it difficult for the IJB to assess to what extent budgetary decisions are impacting on outcomes achieved. 	<p>See 2022/23 Action Plan Point 1 above.</p> <p>Outstanding</p> <p>Management response in 2021/22: The Annual Budget 2022/23 Report to the IJB on 23/3/22 contains a high-level Medium Term Financial Plan (2022-30). The report highlights that a detailed MTFP will be produced once the Scottish Government Health and Social Care Medium Term Financial Strategy has been updated (anticipated in second half of 2022). This detailed plan will also include updates in respect of areas of uncertainty including National Care Service for Scotland proposals and potential impact associated with recovery from the pandemic.</p> <p>See 2022/23 Action Plan Point 1 above.</p>
<p>b/f 4. Access to meetings</p> <p>Members of the public are not able to access live or on demand recordings of the IJB meetings.</p>	<p>The Board should progress its work to allow members of the public access to IJB meetings through webcasting, whether live or access to on demand recordings.</p>	<p>Outstanding</p> <p>Management Response in 2021/22: At this stage only EAC full Council, Cabinet and Governance and Scrutiny Committee meetings are recorded. Any further roll out is likely to include the IJB and will be subject to discussion at a future meeting of the IJB following the appointment of voting members by East Ayrshire Council, further to the Local Government election on 5 May 2022.</p>

Issue/risk	Recommendation	Agreed management action/timing
		See 2022/23 Action Plan Point 2 above.

East Ayrshire Integration Joint Board

2022/23 Annual Audit Report

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