EAST AYRSHIRE

Health & Social Care Partnership

Integration Joint Board

Annual Accounts 2025/26



CONTENTS

Section 1: Management Commentary	Page 2
Section 2: Statement of Responsibilities	Page 34
Section 3: Annual Governance Statement	Page 36
Section 4: Remuneration Report	Page 44
Section 5: The Financial Statements	Page 47
Section 6: Notes to the Financial Statements	Page 50
Section 7: Independent Auditor's Report	Page 59
Section 8: Glossary of Terms	Page 63
Appendix 1: Governance and Decision Making Arrangements	
Appendix 2: Partnership Management Structure	

SECTION 1
Management Commentary

INTRODUCTION

This publication contains the Annual Accounts of East Ayrshire Integration Joint Board (IJB) for the year ended 31 March 2026. The Management Commentary provides an overview of the key messages in relation to the IJB's financial planning and performance for the 2025/26 financial year and how this has supported delivery of the IJB's core objectives. This commentary also looks forward and provides an indication of the challenges and risks, which may impact upon the finances of the IJB in the future as we strive to meet the health and social care needs of the people of East Ayrshire.

The Management Commentary has been prepared in accordance with the requirements of the Local Authority Accounts (Scotland) Regulations 2014 (SSI 2014/200) and the statutory guidance in Finance Circular 5/2015.

EAST AYRSHIRE IJB

In accordance with the Public Bodies (Joint Working) (Scotland) Act 2014, East Ayrshire Council and NHS Ayrshire & Arran prepared an Integration Scheme for the area of the Local Authority. Scottish Ministers approved the initial Integration Scheme between the two parent organisations on 3 March 2015, and the Scottish Ministers by order established the East Ayrshire IJB as a body corporate on 1 April 2015 as part of the establishment of the framework for the integration of health and social care in Scotland. The Integration Scheme was updated in March 2018 and was scheduled to be updated again in 2024, to align with the requirement of the Public Bodies (Joint Working) (Scotland) Act 2014 for a five yearly review. Work has been undertaken on a pan-Ayrshire basis by the three Councils and the Health Board to co-ordinate the review of the three Integration Schemes to allow a consistent approach. The pan-Ayrshire review was concluded on the ground in 2024 with that process now being finalised including consideration of the recent statutory change to IJB voting members from September 2026 and scheduled to be concluded during 2026/27, following which it will require to be approved by East Ayrshire Council and NHS Ayrshire & Arran, prior to submission to Scottish Ministers. However, due to local public services reform discussions taking place from September 2026 the process is currently paused.

The initial East Ayrshire Integration Joint Board membership was confirmed including voting and non-voting members and stakeholder members in April 2015. The IJB accepted the Integration Scheme and agreed to exercise the decision making functions of the Council in relation to Council services and NHS Ayrshire & Arran services (through the Local Scheme of Delegation) delegated to the Board and agreed to provide assurance to the relevant Council and NHS Committees on effective operational arrangements in relation to professional and care governance, corporate governance and employee relations.

The voting members of the Integration Joint Board are appointed through nomination by NHS Ayrshire & Arran and East Ayrshire Council. The arrangements for the Chair and Vice Chair, who are drawn from the nominations of the Parties, are set out in clause 2.4 of the Integration Scheme, where the role of Chair alternates between voting members nominated by East Ayrshire Council and NHS Ayrshire & Arran.

The first Governance Update report for 2025/26 was presented to the IJB on 25 June 2025 and confirmed that Councillor Douglas Reid would relinquish his Vice-Chair role and Chair of the Strategic Planning and Wellbeing Delivery Group. Councillor Reid assumed the role as Chair of the IJB, replacing Dr Sukhomoy Das, who relinquished his role as Chair and assumed the role of Vice-Chair of the IJB and Chair of the Strategic Planning and Wellbeing Delivery Group from 25 June 2025, as noted at the NHS Board Meeting on 2 June 2025.

The Governance Update report presented to the IJB on 25 June 2025, also noted that Mr Kevin Skilling had assumed the role as Carers Representative on the IJB and that Ms Arlene Bunton had stepped down from her role as Scottish Care / Independent Sector Lead on the IJB. It was confirmed that a review of independent sector representation on the IJB was being progressed.

The Governance Update report presented to the IJB on 29 October 2025, confirmed that Councillor Linda Mabon would replace Councillor Jayne Sangster as one of the voting members for East Ayrshire Council. This had been intimated following a meeting of East Ayrshire Council on 28 August 2025. It was noted that Councillor Sangster would continue to be part of the IJB as the named depute for Councillor Mabon. This report also confirmed that Ms Hendrika Psailia would be stepping down from her role as User / Public representative on East Ayrshire IJB. It was noted that Ms Psailia, would remain as a member of the IJB Stakeholder Forum, however this would be from a different perspective in representing Coalfield Community Transport. The IJB confirmed that recruitment would take place to fill Ms Psailia's previous role, recognising the importance of the voice of users of the service and the public on the IJB.

Furthermore, the report presented to the IJB on 29 October 2025, advised that East Ayrshire Council, on 26 June 2025, gave approval for a designated Depute Chief Officer to be identified to provide day-to-day cover for the IJB Chief Officer in their absence. It was proposed that, following a recruitment process, Dr Erik Sutherland, then Head of Locality Health and Care Services, be appointed to the role.

The final update from the report provided on 29 October 2025, advised that since the IJB meeting on 25 June 2025, there had been dialogue with the Coalition Care and Support Providers in Scotland (CCPS), the voice of not-for-profit providers, and consideration of the arrangements that had operated until recently with Scottish Care. At a national level, CCPS agreed to act as a reference point or sounding board for any relevant IJB agenda items. Local CCPS members were communicated with and invited to participate in supporting engagement arrangements at a local level. Mr Rod Leach from Partners for Inclusion agreed to represent the not-for-profit providers in the Health and Social Care sector in East Ayrshire on the IJB Stakeholder Forum. Given the significant role in being the voice of such a diverse set of providers, Mr Leach agreed to assume this position on the basis of undertaking a mutual review after six months.

The Governance Update report presented to the IJB on 4 February 2026, noted that approval was sought from the IJB to agree to the appointment of a new Chair of the Audit and Performance Committee. It was proposed that Councillor Clare Maitland would be appointed, replacing the current Chair, Ms Sheila Cowan. It is anticipated that this appointment will run until May 2027 to coincide with the Council elections. The report noted that Ms Sheila Cowan will continue to be a member of the Audit and Performance Committee.

The Governance Update report presented to the IJB on 4 February 2026 also noted that the IJB Stakeholder Forum confirmed that Ms Marie Devine had assumed the role as Public / User Representative on the IJB.

The final Governance Report for 2025/26 was presented to the IJB on 18 March 2026. This report sought approval that IJB meetings should be recorded and made available for delayed viewing, effective from the IJB meeting on 24 June 2026, with development sessions and Strategic Planning Group meetings not being recorded. The report also instructed the Chief Officer, in consultation with the Audit and Performance Committee Chair, to consider the implications of recording Audit and Performance Committee meetings and make appropriate recommendations to the IJB meeting on 24 June 2026.

A report was also presented to the IJB on 18 March 2026 to note the retirement of Alex McPhee, Interim Chief Finance Officer / Section 95 Officer of the IJB on 31 March 2026 and to endorse the appointment of Eilidh Mackay as Interim Chief Finance Officer / Section 95 Officer for a period of one year on an interim basis.

The following table provides detail of voting members of the IJB at 31 March 2026:

Voting Members	Representing
Councillor Douglas Reid (Chair)	East Ayrshire Council
Dr Sukhomoy Das (Vice Chair)	Non-executive Director – NHS Ayrshire & Arran
Ms Sheila Cowan	Non-executive Director – NHS Ayrshire & Arran
Mr Neil McAleese	Non-executive Director – NHS Ayrshire & Arran

Ms Jennifer Wilson	Nurse Director – NHS Ayrshire & Arran
Councillor Linda Mabon	East Ayrshire Council
Councillor Clare Maitland	East Ayrshire Council
Councillor Neill Watts	East Ayrshire Council

During 2025/26 the former Director of Health and Social Care, Craig McArthur was the lead professional advisor to the IJB in his role as Chief Officer prior to his departure on 30th June 2026 being replaced in an interim capacity by Dr Erik Sutherland. Non-voting members of the IJB comprise employee and trade union representatives, carers and people who use our services, the third and independent sectors and medical, clinical, social work, finance and governance professionals.

OBJECTIVES AND STRATEGY OF THE IJB

The main purpose of integration is to improve the wellbeing of families, our communities and of people who use health and social care services, particularly those whose needs are complex and involve support from health and social care at the same time. In addition, the IJB provides specific health care services across Ayrshire.

Significant inequalities exist within and between our communities in East Ayrshire and while progress has been made in tackling these inequalities, there continues to be more to be done to enable people to live longer and have healthier and more independent lives within stronger communities. The integration of health and social care provides an important framework to address health and wellbeing inequalities. The infographics below display some characteristics of the East Ayrshire population in regard to health and wellbeing, demography and socio-economic circumstances within the authority. To access a more comprehensive range of information, please see our Area Profile.

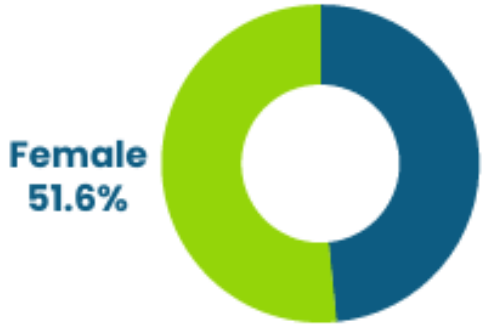
East Ayrshire

- Located in the southwest of Scotland, covering **490 square miles**
- A mix of both urban and rural communities
- Home to **121, 480** people, making up **2.2%** of Scotland's total population
- East Ayrshire's population is projected to **decrease** by 0.5% by 2032



Population Profile

121, 480 residents



0-15 Years

20,284
17% of the population
(Scotland 16%)

Estimated decline of 13% by 2032
(Scotland 8.69%)

16-64 Years

74, 313
61% of the population
(Scotland 63%)

Estimated decline of 4.5% by 2032
(Scotland 1.63%)

65+ Years

26,883
22% of the population
(Scotland 21%)

Estimated increase of 15.89% by 2032
(Scotland 12.58%)

Life Expectancy

Male

75.7 Years
(Scotland 77.2)

Healthy life expectancy is 54.2
(Scotland 59.1)

Female

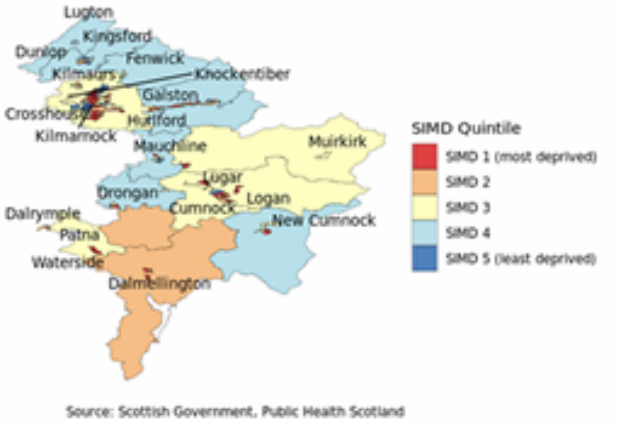
78.9 Years
(Scotland 81.1)

Healthy life expectancy is 53.5
(Scotland 59.4)

Deprivation

East Ayrshire has the **7th highest level of deprivation** amongst Scottish Local Authorities.

31.3% of the East Ayrshire population live within the most deprived Scottish index of Multiple Deprivation Quintile (SIMD)



The table details the percentage of the East Ayrshire population living in the 2020 SIMD most deprived for each domain and the ranking of East Ayrshire amongst the 32 Scottish Local Authorities for each domain.

East Ayrshire	% of data zones	Rank
Income	28.8%	7
Employment	32.5%	6
Education	25.8	8
Health	28.2%	8
Access	24.5%	13
Crime	22.7%	8
Housing	2.5%	25
Other	31.3%	7

Early Years

21.1% of East Ayrshire babies are exclusively breastfed at the 6-8 week review (Scotland 33.1%)

74.9% of East Ayrshire children have no concerns across all domains at 27-30 month review (Scotland 78.2%)

74.8% of East Ayrshire children have a healthy weight in Primary 1 (Scotland 74.5%)

70.6% of children within East Ayrshire have no obvious dental decay in Primary 1 (Scotland 73.9%)



Health & Wellbeing

28.2% of adults in East Ayrshire have at least one long term illness (Scotland 22.5%)

64% of adults in East Ayrshire consider their health to be good or very good (Scotland 72%)

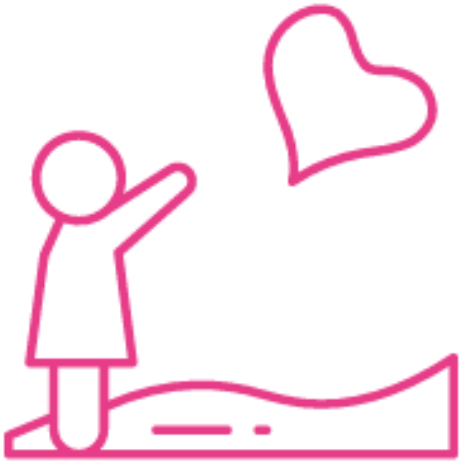
The rate of multiple emergency hospital admissions aged 65+ years is **5,544 per 100,000** population in East Ayrshire (Scotland 4833.5)

The rate of premature deaths in East Ayrshire (15-44 years) is 146 **per 100,000 population** (Scotland 105 per 100,000)



Mental Health

22.9% of East Ayrshire residents are prescribed medication for Anxiety/Depression/Psycosis (Scotland 20.8%)



The rate of psychiatric hospitalisations in East Ayrshire is **167.5 per 100,000 population** (Scotland 216.1)

407 East Ayrshire Child and Adolescent Mental Health Service referrals were accepted between 2025-26.

Within East Ayrshire the rate of deaths by suicide is **21.4 per 100,000 population** (Scotland 16.8)

Harmful Behaviours

During the period 2022-24 an average of **13.1%** of mothers in East Ayrshire smoke during pregnancy (Scotland 9.6%)



The rate of alcohol related hospital admissions in East Ayrshire is **437.8 per 100,000 population** (Scotland 495.3)

During 2024, there were 21 drug related deaths in East Ayrshire, a rate of **19.4 per 100,000** (Scotland 19.4)

131.5 incidents of domestic abuse were recorded in East Ayrshire per 10,000 population (Scotland 116.3)

Economic Status

In 2025 **17.3%** of children within East Ayrshire were living in low-income families (relative), down from 20.6% in 2024.



72.7% of East Ayrshire residents are in employment (Scotland 74.7%)

3.7% of the 16-64 population in East Ayrshire claim out of work benefits (Scotland 3.1%)

14.4% of economically inactive East Ayrshire residents are actively seeking employment (Scotland 18.3%)

Our Communities

The crime rate in East Ayrshire is **515 per 10,000 population** (Scotland 556)



The rate of non-accidental fires in East Ayrshire is **359.7 per 100,000** population (Scotland 228.4)

93% of adults in East Ayrshire rate their neighbourhood as a very/fairly good place to live (Scotland 94%)

In East Ayrshire, the rate of antisocial offences is **99 per 100,000** population (Scotland 87)

The IJB is the decision-making body that regularly meets to discuss, plan and decide how health and social care services are delivered to tackle health and wellbeing inequalities in East Ayrshire in line with the Strategic Plan. It then directs East Ayrshire Council and NHS Ayrshire & Arran (the Parties) to work together in partnership to deliver services based on decisions made by the IJB, and this is being done under the banner of East Ayrshire Health and Social Care Partnership.

The partnership will deliver positive outcomes for our residents by ensuring that children and young people get the best start in life, that people live healthier, longer lives and are supported to be independent and have choice and control no matter who they are or where they live. In East Ayrshire, integration underpins the Community Planning Partnership, with the IJB taking a strategic lead for delivery of the wellbeing theme of the Community Plan 2015-30.

The Strategic Plan must have regard for national health and wellbeing outcomes and with the full scope of the delegated functions also include the National Outcomes for children, young people and justice. As part of the approval of the Integration Scheme, NHS Ayrshire & Arran and East Ayrshire Council agreed that Children's and Family Health, Social Work and Justice Services should be included within functions and services to be delegated to the IJB.

The IJB is committed to putting people and communities first and believe that everyone should have a say in our own health and social care services. Our Stakeholder Forum meets eight times per year to provide an opportunity for people, users of services, carers and organisations from the community to come together to share their views on what will be discussed at our board and committee meetings. Forum members also share experiences, local issues and bring suggestions for how we can improve our services together.

In addition, our locality groups bring a range of people together who support our work in health and social care including delivery partners from health, housing, education, community justice, social work, the third/voluntary sector, and the independent care sector, as well community representatives and people who use services. These groups provide information for the IJB on the issues that matter to people at a local level which is an important aspect of the strategic planning process. There are three locality groups in East Ayrshire: Kilmarnock (including Crosshouse), Northern (Annick, Irvine Valley and Hurlford and Southern (Cumnock and Doon Valley).

The vision for the integration of health and social care is to produce better outcomes for people through services that are planned and delivered seamlessly from the perspective of the patient, service user or carer. Prior to its formal establishment in April 2015, a vision was developed for how the East Ayrshire IJB would operate in consultation with stakeholders. This vision has driven activity over the last eleven years and will continue to do so. Following the refresh of the IJB's Strategic Plan, our vision has been revised slightly to:

Working together with our communities to improve and sustain health, wellbeing, care and promote equity.

The East Ayrshire Health and Social Care Partnership (HSCP) Strategic Plan 2021-30 was approved by the Integration Joint Board on 24 March 2021 and at Health Board and Council on 29 March 2021 and 1 April 2021 respectively.

The Strategic Plan is based on the strengths of East Ayrshire's approach to wellbeing focussed health and social care, articulated as 'People, Compassion and Partnership' in recognition of the resilience of East Ayrshire's citizens and the value of local community spirit. The Plan sets out the role of partners in all health and social care sectors to enhance these assets, working together to uphold human rights through person and family centred practice.

There is a requirement to review and update the Strategic Plan every three years. The Strategic Plan, as

revised for 2024-27, sets out the IJB's strategic commissioning intentions and delivery arrangements through the Health and Social Care Partnership (HSCP) against the following six strategic priorities:



Delivery of the Strategic Plan 2024-27 is supported by associated enablers, namely the Workforce Plan, Communications Strategy, and Property and Asset Management Plan, alongside the approved Annual Budgets across the lifetime of the Plan and the Medium-Term Financial Plan.

The high-level Medium Term Financial Plan 2024-30 approved by the IJB on 20 March 2024 highlights an indicative resource gap over the lifetime of the Strategic Plan. A detailed Medium Term Financial Plan will be prepared and presented to the IJB for consideration by 31 March 2027.

The Strategic Planning / Wellbeing Delivery Plan Group led the review and refresh of the Strategic Plan for 2024-27. In reviewing activity, partners must have due regard to integration delivery principles and to the national outcomes for Health and Wellbeing, Children and Young People, and Justice.

This strategic planning approach continues to centre on the 'triple aim' of better care, better health and better value, in line with the national Health and Social Care Delivery Plan, focussed on six core themes and local outcomes.

PRIORITY	2030 OUTCOME
Starting Well, Living Well and Dying Well	• Children and young people will have better life chances, particularly those with experience of care or who live in our most deprived communities; • More people of all ages, particularly those who live in our most deprived communities, will be fitter, physically healthier and feel more able to look after their own health and wellbeing; • People who have palliative or end of life care needs will be supported according to their wishes; and • Compassionate connections between people, families, colleagues and communities will be valued as having a positive impact on the health and wellbeing of East Ayrshire.
Caring for East Ayrshire	• Citizens will recognise and value their contribution to the design of services, feel invested in their success and use them appropriately; • More people will be able to live independently and according to their wishes, because they are able to better manage their own health and have easy access to local, effective support for long term conditions and disabilities; and • When needed, complex or specialist treatment will be provided quickly, effectively and to the highest standard.
People at the Heart of What We Do	• Integrated health and social care will be achieved; • Organisational integration with third voluntary and independent sectors will be achieved by inter-organisational network and governance arrangements; • Quantitative and qualitative data compared will show improved outcomes for the population of East Ayrshire; and • Service delivery will be underpinned by a Human-Rights based approach that promotes Participation, Accountability, Non-Discrimination, Equality and Legality.
Caring for Our Workforce	• The health and social care workforce will be well, and we will have the right people with the right skills in the right place at the right time, to support people, families and communities to achieve their goals.
Safe & Protected	• People of all ages are actively involved in keeping themselves and each other safe; • Multi-agency staff are trained and supported to confidently protect people at risk of harm;

	• Support and protection is provided to vulnerable people to reduce risk of harm and improve safety; • Fewer people enter or are involved with the justice system, as a result of early and effective interventions; and • Through work with both victims and perpetrators of harm, the risk of harm to children, adults and the public is reduced.
Digital Connections	• People and families will be able to better manage their health, wellbeing and safety and live more independently through inclusion in and new applications of technology; • Information will be shared effectively between systems and partners, to support positive outcomes for people and families; personal experience of services will be improved and risk will be well managed; • The health and social care workforce will be digitally connected, skilled and use technology to improve practice; and • High quality digital health and social care services will be in place as part of wider delivery.

The outcomes from the refresh of the Strategic Plan have confirmed that:

- The Strategic Plan remains relevant for 2024-2027 and beyond.
- The six commissioning intentions continue to provide the right focus for health and care.
- The Starting Well and Living Well priority should be revised to Starting Well, Living Well and Dying Well, with more emphasis on future care planning.
- The Plan should reflect anticipated demographic and population changes for East Ayrshire.
- Getting It Right For Everyone should be added as a key deliverable under People at the Heart of What We Do.
- There should be greater focus on workforce capacity within Caring for Our Workforce.
- Tackling digital poverty should be included under Digital Connections, with better integration of data systems and information sharing.
- Clear and concise language should be used to ensure the Plan is easy to read and understand.
- The Plan needs to be realistic on the affordability of implementation.

Following approval by the IJB on 26 June 2024, the Strategic Plan Review 2024-2027 report was presented to East Ayrshire Council on 27 June 2024 and to NHS Ayrshire & Arran on 12 August 2024. A public-facing, accessible version of the Plan was produced, together with a summary version, a Plan on Page, and an easy read version. The Plan was publicly launched in July 2024.

A programme of work has now commenced to review and update the Strategic Plan for 2027-30 to ensure that strategic priorities are more closely aligned with the resources available for commissioned services. This work is being led by the Strategic Planning/Wellbeing Delivery Plan Group, with the focus on producing a revised Plan that is both affordable and deliverable within delegated budgets.

The Strategic Plan 2024-2027 is available at the Governance webpage:

https://www.east-ayrshire.gov.uk/Resources/PDF/E/EAHSCP-Strategic-Plan-2024-2027.pdf

PERFORMANCE MANAGEMENT AND REPORTING

The IJB has embedded a performance management culture throughout the Partnership. It has created a wide range of performance information to manage services and target improvements for the people of East Ayrshire. This has been supported by our performance management systems which analyse data, track progress and monitor actions. Regular and robust performance information is provided to our Audit and Performance Committee (APC), IJB Members, operational managers and is publicly reported. Benchmarking is used to compare our performance with other organisations to support change and improvement.

The IJB embraces scrutiny including external inspection and self-assessment. In relation to performance targets, the Partnership continues to progress towards a core set of indicators that relate to services

from publicly accountable national indicators and targets which the Health Board and Council currently report against. Improvement measures will be a combination of existing and new measures that will allow assessment at a local level. The performance targets and improvement measures are linked to local outcomes. The IJB's performance is scrutinised by a dedicated APC with a wide-ranging remit, but with a particular focus on performance management and improvement.

All Partnerships have been working to local objectives and trajectories set out by the Ministerial Strategic Group for Health and Community Care (MSG) since January 2018, for monitoring improvement in relation to six key indicators which provide a whole system overview of performance. Analysis and narrative regarding our performance against the MSG measures is included within this report across the appropriate health and wellbeing outcomes and is summarised in the tables below.

This information reflects a range of activities under the umbrella of 'unscheduled care', activities that support people to remain in their own homes, return to their own homes as quickly as possible when hospital treatment is required, prevention of related re-admission to hospital and end of life care. Unscheduled care is a fundamental component of the health and social care system and as such, our services require to be responsive to need whilst being transformative in that, where appropriate, patient contact is moved from reactive to proactive planned engagement and from hospital settings to the community.

Throughout 2025/26, activity reports aligned to the MSG indicators were regularly presented to our Audit and Performance Committee and the NHS Ayrshire and Arran Health Board, which analysed performance in respect to pressures within the health and care system due to demand for unscheduled care.

East Ayrshire Performance Against MSG Indicators: 2024 Calendar Year / 2024/25 Financial Year – 2025 Calendar Year / 2025/26 Financial Year

	East Ayrshire 2024/25	East Ayrshire 2025/26	Variance
MSG01 - Unscheduled Admissions (all ages) (rate per 1,000 total population) (2024 v 2025) *	138.4	143.2	3.5% ↑
MSG02 - Occupied Bed Days Unscheduled Care (all ages, acute specialities) (rate per 1,000 total population) (2024 v 2025) *	913.9	899.2	1.6% ↓
MSG03 - Emergency Department: compliance with the four-hour standard (all ages)	66.2%	64.5%	1.7pp ↓
MSG04 - Delayed Discharge Bed Days (including code 9s) (rate per 1,000 18+ population)	118.4	144.7	22.2% ↑
MSG05 - End of Life Care – proportion of the last 6 months of life spent in community setting (2024/25 v 2025) *	89.4%	89.4%	0pp
MSG06 - Balance of care: Percentage of population in community or institutional settings - Proportion of 65+ population living at home (supported and unsupported) (2022/23 v 2023/24) **	99.1%	99.0%	0.1pp ↓

*Calendar year 2025 is used as a proxy for 2025/26 due to national data incompleteness, following PHS guidance.
**Figures for MSG06 compares 2023/24 to 2022/23 due to data availability, following PHS guidance.

In 2025/26, two of the six MSG indicators either showed improvement or remained stable in performance when compared to the previous reporting period, as displayed in the table above. When compared to the previous reporting period, occupied bed days saw a decrease of 1.6%. The proportion of the last 6 months of life spent in the community remained static at 89.4%. During calendar year 2025, unscheduled admissions increased by 3.5%. Compliance against the four-hour standard in the emergency department decreased by 1.7 percentage points over this period. The percentage of our older population living in community or institutional settings declined by 0.1 percentage points. The East Ayrshire rate of delayed discharge bed days increased by 22.2% in 2025/26; however, this still represents an area of strength, being lower than the national level.

East Ayrshire Performance Against CSII (Data Indicators): 2024 Calendar Year / 2025 Calendar Year / 2025/26 Financial Year

	East Ayrshire 2024/25	East Ayrshire 2025/26	Variance
CSII-11: Premature mortality rate per 100,000 (2023 v 2024) *	489	490	↑ 0.2%
CSII-12: Emergency admission rate per 100,000 (2024/25 v 2025) **	14,535	15,289	↑ 4.9%
CSII-13: Emergency bed day rate for adults (per 100,000 population) (2024/25 v 2025) **	127,783	129,228	↑ 1.1%
CSII-14: Emergency readmission to hospital within 28 days of discharge (per 1,000 discharges) (2024/25 v 2025) **	108	108	0
CSII-15: Proportion of last 6 months of life spent at home or in a community setting (2024/25 v 2025) **	89.4%	89.4%	0
CSII-16: Falls rate per population aged 65+ (2024/25 v 2025) **	21.1	20.6	↓ 2.4%
CSII-17: Proportion of care services graded 'Good' (4) or better in Care Inspectorate Inspections	88.1%	76.6%	↓ 11.5pp
CSII-18: Percentage of adults with intensive care needs receiving care at home (2023 v 2024) *	71.6%	70.1%	↓ 1.5pp
CSII-19: Number of days people aged 75+ spend in hospital when they are ready to be discharged, per 1,000 population	619	802	↑ 22.8%
CSII-20: Percentage of health and care resource spent on hospital stays where the patient was admitted in an emergency (2018/19 v 2019/20) ***	29.0%	26.6%	↓ 2.4pp

* 2024 calendar year figures applied for indicators 11 and 18 due to national data incompleteness, following PHS guidance.
** 2025 calendar year figures applied for indicators: 12, 13, 14, 15 and 16. 2025 calendar year figures are used as a proxy for 2025/26 due to national data incompleteness, following PHS guidance.
*** NHS Boards could not provide detailed cost information for 2020/21 due to changes in service delivery during the pandemic. As a result, PHS has not provided information for indicator 20 beyond 2019/20. PHS previously published information to calendar year 2020 using costs from 2019/20 as a proxy, however given the impact of the pandemic on activity and expenditure, it is no longer considered appropriate to include this information.

The following provides a summary of areas of positive performance in 2025/26, as well as areas identified for improvement:

Areas of Positive Performance



Zero hospital discharges over two weeks (standard delay reasons) during 2025/26. This remains unchanged for a number of years, representing sustained long-term performance despite significant whole system pressures.



The percentage of looked after and accommodated children with three or more moves declined from 16.3% in 2024/25 to 12.2% in 2025/26.



The proportion of child protection re-registrations within twelve months fell from 3.1% in 2024/25 to 1.5% in 2025/26.



99% of people started alcohol / drug treatment within three weeks in 2025/26 (target = 90%).



96.3% of community payback unpaid work requirements were completed on time in 2025/26, up from 95.1% in 2024/25.

Areas for Improvement



The number of bed days lost as a result of delayed discharge has increased from 11,586 in 2024/25 to 14,247 in 2025/26. Despite this increase, East Ayrshire continues to benchmark strongly against comparator areas.



The percentage of reports submitted to the Scottish Children's Reporters Administration (SCRA) by the due date decreased from 52.7% in 2024/25 to 45.7% in 2025/26.



17% of our relevant workforce had an active / signed-off FACE (annual development review) in March 2026 (target = 95%).



Sickness absence rates for both Council and NHS staff within the HSCP have remained consistently above target levels throughout 2025/26.



41.5% of adult patients waited less than four weeks for MSK services in March 2026 (national target = 90%).

The Public Bodies (Joint Working) (Scotland) Act 2014 obliges all integration authorities to publish a performance report covering performance over the reporting year no later than four months after the end of that reporting year. Reporting years begin on 1 April annually. For example, a Performance Report covering the period April 2025 to March 2026 is required to be published no later than the end of July 2026.

The Annual Performance Report for the IJB for 2025/26 was formally presented to the IJB on 26 August 2026 following publication of the draft in July 2026.

FINANCIAL STATEMENTS 2025/26

The Financial Statements for 2025/26 are set out at section 5 and incorporate financial and other information required by the Code of Practice on Local Authority Accounting in the United Kingdom (The Code). The Statement of Significant Accounting Policies at section 6 explains the basis for the recognition, measurement and disclosure of transactions and other events in the Financial Statements to ensure that they present a 'true and fair view' of the IJB's financial performance.

FINANCIAL PERFORMANCE 2025/26

Financial information is part of the performance management framework with regular reporting of financial performance to the IJB and the APC. This section provides a summary of the main elements of our financial performance for 2025/26.

Partnership services include the full range of community-based health and care services delegated by the partner organisations under the terms of the Integration Scheme. East Ayrshire Health and Social Care Partnership has the Lead Partnership role in Ayrshire for Primary Care and Out of Hours Community Response and Prison and Police Custody Services, including:

- Primary Care (General Medical Services, General Dental Services, General Ophthalmic Services, Community Pharmacy)
- Public Dental Services
- Ayrshire Urgent Care Services (AUCS)
- Prison Service and Police Custody Services
- Hosted Allied Health Professions Services
- Area Wide Evening Services
- Palliative Care Services
- Out of Hours Social Work Services

The Annual Budget 2025/26 report approved by the IJB on 1 April 2025 directed East Ayrshire Council and NHS Ayrshire & Arran to deliver services in line with strategic planning priorities on behalf of the IJB within the initial delegated resource for directly managed services (including delegated functions managed out with the IJB). The initial approved directly managed services budget (excluding acute hospital Set Aside resources) for 2025/26 was an initial balanced budget of £350.307m.

The Annual Budget 2025/26 report summarised key financial and operational risks and potential consequences related to both Council and NHS commissioned services and highlighted that this presented a challenging position going forward. The Interim Chief Finance Officer noted in the report that there were ongoing risks and uncertainties underlying this initial balanced budget proposal that required to be recognised, and which would require management action and oversight over the course of the year. This included delivery of Financial Recovery Plan savings approved in 2024/25, as well as significant additional savings (including savings yet to be finalised) and management of baseline budget pressures at a time of increasing demand.

The requirement to draw down general reserves to achieve financial balance in 2023/24 and to set an initial balanced budget for 2024/25 resulted in no contingency balance being retained as at 31 March 2025. This represented a financial risk to the IJB in 2025/26 and going forward.

It is important to highlight that transformational change programme funding has been used to offset financial pressures on a non-recurring basis in 2025/26. The £0.057m balance of transformational change funding at 31 March 2026 is fully committed against previously approved projects and initiatives. Transformational change programme funding has been directed towards efficiency and cost reduction and the absence of funding to drive further transformational change, at a time of significant financial and operational challenges, represents an additional risk going forward.

Further detail on the IJB Reserve position is presented in the Movement in Reserves Statement at Section 5 – Financial Statements and at Note 8: Usable Reserve – General Fund at Section 6 Notes to the Financial Statements.

The Annual Budget 2026/27 report also highlighted that, going forward, unscheduled care and expectations around Set Aside, as well as ongoing Council and Health Board financial challenges and the impact of decisions taken by the other Ayrshire IJBs remain key risk areas for the IJB. The continued political and economic uncertainty continues to represent an additional risk to the IJB and the wider public sector.

Expenditure for the 2025/26 financial year is £6.733m greater than the directly managed services budget delegated to the IJB. This overspend increases to £6.954m on a population basis when Lead Partnership net recharges totalling £0.221m are included. The £6.954m overspend increases further due to specific commitments, totalling £1.102m, carried-forward to offset attributable expenditure in future years and a retained uncommitted balance on NHS commissioned services of £0.541m. This results in a net overspend of £8.598m for 2025/26 and is wholly offset by non-repayable funding from East Ayrshire Council of £8.598m.

	Council commissioned services £m	NHS commissioned services £m	HSCP Total £m
Directly managed services:			
Overspend / (Underspend) 31 March 2026	7.860	(2.491)	5.369
Earmarked balances	0.738	1.366	2.104
	8.598	**(1.125)**	**7.473**
Lead Partnership / Hosted Services:			
Net recharges in	0.000	0.222	0.222
Earmarked balance - Primary Care Improvement Fund	0.000	0.321	0.321
Earmarked balance – Early Intervention in Psychosis – North	0.000	0.043	0.043
	0.000	**0.586**	**0.586**
Overspend / (Underspend) 31 March 2026	**8.598**	**(0.541)**	**8.057**
Additional delegated funding 31/3/26	8.598	0.000	8.598
Uncommitted Balances	**0.000**	**0.541**	**0.541**
Net position	**0.000**	**0.000**	**0.000**

In addition to specific Financial Recovery Plan actions in 2025/26, grip and control interventions put in place during 2024/25 were built upon to strengthen financial restraint and governance. These interventions proved to be challenging for services and required an increased level of financial control and monitoring to ensure that their implementation had the desired impact with the projected overspend during the year reducing by the year end. Interventions included:

- A freeze is placed on the filling of all non-essential vacancies.
- An increased level of authorisation by Head of Service to be put in place for all orders / expenditure above an agreed level.
- Heads of Service / Senior Managers required to undertake detailed fortnightly monitoring of their expenditure to ensure robust review of essential spend.
- Escalation of commitment decisions

The IJB approved a change in eligibility criteria for social care support in June 2024, to focus on individuals with highest needs in the critical and substantial need bandings with a significant programme of review and transformational work to implement this shift in support provision linked to eligibility in a safe way for the vulnerable people requiring care and support. It would, however, take up to two years to achieve the shift in support provision away from moderate, to only substantial and critical. The initial Financial Recovery Plan was based on this.

At the current time, East Ayrshire is in line with the majority of Scottish local authorities and national guidance in providing formal social care support for individuals at both critical risk and urgent need, as well as at substantial risk and high level of need. Any further review of this policy, for example, to provide social care support only for individuals with critical risk and urgent need, carries significant risk not only for individuals but for the IJB and its partner agencies.

The following table highlights financial performance by IJB Service Division on a directly managed services basis, as well as on a population basis (incorporating Lead Partnership / hosted services / Set Aside NRAC fair share adjustments):

Annual Estimate 2024/25 £m	Actual to 31/3/25 £m	Variance (Favourable) / Adverse £m	Service Division	Annual Estimate 2025/26 £m	Actual to 31/3/26 £m	Variance (Favourable) / Adverse £m
			Core Services			
25.700	28.631	2.931	Learning Disabilities	28.244	31.330	3.086
8.147	7.821	(0.326)	Mental Health	8.601	8.202	(0.399)
53.244	56.180	2.936	Older People	55.687	59.417	3.730
4.486	4.193	(0.293)	Physical Disabilities	4.247	4.252	0.005
0.240	0.241	0.001	Sensory	0.273	0.274	0.001
10.229	9.075	(1.154)	Service Strategy	11.935	12.656	0.721
0.495	0.495	0.000	Transport	0.497	0.497	0.000
0.283	0.283	0.000	Health Improvement	0.280	0.280	0.000
8.204	8.033	(0.171)	Community Nursing	8.293	8.070	(0.223)
30.219	30.219	0.000	Prescribing	29.576	29.576	0.000
17.680	17.757	0.077	General Medical Services	17.680	17.715	0.035
8.627	9.541	0.914	Allied Health Professions	9.123	9.762	0.639
0.839	0.887	0.048	Intermediate Care and Rehabilitation Teams	1.772	1.849	0.077
0.000	0.000	0.000	Centrally Held Savings Targets	(6.363)	(4.434)	1.929
0.000	0.000	0.000	East Retained Balance	0.000	(1.125)	(1.125)
168.393	**173.356**	**4.963**		**169.845**	**178.321**	**8.476**
			Public Protection			
0.153	0.131	(0.022)	Adult Support and Protection	0.166	0.142	(0.024)
3.296	2.969	(0.327)	Alcohol and Drugs Support	3.763	3.489	(0.274)
0.076	0.076	0.000	Child Protection Committee	0.079	0.064	(0.015)
0.811	0.815	0.004	Learning and Development	0.892	0.819	(0.073)
4.336	**3.991**	**(0.345)**		**4.900**	**4.514**	**(0.386)**
			Non-District General Hospitals			
4.201	4.144	(0.057)	East Ayrshire Community Hospital	4.562	4.525	(0.037)
0.566	0.494	(0.072)	Woodland View Commissioned Services	0.561	0.514	(0.047)
4.767	**4.638**	**(0.129)**		**5.123**	**5.039**	**(0.084)**
			Lead Partnership Services			
0.296	0.296	0.000	Standby Services	0.318	0.320	0.002
129.225	127.368	(1.857)	Primary Care (incl. Dental)	144.334	144.449	0.115
3.937	3.961	0.024	Prison & Police Healthcare	4.236	4.070	(0.166)
5.329	4.939	(0.390)	Allied Health Professions (Lead)	5.544	5.285	(0.259)
2.158	2.263	0.104	Other Lead Services	2.324	2.394	0.070
140.945	**138.826**	**(2.119)**		**156.756**	**156.518**	**(0.238)**
			Children's Health, Care and Justice Services			
19.889	18.812	(1.077)	Children & Families / Women's Services	22.490	21.472	(1.018)

6.455	7.455	1.000	Secure Accommodation / Outwith Placements	6.611	6.775	0.164
2.812	2.799	(0.013)	Justice Services	3.693	3.691	(0.002)
4.762	4.668	(0.094)	Health Visiting	5.010	4.831	(0.179)
33.918	**33.734**	**(0.184)**		**37.804**	**36.769**	**(1.035)**
352.359	**354.545**	**2.186**	**TOTAL DIRECTLY MANAGED SERVICES BUDGET**	**374.428**	**381.161**	**6.733**
			Hosted Services adjustments			
(95.257)	(93.875)	1.382	Recharges out	(107.476)	(107.313)	0.163
24.442	24.755	0.313	Recharges in	25.517	25.575	0.059
(70.815)	**(69.120)**	**1.695**		**(81.959)**	**(81.738)**	**0.222**
31.870	**31.870**	**0.000**	**Set Aside**	**33.336**	**33.336**	**0.000**
313.414	**317.295**	**3.881**	**TOTAL POPULATION BASED BUDGET INCLUDING SET ASIDE**	**325.805**	**332.760**	**6.955**
			Earmarked balances			
0.000	0.618	0.618	Underspend relating to EAC – earmarked by IJB	0.000	0.738	0.738
0.000	0.083	0.083	Underspend relating to NHS A & A – earmarked by IJB	0.000	0.000	0.000
0.000	0.409	0.409	Underspend relating to NHS A & A Primary Care Improvement Fund – earmarked by IJB	0.000	0.321	0.321
0.000	0.253	0.253	Underspend relating to NHS A & A Mental Health Action 15 – earmarked by IJB	0.000	0.000	0.000
0.000	0.289	0.289	Underspends in NHS A & A Hosted Services – earmarked by IJB	0.000	0.000	0.000
0.000	0.488	0.488	Underspends in other IJBs NHS A & A Hosted Services – earmarked by IJB	0.000	0.043	0.043
0.000	**2.140**	**2.140**		**0.000**	**1.102**	**1.102**
313.414	**319.435**	**6.021**	**NET OVERSPEND / (UNDERSPEND) AFTER EARMARKING**	**325.805**	**333.862**	**8.057**
			Uncommitted balances			
0.000	0.000	0.000	Underspend / (overspend) relating to EAC – retained by IJB / (balance drawdown)	0.000	0.000	0.000
0.000	0.000	0.000	Underspend relating to NHS A & A – retained by IJB	0.000	0.541	0.541
0.000	**0.000**	**0.000**		**0.000**	**0.541**	**0.541**
313.414	**319.435**	**6.021**	**TOTAL DELEGATED BUDGET AFTER UNCOMMITTED BALANCES**	**325.805**	**334.403**	**8.598**

			Additional funding contribution:			
5.869	0.000	(5.869)	Overspend relating to EAC - Additional funding	8.598	0.000	(8.598)
0.152	0.000	(0.152)	Overspend relating to NHS A & A – Additional funding	0.000	0.000	0.000
6.021	**0.000**	**(6.021)**		**8.598**	**0.00**	**(8.598)**
319.435	**319.435**	**0.000**	**TOTAL DELEGATED BUDGET**	**334.403**	**334.403**	**0.000**

Earmarked and uncommitted balances at 31 March 2025 reflect the recommendation approved by the IJB on 24 September 2025, as part of formal approval of the audited Annual Accounts 2024/25. Further information is provided at the Movement in Reserves section of the Financial Statements at section 5 of the Annual Accounts.

The final outturn position for 2025/26 highlights an overspend of £8.598m for the Partnership after earmarking of funds totalling £1.102m. The overspend of £8.598m fully relates to services commissioned from East Ayrshire Council.

The Financial Management Report to 31 March 2026, presented to the IJB on 24 June 2026, includes the recommendation for members to note additional non-recurring and non-repayable funding contribution from East Ayrshire Council £8.598m. This additional funding contribution of £8.598m was required to achieve financial balance for 2025/26. This recommendation is in advance of formal IJB approval of the audited Annual Accounts 2025/26.

The financial performance table above is consistent with in-year Financial Management Reports to the IJB and highlights directly managed services expenditure of £381.161m for 2025/26. The following table provides a reconciliation between the management accounts net expenditure on directly managed services £381.161m and the £336.824m net cost of provision of services within the Comprehensive Income and Expenditure Statement (CIES) in the Financial Statements at section 5 of the unaudited Annual Accounts.

	Net Expenditure 2025/26 £m
Annual Accounts: cost of provision of services	336.824
Management Accounts: actual expenditure	381.161
Variance	**(44.337)**
Represented by:	
Funding delegated 2024/25	4.064
Lead Partnership income	(107.313)
Lead Partnership contributions	25.576
Large Hospital Set Aside	33.336
	(44.337)

After taking account of £4.064m funding delegated to the IJB and accounted for in the 2024/25 financial year, this results in a deficit on provision of services pertaining to 2025/26 of £2.421m (and is reflected in the CIES in the Financial Statements at section 5 of the Annual Accounts).

The following paragraphs provide a commentary on the main issues underlying the 2025/26 population based overspend of £6.954m, which after taking account of earmarking of funds totalling £1.102m and a retained uncommitted balance on NHS commissioned services of £0.541m increases to £8.598m. A detailed breakdown of the £1.102m earmarking of funds and retained uncommitted balance of £0.541m is set out

within Transfers-In 2025/26 at Note 8 Useable Reserve – General Fund, within Notes to the Financial Statements at section 6 of the unaudited Annual Accounts.

Core Services

The £4.963m overspend on Core Services includes an overspend of £3.730m on Older People's Services, which largely relates to additional staffing costs, principally Community Care Officers, as well as additional residential and nursing care costs, net additional self-directed services care costs and additional transport costs.

In addition, Learning Disabilities Services overspent by £3.086m, largely due to additional staffing costs, as well as increased self-directed services care costs and residential care costs.

Allied Health Professions Services overspent by £0.639m due to over-establishment staffing costs.

These additional costs were partially offset by reduced Mental Health staffing costs £0.399m, as well as reduced District Nursing staffing and care package costs totalling £0.223m.

Public Protection

There is an underspend of £0.386m in Public Protection, after taking account of earmarking of £0.133m in respect of Alcohol and Drugs Partnership commitments. The underspend is largely due to less than budgeted staffing costs in Alcohol and Drugs Support services.

Non-district General Hospitals

The £0.084m underspend at East Ayrshire Community Hospital is largely due to reduced staffing costs over the course of the year, partially offset by additional bariatric equipment costs. In addition, there is a reduction of £0.047m in costs related to beds commissioned by East Ayrshire IJB within Woodland View Hospital, which is operated by North Ayrshire IJB under pan-Ayrshire hosted services arrangements.

Lead Partnership Services

The Integration Scheme creates various Lead Partnership roles across the three Ayrshire Integration Joint Boards. Each IJB, acting as lead partner, commissions services on behalf of the three Ayrshire IJBs and reclaims the costs involved. This arrangement is treated as an agency arrangement.

East Ayrshire Hosted Lead Partnership Services

The £0.238m underspend on East Ayrshire hosted services includes an underspend of £1.251m on the Primary Care Lead Partnership budget prior to pan-Ayrshire earmarking £1.366m, resulting in a small overspend of £0.115m. The earmarking relates to Primary Care Improvement Fund (PCIF) and has been earmarked for carry-forward on an actual spend basis at individual IJB level. Earmarking is required as the PCIF is a ring-fenced allocation provided by Scottish Government to support the implementation of Primary Care Improvement Plans (PCIP) and the General Medical Services (GMS) contract. Primary Medical Services have overspent by £1.978m largely due to increased pension and sickness cover costs, these additional costs were partially offset by an underspend of £0.239m against Ayrshire Urgent Care Services and Underspends within Primary Care Contracting and Support £0.991m with additional costs in Ayrshire Urgent Care Services of £0.063m, with work ongoing to redesign the service to mitigate pressures going forward. The £0.581m underspend in Dental services reflects that staffing numbers have been running at less than establishment, alongside reduced equipment costs.

There is a £0.166m underspend on Prison and Police Healthcare.

The £0.259m underspend in Lead Partnership Allied Health Professions Services largely relates to reduced staffing costs.

The £0.070m overspend in Other Lead Services relates to additional staffing costs in Area Wide Evening Services, including high use of bank staff.

Service Division	Annual Estimate 2025/26 £m	Actual to 31/3/26 £m	Projected Variance (Favourable) / Adverse £m
Standby Services	0.318	0.320	0.002
Primary Care including Dental Services	144.334	143.083	(1.251)
Prison and Police Healthcare	4.236	4.070	(0.166)
Allied Health Professions (Lead)	5.544	5.285	(0.259)
Other Lead Services	2.324	2.394	0.070
	156.756	**155.152**	**(1.604)**
NRAC Shares:			
East Ayrshire - 31.9% / 35.0%	50.005	49.493	(0.512)
North Ayrshire - 37.0% / 36.0%	58.000	47.406	(0.593)
South Ayrshire - 31.1% / 29.0%	48.751	48.252	(0.499)
	156.756	**155.152**	**(1.606)**
Primary Care Improvement Fund	**15.976**	**14.610**	**(1.366)**
PCIF actual shares:			
East Ayrshire	5.291	4.970	(0.321)
North Ayrshire	5.509	5.326	(0.183)
South Ayrshire	5.176	4.314	(0.862)
	15.976	**14.610**	**(1.366)**
Total	**156.756**	**156.518**	**(0.238)**

The final outturn position for Lead Partnership managed services results in a net increased cost to East Ayrshire IJB of £0.221m. This comprises the North and South shares of the East hosted services underspend £0.163m (£0.089m + £0.074m) plus the East contribution to the overspend in North and South hosted services £0.059m (£0.009m + £0.050m).

Host IJB	Overspend / (Underspend) Hosted Services at Month 12 £m	East Ayrshire NRAC Share £m	North Ayrshire NRAC Share £m	South Ayrshire NRAC Share £m
East Ayrshire	(0.238)	(0.074)	(0.089)	(0.074)
*North Ayrshire	0.216	0.009	0.080	0.127
South Ayrshire	0.154	0.050	0.056	0.048
TOTAL	**0.132**	**(0.015)**	**0.038**	**0.101**

* This is the position before earmarking was accrued

East Ayrshire's share of Lead Partnership sums earmarked for carry forward totalling £0.364m is included at Note 8: Useable Reserve - General Fund at Notes to the Financial Statements at Section 6 of the unaudited Annual Accounts.

Children's Health, Care and Justice Services

The £0.430m underspend before earmarking of £0.605m increasing the underspend to £1.035m, this includes increased expenditure on outwith placements £0.164m, which mainly comprises externally commissioned residential placements, as well as costs relating to additional educational support needs provided by East Ayrshire Council's Education Service and recharged against the budget delegated to the

IJB.

The Children and Families / Women's Services budget underspent by £0.413m, largely due to reduced internal and external adoption £0.084m, internal fostering £0.281 and kinship £0.178m costs, partially offset by £0.129m overspend within external fostering costs. Justices Services underspent by £0.002m after taking account of budgeted specific grant funding £3.693m, with full spend of the grant funding having been achieved over 2025/26. Health Visitors underspend £0.174m, largely due to staffing costs, partially offset by additional care package costs.

Acute Set Aside

The Integration Scheme establishes that pressures in respect of large hospitals Set Aside budgets will be managed in-year by NHS Ayrshire & Arran, with any over or under spend being considered as part of the annual budget setting process. Acute Services within NHS Ayrshire & Arran continue to face particular budget pressures around the costs of covering a high level of medical and nursing vacancies and the increasing needs of patients requiring nursing support above funded levels.

No specific Set Aside resource was identified as part of the NHS Ayrshire & Arran budget setting process for 2024/25. Further work has been undertaken through the Ayrshire Finance Leads group to establish baseline resources for each Partnership and how this compares to the NRAC "fair share" of resources. This baseline data has been applied at 2023/24 prices to inform Set Aside figures in the 2025/26 annual accounts, with the East Ayrshire allocation £33.336m included within the month 12 net population based delegated resource £325.805m, with a comparison with NRAC "fair share" highlighted in the table below:

IJB	Baseline Bed Days	NRAC Budget Share 2025/26 £m	Allocation 2025/26 £m	Over / (Under) NRAC Share £m
East Ayrshire	59,396	33.336	33.336	0.000
North Ayrshire	79,256	41.833	41.833	0.000
South Ayrshire	66,848	34.161	34.161	0.000
Total	**205,500**	**109.330**	**109.330**	**0.000**

Work will continue over the course of 2025/26 through the Ayrshire Finance Leads group to further refine baseline resources for each partnership and how this compares to the NRAC "fair share" of resources. This information will be used to map activity data (bed days, admissions, discharges) against costs across the six specialties at the various acute services locations.

Summary

East Ayrshire Health and Social Care Partnership continue to operate within a challenging financial environment as a result of real terms reductions in funding, increased demographic pressures and the cost of implementing new legislation and policies, all of which, alongside staff recruitment and retention difficulty has once again impacted on service delivery and mainline budgets. Due to continuing pressures over the course of 2025/26, savings approved as part of the initial balanced budget proposal were not fully deliverable. This is reflected in the final outturn position for 2025/26, with baseline budget pressures having been included in budget planning assumptions for 2026/27.

The Senior Leadership Team and wider Partnership Leadership Team, with the support of the Strategic Commissioning Board, Budget Working Group and oversight by the Audit and Performance Committee and Integration Joint Board, have worked throughout 2025/26 to manage and mitigate budget pressures and associated service implications, as far as possible, through strong financial governance. This work will continue in 2026/27 and going forward.

The Financial Statements 2025/26 for the IJB are set out at sections 5 and 6 of the Annual Accounts. This includes the Comprehensive Income and Expenditure Statement and the Balance Sheet, which summarises the IJB's net assets as at 31 March 2026.

FINANCIAL OUTLOOKS, RISKS AND PLANS FOR THE FUTURE

Financial Challenges and Key Risks

The East Ayrshire Health and Social Care Partnership, like all others, faces unprecedented financial challenges going forward into 2026/27 and will be required to operate within tight fiscal constraints for the foreseeable future due to the continuing difficult national economic outlook. The requirement to deliver significant recurring savings to achieve financial balance has a direct impact on services at a time when all Partnerships face increasing demand from an ageing population, with increasingly complex health and social care needs across all service areas.

The IJB's external auditors, Audit Scotland, presented their Annual Audit Plan for the 2025/26 audit to the Audit and Performance Committee on 24 March 2026. This report notes that in recent years, East Ayrshire IJB has achieved short term financial balance, however it continues to be faced with significant financial challenges over medium and longer term financial sustainability, due to the uncertainty over future Scottish Government funding allocations, workforce pressures and the rising cost of inflation.

East Ayrshire IJB approved a balanced budget for 2026/27 at its meeting on 31 March 2026. The Scottish Government funding settlement for social care services did not provide for additional cost and demand pressures, other than uplifts for the Living Wage and Free Personal and Nursing Care, which represents real terms cut in funding and is extremely challenging given pressures faced. Similarly, the funding settlement for health services for 2026/27 is insufficient to absorb all cost and demand pressures. In addition to the Scottish Government directive of a 2% uplift on adjusted baseline funding.

After taking account of all identified cost pressures, partially offset by additional Scottish Government funding routed to the IJB by East Ayrshire Council and NHS Ayrshire & Arran, and additional recurring funding contributions from East Ayrshire council of £4.524m, savings of £10.764m have been approved as part of the balanced budget for 2026/27.

Achievement of savings of the scale approved for 2026/27 will be extremely challenging and will impact on services across key areas, with savings impacting disproportionately on social care services, due to budget pressures against a real-terms reduction in funding. The drawdown of remaining uncommitted balances in 2025/26 impacts on flexibility and ability to respond to unforeseen pressures going forward.

In setting the budget, the IJB has recognised a number of key financial and operational pressures and potential consequences, which were summarised in the Annual Budget 2026/27 report set out below alongside the list of risks continued from the 2025/26 budget setting process also as displayed in the 2024/25 IJB accounts in line with the Code requirements:

Risks

- Legacy overspends
- Increasing demand / complexity of care
- Demographic changes
- Inflationary pressures (pay / contractual)
- External cost pressures (e.g. employers National Insurance, prescribing)
- Provider market stability
- Non-achievement of savings/ timescale for delivery of savings
- Lead Partnership pressures impact
- Scottish Government funding initiatives not fully funded / reducing / ceasing
- Wider political / economic uncertainty
- Public expectations

Potential consequences:

- Increased waiting times to access care
- Delays in hospital discharge
- Greater risk to those unsupported in community
- Additional strain on unpaid carers
- Impact on ability to respond to pressures

- Impact on service performance, quality and satisfaction

As highlighted previously within the Management Commentary, the absence of General Fund uncommitted balances, as well as the fully committed transformational change fund represent additional risks.

These key operational pressures and potential consequences represent a challenging position in 2026/27 and going forward. It is important however to recognise opportunities in terms of reset and future planning via the transformational change programme to ensure financial sustainability going forward. The alignment of budget with strategic planning priorities, alongside commissioning of services that not only meet immediate need but also facilitate preventative activity that supports population wide health improvement and addresses inequalities is key. Seeing this in the context of longer-term demographic change will be important.

Alongside the Risk Management Committee, the Partnership Leadership Team (PLT) recognise the importance of a formal system of risk management and the evaluation of corporate and strategic risks. PLT regularly reviews and assesses the risk register, which details the high-level strategic risks, their relative importance and the required action measures. The Risk Register is reviewed and updated, based on the assessment of the overall risks identified by services as being significant enough to be placed on the Register, with mitigating actions. An updated high-level Risk Register pertaining to the Financial Recovery Plan was presented to the Audit and Performance Committee on 22 October 2025, as part of Financial Recovery Plan oversight arrangements. A further Financial Recovery Plan Update report was presented to the APC on 3 March 2026. This report included further measures being implemented to enhance grip and control across Council commissioned health and social care services. These measures included clearer lines of accountability, tighter budgetary oversight, more frequent financial and performance reporting, agreed spending thresholds for budget holders including escalated financial authorisation and formalised escalation routes. Collectively, these arrangements are designed to provide assurance that financial management and budgetary controls are operating effectively and that expenditure remains within approved limits.

Transformational Change

East Ayrshire Health and Social Care Partnership require to be clear about its role and what services are needed and valued by local people and communities, whilst seeking opportunities for new and innovative service delivery models to maximise the collective resources of all partners. Partnership working is core to being able to deliver effective services within delegated resources. Transparent conversations with community planning partners, including the third sector, independent and business sectors have increased understanding, and this has harnessed collective thinking in respect of early intervention, prevention and creative modelling of service provision.

Partnership working continues to extend beyond delegated community health and care services and services managed under pan-Ayrshire Lead Partnership arrangements. Partnership working includes working with East Ayrshire Council's Education, Housing, Ayrshire 360 services, as well as the third and independent sectors, with the latter often supporting the delivery of innovative responses to need within our localities.

The Partnership has a well-established Strategic Commissioning Board (SCB), which has delegated responsibility to oversee the implementation of a financial recovery plan on behalf of the IJB Audit and Performance Committee (APC) and through the APC to the IJB itself. The key priority is to ensure that the IJB is best prepared to meet key priorities set out in the Strategic Plan 2021-30, within delegated resources and in line with National Health and Wellbeing Outcomes. Ongoing engagement with stakeholders is key. It follows that the Strategic Planning and Wellbeing Group will have a key role in engaging in and influencing the transformational change / sustainable outcomes programme being taken forward through the SCB. There is also strong oversight from FRAB in relation to services commissioned from the Council.

The Terms of Reference for the SCB allow for working groups to be established. The dedicated Budget Working Group (BWG) met over the course of 2025/26 to consider the composition of the balanced budget proposal for 2026/27 and to monitor progress against Financial Recovery Plan savings.

The first phase of the Innovation Programme has concluded, with an Innovation Hub established online to help identify and develop innovative solutions to system pressures, challenges and opportunities and bring together the right people to work on new and creative proposals, with links to a pan-Ayrshire network.

Innovation is being taken forward by Heads of Service and service leads, linked to Best Value Service Reviews and Service Improvement Plans.

The Partnership continues to progress a programme of agreed service reviews to support redesign, continuous improvement and best value. Considering ongoing system and financial pressures there has been a renewed focus on financial recovery through sustainable service redesign. Previous programmes of service reviews have supported improvement in quality and efficiency; however, the scale of the current financial and demand pressures necessitates a strengthened and more targeted approach. This work is informed by the Partnership's Best Value Service Review Guidance, which provides a structured and proportionate framework to support services in undertaking evidence-based reviews, aligned to strategic priorities, financial sustainability and improved outcomes.

A significant focus for transformational change will be on developing and scaling-up the use of data, digital and technology enabled care (TEC), as well as demand management, early intervention and prevention, and benefits realisation.

The £0.057m balance of transformational change funding at 31 March 2026 is fully committed against previously approved projects and initiatives. Transformational change programme funding has been directed towards efficiency and cost reduction and the absence of funding to drive further transformational change, at a time of significant financial and operational challenges, represents a risk going forward.

The East Ayrshire Innovation Fund has been set up by East Ayrshire Council to support services to take forward projects that aim to improve the efficiency, effectiveness and accessibility of Council services. Two separate bids were submitted to the Innovation Fund by the IJB in 2024/25.

The first bid relates to the expansion of use of new technology solutions, which will support proactive management of patient health through early interventions. It is anticipated that this will provide meaningful, cost-effective ways for people to manage their health and wellbeing and support better demand management. East Ayrshire Council Cabinet approved funding of £0.898m at its meeting on 4 September 2024.

The second bid to the Council's Innovation Fund in 2024/25 relates to a programme of Care at Home Digital Transformation in the service, with plans to refine business processes and to procure and implement a fit-for-purpose monitoring, scheduling and digital management system, to improve quality and optimise wellbeing and equity for staff, freeing up face to face time for caring activities. East Ayrshire Council Cabinet approved funding of £1.514m at its meeting on 4 September 2024. Full implementation of the new system Totalmobile across Care at Home service from end May 2026, the service has utilised real-time visualisation of workforce capacity and visit requirements to improve efficiency of worker deployment. Combined with other measures, this has resulted in a reduction in overall care hours delivered by ~10% and a corresponding reduction in workforce. The system has also made rationalisation of care provider simpler across our framework of providers, through effective geographical deployment in local areas. Improved access to real-time service user data places greater relevant information in the hands of care workers through the Mobile app, improving quality of care provided to people and reducing adverse events and complaints. Improved reporting functionality has also improved confidence in the service and informs assessments of need based on evidence of actual delivery, meaning that durations of visits better match an individual's actual requirements.

It is important to note that both initiatives were elements of Financial Recovery savings in 2025/26, and Total Mobile is projected to deliver annual significant efficiency gains and work is continuing to explore the wider potential of AI to support efficiency, financial sustainability, and improved outcomes.

The alignment of the Strategic Plan and service delivery with resources available is a key element of the IJB's response to the challenges it faces. Key enablers to the delivery of strategic planning priorities include workforce planning with more integrated multi-disciplinary working in localities, early intervention and prevention, alternative models of care, information communication technology, property and asset management and Housing contribution to models of care. The delivery of services in a more streamlined and effective manner will be essential. It is reassuring to note that external audit reports recognise that the Strategic Commissioning Board is continuing to drive the delivery of transformational change across the

Partnership. Going forward, the emphasis will continue to focus on transformational drivers of change, aligned to data driven intelligence, with cost reduction / greater efficiency being prioritised.

Medium to Longer Term Financial Planning

The Scottish Government published an updated Medium Term Financial Strategy (MTFS) in June 2025. This updated MTFS covers the period 2025/26 to 2029/30 and compares funding and spending scenarios to assess the scale of the financial challenge and is underpinned by independent forecasts from the Scottish Fiscal Commission (SFC). The role of the MTFS was to set out Scotland's fiscal outlook over the coming years, including financial opportunities and risks that may impact of the fiscal position. The MTFS did not set out new spending plans or explain how prioritisation decisions will be made to meet policy objectives. These decisions are made in the Scottish Government budget.

The publication of the updated Scottish Government MTFS and associated documents (including the updated Health and Social Care Medium Term Financial Framework) had originally been scheduled for 20 June 2024. In line with pre-election guidance (in advance of the UK General Election on 4 July 2024), that the MTFS should not be published during the pre-election period, the SFC agreed that publication of updated economic and fiscal forecasts should be deferred. It was noted that publication of a revised timeline would allow the Scottish Government to respond to revised fiscal positions from an incoming UK Government (which could be material to the MTFS).

The Chancellor of the Exchequer presented the Spending Review to the UK Parliament on 11 June 2025. This is the UK's first multi-year Spending Review since 2021 and highlights that the total cumulative Scottish block grant funding will increase by £2.9bn a year on average to £52bn by 2029. In advance of the Scottish Government MTFS, the numbers that might be useful in understanding the scale of the increase or challenge are:

- An average 0.8% real terms increase in day to day (or current) budget in the block grant over three years.
- A 0.3% increase in the capital budget averaged over the next four years.

There is an expectation within the Spending Review of greater efficiency from government spending, with reference to use of technology, better management of civil servants and more efficient use of buildings and land.

The Scottish Government published its updated MTFS on 25 June 2025, following presentation of the Spending Review to the UK Parliament on 11 June 2025. The outlooks presented in the MTFS are informed by the latest Scottish Fiscal Commission (SFC) economic and fiscal forecasts, published on 29 May 2025 and updated on 25 June 2025.

The UK Spending Review announcements on 11 June 2025 set the UK Government's resource departmental budgets until 2029-30. The Scottish Government MTFS reflects the impact of these announcements on Scotland's funding position, but it is not in itself a spending review for Scotland. Specific funding, spending and investment decisions will continue to be taken at the annual budget and as part of a Scottish Spending Review.

It is anticipated that IJBs will be required to operate within tight fiscal constraints for the foreseeable future due to the continuing difficult national economic outlook, alongside global economic uncertainty and increasing geopolitical tensions.

The most recent Scottish Government Health and Social Care Financial Framework was published in October 2018. It is recognised that the economic landscape has changed since October 2018 and the Scottish Government had advised the IJBs Chief Finance Officers Group of its intention to update its Health and Social Care MTFF in 2024, aligned to the original planned publication of its overall MTFS on 20 June 2024. As highlighted previously within this section of the Management Commentary, publication of the Scottish Government's updated MTFS was deferred, with publication on 25 June 2025.

There is at this stage no confirmed date for publication of the updated Health and Social Care MTFF. Continuing delayed publication of this MTFF, alongside single year budget settlements, have been treated

as key limiting factors in respect of being able to produce a meaningful and robust updated Medium Term Financial Plan (MTFP) for the IJB (as the MTFF will be intrinsically linked to national health and wellbeing outcomes). This precludes any real level of certainty in terms of medium to longer term forecasts, taking account of the number of significant variables at a national level at this time.

Nevertheless, it is important for the East Ayrshire IJB to update the MTFP and the revised Financial Regulations approved by the IJB on 26 August 2026 mapped out a framework and timetable for that exercise which will cover three years, be updated annually, be aligned to projected funding, demand and cost pressures and the IJB's strategic priorities, service transformation plans and recurring savings requirements. The updated MTFP will be developed alongside the 2027/28 Annual Budget and presented as part of that budget package to the IJB by 31 March 2027.

Fair Share Commissioning Through the Use of Directions

The IJB has a responsibility, with our local hospital services at University Hospital Crosshouse and University Hospital Ayr, for planning services that are mostly used in an unscheduled way. The aim is to ensure that we work across the health and care system to ensure effective planning across the full pathway of care and to deliver the best, most effective care and support, with shifting the balance of care being a key consideration. Service areas most commonly associated with unplanned use are included in the Set Aside budget.

Acute Services within NHS Ayrshire & Arran continue to face particular budget pressures around the costs of covering a high level of medical vacancies and the increasing needs of patients requiring nursing support above funded levels. Prior to the Covid-19 pandemic, there had been a high number of unfunded beds in use to meet demands, which continued over the course of the pandemic and into 2025/26. This pressure has been managed in-year by NHS Ayrshire & Arran in line with the Integration Scheme. The ability to plan with the overall resource for defined populations and user groups and to use budgets flexibly is one of the hallmarks of integrated care and this will be pursued going forward.

The acute Set Aside budget is a key component of the Scottish Government's vision of the model of integrated health and social care services. The Scottish Government's Health and Social Care Medium Term Financial Framework (October 2018) includes system reform assumptions around material savings to be achieved from reducing variation in hospital utilisation across Partnerships. Planning across the whole care pathway is key to delivering this objective.

It follows that at Scottish Government and individual IJB level, there is a need to understand the progress that is being made towards planning across the full pathway of care, including the acute hospital component and the way in which the statutory guidance on the use of delegated hospital budgets is being applied in practice.

Following work undertaken as part of a pan-Ayrshire national pilot project on 'fair share' commissioning through the use of Directions, the Scottish Government issued updated statutory guidance to all IJBs in January 2020. This guidance sets out how to improve practice through the issue of Directions by IJBs to Health Boards and Local Authorities for implementation. The Ministerial Strategic Group for Health and Community Care Review of Progress with Integration of Health and Social Care report published February 2019 set this out as a key proposal under integrated finances and financial planning requirements.

The Set Aside resource, as well as pan-Ayrshire Lead Partnership / Hosted Services were recognised as an area requiring further development as part of the review of the Integration Scheme carried out in 2017 and in the Strategic Planning, Commissioning and Delivery of Health and Social Care Services within NHS Ayrshire & Arran report to the IJB on 13 June 2018. 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 Schemes. 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 budget pressures across IJBs and funding parties' budgets.

The Strategic Commissioning Board will require to consider the impact on Set Aside resources as part of the reconfiguration of services. This has also been considered as part of the review of the Integration Scheme in

2024/25 and 2025/26 The Scottish Government Medium Term Financial Framework includes an assumption of efficiencies from reduced variation in hospital care coupled with 50% reinvestment in the community to sustain improvement. The successful implementation of Set Aside arrangements remains key to delivering this commitment.

Care Reform Act (Scotland) Act 2025

The Scottish Government's plans to establish a National Care Service (NCS), originally introduced in June 2022, subsequently proceeded as the Care Reform (Scotland) Act 2025, focusing on strengthening rights and improving consistency within the existing system rather than establishing a new service. Key provisions include enhanced rights for people receiving care—such as the introduction of Anne's Law to support visiting rights in care homes—new duties to support unpaid carers, improved access to independent advocacy, and measures to enhance information sharing and service coordination.

Alongside the Act, the Scottish Government has established a non-statutory National Care Service Advisory Board to support ongoing reform. The Board brings together people with lived experience, practitioners, and system partners to provide independent advice to Ministers, help shape priorities, and drive improvement across social care, social work and community health services. This revised approach reflects a shift away from large-scale structural reorganisation towards a model focused on continuous improvement, strengthened rights, and national leadership through advisory and policy mechanisms within existing delivery arrangements.

Climate Change

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. The Order 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.

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, 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 to the IJB on 29 October 2025.

Both East Ayrshire Council and NHS Ayrshire & Arran submit separate reports to the SSN, and these are published online. Both bodies produce an annual report, as the parent bodies of the IJB, both East Ayrshire Council and NHS Ayrshire & Arran retain responsibility for employees who are managed within the Health and Social Care Partnership. The employees, therefore, contribute to support the implementation of both bodies' Climate Change Plans. East Ayrshire IJB has no direct responsibility for employees, buildings or vehicles, which are contained within the parent bodies' reports, however full consideration of climate change implications will form part of future IJB service redesign.

National Position

The Integration Joint Boards Finance Bulletin 2024/25 published by Audit Scotland in February 2026 highlights that IJBs are in a critical financial position. The report sets out that IJBs 2024/25 cost pressures and the total level of reserves are now lower than the budget gap forecast. The funding gap in 2025/26 remained significant at £449m. IJBS need to take decisive action and make difficult decisions about services. The budget process needs collaboration with partners and candid conversations with communities about the impact of the savings needed to set a balanced budget. The budgets and proposed savings need to be realistic and achievable. IJBs need to be working collaboratively with each other and with their NHS and Council partners to find ways to transform services so that they are affordable. Investment in prevention and early intervention is needed to help slow the ever-increasing demand for services, the cost of more complex care and, improve the experience and outcomes for people.

Following work undertaken through the IJBs Chief Officer and Chief Finance Officer groups, a summary update paper on IJB Budgets 2025/26 has been produced by Health and Social Care Scotland. The paper

recognises the impact of additional pressures and also the value of additional funding contributions to IJBs by Councils and Health Boards, over and above Scottish Government directives.

At the start of 2025/26, IJBs across Scotland held contingency reserves totalling £55m (0.5% of the total budget) with the majority of IJBs holding no contingency reserves (£41m of the current contingency balance is held across only four IJBs). Notwithstanding the risk around the lack of contingency reserves, it is recognised that the use of reserves or reliance on in year gains from (for example) non-recurring superannuation gains, or one-off payments from partners, is not a sustainable solution and only serves to compound future shortfalls.

The scale of the financial shortfalls that IJBs are facing and the growing gap between the capacity that can be afforded, and the demands being presented, create an escalating risk to the collective ability of IJBs to deliver and commission services. IJB budgets are predominantly spent on buying care, whether delivered through directly employed staff or through commissioned care providers. With the cost of care and increased demand outstripping funding increases, IJBs will not be able to continue to deliver the same level of care going forward. Reduced ability to commission and deliver services will impact on performance and will detract from longer term ambitions to improve health through early interventions and on shared ambitions around Health and Social Care reform.

Going Forward

The Strategic Plan is supported by a number of key enablers including the Partnership's Workforce Plan, Participation and Engagement Strategy, Communications Strategy and Partnership Provider Statement, which serves as the market facilitation framework. The current Workforce Plan was approved by the IJB on 25 June 2025 with progress updates on the Participation and Engagement Strategy and Communications Strategy received by the IJB on 12 December 2025. Work to update and integrate the Partnership Provider Statement within the Strategic Plan is ongoing and will be incorporated within this review to secure closer alignment between strategic priorities and commissioning activity.

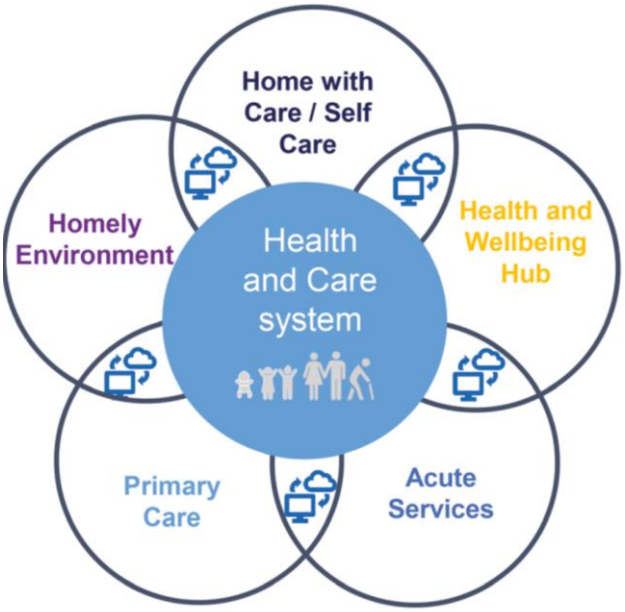
The Strategic Plan also serves as the overarching framework for the Partnership's Service Improvement Plans. These plans translate strategic priorities into operational delivery by setting out the improvement priorities identified for each service area, together with a service-specific quality assurance framework and risk register. This approach provides a clear line of sight from strategic priorities through to service delivery, with all improvement activity aligned to the IJB's strategic priorities.

Since the current Strategic Plan was developed, the health and social care system has become increasingly challenged, with significant and sustained demand and financial pressures impacting on the capacity of the Partnership to deliver services within delegated budgets. Funding levels have not kept pace with demand, inflation, and national commitments, limiting the scope for further efficiency gains without structural change. It is increasingly recognised that resources need to target areas of greatest impact, which will require strategic prioritisation and service redesign.

The 2026/27 budget for commissioned services was agreed by the IJB on 31 March 2026. The budget setting process identified a projected budget gap of £10.764m, which represents the difference between the total cost of service delivery and the funding available. This will require ongoing management, mitigation and close monitoring to achieve financial balance. It is, therefore, essential that commissioned services are delivered within budget, with clear alignment between strategic priorities, delivery arrangements and available resources.

IJB Directions will require the Strategic Plan to become more tightly aligned with the financial position, with a shift towards prioritised and affordable commissioning. The review is intended to secure a Strategic Plan that is credible, deliverable and responsive both to financial constraints and local priorities, supporting a more sustainable local health and social care system.

Scottish Government have recently published a series of reform frameworks for population health and health and social care reform. These include the Health and Social Care Service Renewal Framework, which is focused on ensuring sustainability, efficiency, quality and accessibility of health and social care services. The Framework provides a key policy and reform context that will directly shape the review and refresh of the Strategic Plan for 2027-30.



The review of the Integration Scheme was due to be concluded in 2025/26 but is pending following significant service redesign. Further opportunities will continue to be pursued for taking forward the Strategic Plan related to the potential offered by multi-disciplinary and cross-sector working, together with wider participation and engagement at a locality level. The rich data available from community and voluntary partners will inform the transformational change programme, the Strategic Plan 2021-30 and future commissioning intentions.

Ongoing financial challenges at a local and national level, including cost, demand and complexity of care are significant and require to be recognised as part of the strategic planning process to ensure alignment with delegated resources and between Service Improvement Plans and Financial Recovery Plans. It is important to recognise that ongoing financial challenges may necessitate a further review of the Strategic Plan to ensure that services are financially sustainable.

East Ayrshire Council Position

Following the projected under achievement of the Financial Recovery Plan for Council Commissioned services reported at month 6, a Directions report for financial recovery measures for Council Commissioned services was presented to and approved by the IJB, on 3 December 2025. The Direction from East Ayrshire Integration Joint Board on Financial Recovery report was subsequently presented to and approved by East Ayrshire Council on 11 December 2025. East Ayrshire Council recognised that at national and local levels, health and social care services are experiencing significant increasing and unsustainable pressures and in recognition of this a Recovery Assurance Group (later renamed the Financial Recovery Assurance Board (FRAB)) has been formed by the Council to implement appropriate financial recovery measures. This is led by the Council's Chief Executive to provide focused governance and oversight of planned recovery.

The FRAB have recommended strengthened financial governance arrangements that are being implemented to enhance grip and control across Council-commissioned health and social care services. These measures include strengthened lines of accountability, tighter budgetary oversight, more frequent financial and performance reporting, agreed spending thresholds for budget holders and formalised escalation routes. Collectively, these arrangements are designed to provide assurance that financial management and budgetary controls are operating effectively and that expenditure remains within approved limits going forward.

While pressure has been evident across all service areas, through diligent financial and service management, most service areas ended the year in a positive financial position, underspending against yearend budget provision. However, the financial pressure within the Health and Social Care Partnership has been significant this year and has been the focus of review and recovery action throughout the year in order to address the immense level of demand for service provision primarily in relation to Adult Social Care and Learning Disability support. While it is recognised that this pressure is clearly evidenced across every local authority area throughout Scotland and is an area of significant financial concern throughout local

government in general, the position within East Ayrshire has placed the East Ayrshire Integration Joint Board and the Council under significant financial strain. During the year a Direction to the Council was issued by the Integration Joint Board (IJB) regarding the significant level of projected financial overspend in providing the existing level of social care service provision. This Direction was subsequently discussed at Council in December and saw the creation of a task force comprising the Chief Executive, the Chief Officer of the IJB, the Director of Finance and Digital, and the Chief Governance Officer to respond to the challenges faced. A Financial Recovery Plan was presented to Council in January for Member approval. Recognising that the plan would take time to fully implement, provision was made through the review of Council balances and as part of the Revenue Budget 2026/27 to address the immediate financial position. In October 2025 the Chief Financial Officer again provided Members with an update to the Councils Medium Term Financial Strategy 2022 -2027 initially approved in October 2022 indicating an anticipated budget gap of £5m for 2026/27 and £6m for 2027/28 following the publication of Scottish Governments Medium Term Financial Strategy in June 2025. After receiving notification of the Local Government Finance Settlement for 2026/27 the Council set its Revenue Budget for the forthcoming year in February 2026. It was once again evident from the settlement that a declining younger population and falling pupil school rolls continued to impact on the financial resources that would be made available for the Council for the forthcoming year. In order to establish a balanced budget for the forthcoming year a 5% increase in Council Tax was determined necessary, however recognising the impact that the financial support required for the Health and Social Care Partnership in 2025/26 would have on General Fund Uncommitted Balances, Council agreed to increase Council Tax by 6.9% in order to replenish uncommitted reserves.

Risk and Impact	Mitigation
Economic Climate Change and level of Grant funding. The Council will need to generate additional efficiencies year on year and also consider the level of non-statutory provision it can deliver as well as considering streamlined approaches of statutory provision. The residual effects of the pandemic on demand for services and the continuing cost of living crisis will impact on the any reduction in funding	Given the projected overspend position during 2025/26 within Health and Social Care, a FRAB was established to identify practical options in 2025/26 but also to consider operational changes moving into 2026/27. The HSCP ended the year with an overspend of £8.598m, this was partly offset by a Health and Social Care Emergency Financial Support balance of £6.537m which had been created by reallocating other council earmarks as part of the annual balance review.

CONCLUSION

The IJB's financial position at 31 March 2026, highlights a population based overspend of £8.598m on the total delegated budget for the year. This overspend is wholly offset by additional (non-recurring / non-repayable) funding contributions from East Ayrshire Council.

The IJB has overseen the delivery of all core services, responded to additional demands and continued a significant transformational change programme designed to provide more person-centred models of care and deliver on early intervention and prevention priorities to ensure sustainable outcomes.

There are a number of ongoing risks, pressures and uncertainties impacting on the IJB currently and going forward. To mitigate, there is a requirement to transform and redesign services to improve outcomes for individuals whilst ensuring the IJB remains financially sustainable over the medium to longer term. Work will continue to reduce costs in 2026/27 and going forward. This will require services to be further re-designed and will represent a significant change to the IJB, our partners and the citizens of East Ayrshire, and will require joined up working to focus finite resources on delivering services, which are sustainable and focussed on those with the greatest need. Deliverability of the Strategic Plan in its current form within an anticipated reduced level of delegated funding will be a key consideration for the IJB and its funding Parties.

We would like to acknowledge the significant effort of all the staff across the Health and Social Care Partnership who have contributed to the preparation of the Annual Accounts and to the budget managers and support staff whose financial stewardship has mitigated cost and demand pressures.

WHERE TO FIND MORE INFORMATION

If you would like more information, the East Ayrshire Health and Social Care Partnership's webpage holds information on the IJB's strategies, plans and policies and on performance and spending. These can be found at:

https://www.east-ayrshire.gov.uk/SocialCareAndHealth/East-Ayrshire-Health-and-Social-Care-Partnership/Governance-Documents.aspx

Signed on behalf of East Ayrshire Integration Joint Board.

Erik Sutherland	Councillor Douglas Reid	Eilidh Mackay
Erik Sutherland Acting Chief Officer 29 September 2026	Councillor Douglas Reid Chair of the IJB 30 September 2026	Eilidh Mackay CPFA Interim Chief Finance Officer 29 September 2026

SECTION 2

Statement of Responsibilities

This statement sets out the respective responsibilities of the IJB and the Chief Finance Officer, as the IJB's Section 95 Officer, for the Annual Accounts.

RESPONSIBILITIES OF THE IJB

The IJB is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Board has the responsibility for the administration of those affairs (Section 95 of the Local Government (Scotland) Act 1973). In East Ayrshire IJB that officer is the Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure that the Annual Accounts are prepared in accordance with legislation (The Local Authority (Scotland) Regulations 2014) and so far, as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- Approve the Annual Accounts.

I can confirm that these Annual Accounts will be approved for signature by the Integration Joint Board at its meeting on 29 September 2026.

Signed on behalf of East Ayrshire Integration Joint Board.

Councillor Douglas D Reid

Councillor Douglas Reid
Chair of the IJB

30 September 2026

RESPONSIBILITIES OF THE CHIEF FINANCE OFFICER

The Chief Finance Officer, as S95 Officer, is responsible for the preparation of the IJB's Annual Accounts which, in terms of the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (The Accounting Code), are required to present a true and fair view of the financial position of the IJB at the accounting date and its transactions for the year.

In preparing these Annual Accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with legislation, and;
- Complied with the local authority Code of Practice (in so far as it is compatible with legislation).

The Chief Finance Officer has also:

- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Financial Statements give a true and fair view of the financial position of East Ayrshire IJB as at 31 March 2026 and the transactions for the year then ended.



Eilidh Mackay CPFA
Interim Chief Finance Officer

29 September 2026

SECTION 3
Annual Governance Statement

SCOPE OF RESPONSIBILITY

East Ayrshire IJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The IJB also has a duty under the Local Government in Scotland Act 2003 to make arrangements to secure Best Value, through continuous improvement in the way in which its functions are exercised, having regard to economy, efficiency, effectiveness, the need to meet equal opportunity requirements and contributing to the achievement of sustainable development. This aligns with Audit Scotland's definition of Best Value: *Best Value is about ensuring that there is good governance and effective management of resources, with a focus on improvement, to deliver the best possible outcomes for the public.*

The IJB is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk. In discharging this responsibility, the Chief Officer has put in place arrangements for governance, which includes a system of internal controls. This is designed to manage risk to support the IJB's policies, aims and objectives but cannot eliminate the risk of failure to achieve policies and deliver on aims and objectives. The arrangements for governance can therefore only provide reasonable and not absolute assurance of effectiveness. Reliance is also placed on the East Ayrshire Council and NHS Ayrshire & Arran systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the IJB.

The Integration Scheme sets out financial contributions by partners to IJBs. This includes the Health Board and Council each considering funding their pay cost pressures and contractual inflation with shared responsibility for demographic cost pressures, whilst taking account of directives from the Scottish Government. The Council element of the IJB delegated budget for 2025/26 was prepared broadly in line with the obligations of the Integration Scheme, however it should be noted that Scottish Government funding directives to Health Boards and Councils, as part of the Scottish Budget approval process, has effectively overridden Integration Scheme financial contributions methodology in 2025/26 and previous financial years. Work to review the Integration Scheme through various workgroups concluded in March 2024. Further work has been undertaken in the intervening period to consider specific issues and the overall legal competence of the reviewed Scheme. It is anticipated that the review of the current Integration Scheme will be completed in 2026, following which it will require to be approved by East Ayrshire Council and NHS Ayrshire & Arran, prior to submission to Scottish Ministers (following further consultation on any proposed changes).

The IJB has adopted governance arrangements consistent, where appropriate, with the six principles of the 2016 CIPFA / SOLACE framework "Delivering Good Governance in Local Government" and the subsequent CIPFA Addendum issued in May 2025 providing further advice with regards to the structure of the Annual Governance Statement. This statement explains how the IJB has complied with the governance arrangements and meets the requirements of the Code of Practice on Local Authority Accounting in the UK, which details the requirement of an Annual Governance Statement.

The Annual Governance Statement sets out the framework within which the IJB has put in place proper financial arrangements for the governance of the IJB's affairs thereby facilitating the effective exercise of its functions, ensuring that appropriate arrangements are in place for the management of risk and that appropriate systems of internal control are in place.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, culture and values by which the Partnership is directed and controlled, and its activities through which it accounts to, engages with, and leads its communities. It enables the IJB to monitor the achievement of its strategic objectives set out in the IJB's Strategic Plan and to consider whether those objectives have led to the delivery of appropriate

cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, objectives and outcomes and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the IJB's policies, objectives and outcomes, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

THE GOVERNANCE FRAMEWORK AND GOVERNANCE DEVELOPMENTS

The main features of the governance framework that was in place during 2025/26 are outlined below:

- Strategic decision making is governed by the IJB's key constitutional documents including the Integration Scheme, Standing Orders, Scheme of Delegation, Code of Conduct for IJB Members and Financial Regulations. The Chief Governance Officer of East Ayrshire Council serves as the IJB's Standards Officer. The IJB is responsible for the operational oversight of the integrated services and through the Chief Officer will be responsible for the operational management of the integrated services.

- The IJB's purpose and vision is outlined in the updated IJB Strategic Plan 2021-30 which was approved on 24 March 2021 and which links closely to the East Ayrshire Community Plan and the Local Outcome Improvement Plan and is underpinned by an annual action plan and performance indicators. The Strategic Plan links with the Wellbeing Delivery Plan of the Community Plan 2015-30 and takes full cognisance of integrated delivery principles and national health and wellbeing outcomes as required by the Public Bodies (Joint Working) (Scotland) Act 2014. The Strategic Plan is subject to three-yearly review and is supported by the Communication Strategy 2024-27, Workforce Plan 2025-28, Property and Asset Management Strategy 2024-27, as well as the approved Annual Budget for each year of the Plan. The Strategic Plan focusses on the 'triple aim' of better health, better care and better value in line with the national Health and Social Care Delivery. The current Strategic Plan 2024-27 was approved by the IJB on 26 June 2024 and presented to East Ayrshire Council on 27 June 2024 and to NHS Ayrshire & Arran on 12 August 2024. A programme of work is underway through the Strategic Planning/Wellbeing Delivery Plan Group to review and revise the Strategic Plan for 2027-30.

- The Strategic Plan is also supported by Service Improvement Plans. These Service Improvement Plans are a key mechanism for setting out service level contributions to the delivery of the corporate objectives of the Partnership's parent bodies in line with the Community Plan 2015-30. The Service Improvement Plans cover the following service areas:

    - Children's Health, Care and Justice Services
    - Locality Health and Care Services
    - Primary Care and Out of Hours Community Response Services

- The IJB, comprising all IJB Board Members is the key decision-making body. The IJB established an Audit and Performance Committee (APC) to consider all matters in relation to internal and external audit, financial management, risk management and performance.

- The IJB delegates responsibility to the following sub committees and groups as detailed in the governance structures and terms of reference:

    - Strategic Planning and Wellbeing Delivery Plan Group
    - Health and Care Governance Group
    - Locality Groups reporting through Strategic Planning Group
    - Audit and Performance Committee (APC)
    - Thinking Differently Programme Board
    - Strategic Commissioning Board (SCB) reporting to the APC
    - Workforce Development Board reporting to APC via the SCB

- Budget Working Group
- Adverse Events Review Group
- Partnership Forum (Health Safety and Wellbeing Group)
- Risk Management Committee
- Resilience Group
- Liquidlogic and Controcc Development Board
- Property and Asset Management Board

The IJB governance and decision-making arrangements are set out in Appendix 1.

Senior management arrangements to deliver safe operation and progressive / innovative development for the Partnership are firmly established. In addition to the Chief Officer, the structure includes the Chief Social Work Officer who has responsibility for professional leadership of social work services and provides advice and guidance to East Ayrshire Council and Health and Social Care Partnership. The Interim Chief Finance Officer is a member of the IJB and is responsible for ensuring that appropriate financial services are available to the IJB and Chief Officer.

The Partnership management structure is set out in Appendix 2.

Reports were presented to the IJB on 25 June 2025, 27 August 2025, 29 October 2025, 02 February 2026 and 18 March 2026 to update on governance arrangements in respect of membership of the IJB and APC. Information on membership of the IJB over the course of 2025/26 is highlighted in the East Ayrshire IJB section of the Management Commentary at section 1 of the Annual Accounts.

The IJB met ten times during 2025/26 (with four separate development sessions to consider specific issues), with the APC also meeting ten times over the course of the financial year. In the main, IJB members and officers participated on the basis of the hybrid model.

The Strategic Leadership Group meets weekly or fortnightly to consider significant strategic and operational issues.

Over the course of 2025/26, governance and reporting arrangements have included Locality Groups reporting to the Strategic Planning and Wellbeing Group, the Strategic Commissioning Board reporting to the APC and Adverse Events Review Group reporting to the Health and Social Care Governance Group.

The Budget Working Group, chaired by the Interim Chief Finance Officer met on a monthly basis to consider budget pressures and monitor progress against the approved budget and Financial Recovery Plans. Additional meetings of the APC have taken place during 2025/26 to consider progress against approved Financial Recovery Plans, with Internal Audit in attendance to inform their work in this area.

The Partnership Leadership Team meets on a regular basis and ensures implementation of the appropriate financial governance structures, staff governance structures and clinical governance structures.

Support in relation to corporate functions including Legal, Human Resources, Property and Information Technology, are delivered through existing NHS and Council structures.

RECOVERY AND RENEWAL

East Ayrshire Health and Social Care Partnership continue to operate within a challenging financial environment, as a result of real terms reductions in funding, increased demographic pressures and the cost of implementing new legislation and policies, which alongside staff recruitment and retention difficulty has once again impacted on service delivery and mainline budgets.

The Integration Joint Boards Finance Bulletin 2024/25 published by Audit Scotland in February 2026 highlights that IJBs are in a critical financial position. The report sets out that IJBs 2024/25 cost pressures and the total level of reserves now lower than the budget gap forecast. The funding gap in 2025/26 remained significant at £449m. IJBs need to take decisive action and make difficult decisions about services. The budget process needs collaboration with partners and candid conversations with communities about the

impact of the savings needed to set a balanced budget. The budgets and proposed savings need to be realistic and achievable. IJBs need to be working collaboratively with each other and with their NHS and Council partners to find ways to transform services so that they are affordable. Investment in prevention and early intervention is needed to help slow the ever-increasing demand for services, the cost of more complex care and, improve the experience and outcomes for people.

The updated Strategic Plan 2021-30 focusses on recovery and renewal, following the challenges faced by the IJB and its partners in responding to the Covid-19 pandemic, as well as increasing demand, with Scotland's population ageing with increasingly complex health and social care needs and with the health and social care workforce under extreme pressure, with continued recruitment and retention challenges.

The IJB's external auditors, Audit Scotland, presented their Annual Audit Plan for the 2025/26 audit to the Audit and Performance Committee on 24 March 2026. In recent years, East Ayrshire Integration Joint Board has achieved short-term financial balance through the assistance of its partner bodies. However, it continues to be faced with significant financial challenges over the medium and longer term due to increased service demand service, workforce pressures, the rising costs of delivering services, and uncertainty over future Scottish Government funding allocations. The approved annual budget for 2025/26 required £9.272 million of savings to be identified in addition to the £5.945 million of savings previously included in the Financial Recovery Plan. This report notes that the month 9 projected outturn, indicates a projected year-end overspend on directly managed services of £11.174 million. An overspend of £10.696 million on East Ayrshire Council commissioned services makes up the majority of this. In December 2025, a Directions report in relation to financial recovery measures was issued to East Ayrshire Council. As a result, the council established a taskforce which identified additional in-year recovery measures which will provide £1.445 million of savings leaving a residual budget gap of £9.251 million in council commissioned services. In addition, following review of service balances which identified £6.537 million of committed balances which could be released, the council approved the transfer of these reserves to a Health and Social Care Emergency Financial Support balance.

As highlighted previously within the Medium to Longer Term Financial Planning section of the Management Commentary at section 1 of the Annual Accounts; as required by the revised Financial Regulations (August 2026) a review will be undertaken by 31 March 2027.

The IJB and its senior management will refer all available reports and guidance notes as a basis for ongoing engagement with auditors to ensure that ongoing challenges presented by cost and demand pressures can be addressed through sound financial planning to ensure budget and effective service sustainability going forward.

INTERNAL CONTROL SYSTEM

The governance framework described operates on the foundation of internal controls. The IJB's system of internal controls is based on a framework of regular management information, financial regulations, accounting policy bulletins, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability. Development and maintenance of these systems is undertaken by the Health Board and Council as part of the operational delivery of the Health and Social Care Partnership. In particular these systems include:

- Management information systems and process, including service performance and financial information;
- Financial Regulations and codes of financial practice;
- Scheme of Delegation;
- Comprehensive budgeting systems;
- Measurement of financial and other performance against target;
- Regular reviews of periodic and annual financial reports which indicate financial performance against forecasts and targets;
- Internal audit functions; and
- Formal project management disciplines, as appropriate.

The systems of internal control can only ever provide reasonable and not absolute assurance that control weaknesses or irregularities do not exist or that there is no risk of material errors, losses, fraud or breaches

of laws or regulations. Accordingly, the IJB is continually seeking to improve the effectiveness of its system of internal controls. The FRAB have recommended strengthened financial governance arrangements that are being implemented to enhance grip and control across Council-commissioned health and social care services. These measures include strengthened lines of accountability, tighter budgetary oversight, more frequent financial and performance reporting, agreed spending thresholds for budget holders and formalised escalation routes. Collectively, these arrangements are designed to provide assurance that financial management and budgetary controls are operating effectively and that expenditure remains within approved limits going forward.

The likelihood of fraud within the "audit universe" of the IJB is very low. The IJB has no bank accounts, employees or contracts, and fraud risk sits largely within the parent bodies.

In common with all public sector organisations, the IJB is required to conform to the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014) by embedding effective standards for countering fraud and corruption. Through its sound governance arrangements, effective financial stewardship and strong financial management, in conjunction with its parent bodies, the IJB is conforming to the Code of Practice.

The main objectives of the IJB's internal control systems are:

- To ensure adherence to management policies and directives in order to achieve the organisation's objectives;
- To ensure relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of records; and
- To ensure compliance with statutory regulations.

The systems of financial control are reviewed to ensure continued effectiveness by the work of managers in the IJB and by the work of internal and external audit in their annual and other reports. The IJB's external auditors, Audit Scotland, presented their Annual Audit Report 2024/25 to the IJB on 24 September 2025. In their comments, Audit Scotland highlighted that overall, they found the IJB's arrangements to be designed and implemented appropriately, noting that:

- Financial systems internal control operated effectively.
- Standards of conduct and arrangements for the prevention and detection of fraud and error were appropriate.

The IJB financial management arrangements comply with the requirements of 'The Role of the Chief Financial Officer in Local Government (CIPFA 2016)'. The IJB's Interim Chief Finance Officer (Section 95 Officer) has overall responsibility for the IJB's financial arrangements and is professionally qualified and suitably experienced to lead the IJB's finance function and to direct finance staff.

With regard to the entities incorporated into the Annual Accounts, the IJB has taken assurance from the existing scrutiny arrangements within the parent bodies.

The IJB internal audit function is responsible for the independent appraisal of the IJB's framework of governance, risk management and control, with resources drawn from the parent bodies. The function complies with the requirements of the Global Internal Audit Standards (GIAS) in the UK Public Sector. These standards are a combination of the Global Internal Audit Standards (GIAS) (IIA, January 2024), GIAS in the UK Public Sector – Application Note (IASAB, December 2024), and the CIPFA Code of Practice for the Governance of Internal Audit (2025). The IJB Chief Internal Auditor complies with 'The Role of the Head of Internal Audit in Public Organisations (CIPFA 2nd edition, 2019).

The Audit and Performance Committee (APC) acts as the IJB's audit committee and operates in accordance with 'Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2022 edition)'. The first Annual Self-Assessment (ASA) to benchmark the APC against CIPFA guidance was held in a workshop session on 28 November 2023 and an Action Plan was agreed. The Internal Action Plan 2025/26 was approved by the APC on 27 May 2025.

IJB Internal Audit plans and reports are shared with the relevant committees of the partner organisations.

REVIEW OF EFFECTIVENESS

East Ayrshire IJB has responsibility for conducting at least annually, a review of effectiveness of its governance framework including the system of internal control and the quality of data used throughout the organisation. The review of effectiveness of the governance framework, including the system of internal control is informed by the work of the Senior Management Team within the IJB who have responsibility for the development and maintenance of the governance environment, the annual report by the Chief Internal Auditor, and also by reports / comments made by external audit and other review agencies and inspectorates.

Based on the work carried out during the year, the Chief Internal Auditor prepares an annual report to the APC in line with GIAS obligations. This report includes the internal audit annual opinion regarding the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The assurance expressed in the annual opinion can never be absolute. The most that Internal Audit can provide in the annual opinion is one of reasonable assurance.

On the basis of internal audit work completed in 2025/26 and taking into account the pattern of work in previous years, East Ayrshire IJB's established internal control procedures were generally found to operate as intended to meet management's requirements for the individual systems reviewed by Internal Audit. Areas for improvements, system weaknesses and / or non-compliance with expected controls have been highlighted to management and action plans have been or are in the process of being put in place to ensure that proper consideration is given to internal audit reports and that appropriate action is taken on audit recommendation. Internal Audit has arrangements in place to test the implementation of recommendations.

Internal Audit's overall opinion, based on the work carried out in 2025/26 and outcomes from previous years, continues to be that reasonable assurance can be placed upon the adequacy and effectiveness of East Ayrshire IJB's framework of governance, risk management and control in the year to 31 March 2026. This overall opinion takes into consideration the complexity of governance arrangements, to include the two parent bodies and, at times, other Integration Joint Boards operating in the same National Health Service area.

The Interim Chief Internal Auditor recognises the ongoing financial challenges nationally for IJBs, as reflected in various Accounts Commission/Audit Scotland reports in recent years. For example, the 'Integration Joint Boards – Finance bulletin 2024/25' (February 2026) report highlighted that IJBs are in a critical financial position, with financial pressures and demand on services continuing to grow, outstripping increased funding and savings made, raising concerns around IJB's financial sustainability.

In considering the IJB annual opinion the Audit & Performance Committee are also supplied with the annual opinions of the parent bodies to provide assurance with regard to the control environments which support the delivery of commissioned services. The East Ayrshire Council annual opinion of reasonable assurance for 2025/26 was presented to the Council's Governance and Scrutiny Committee on 23 April 2026. The equivalent outcome for NHS Ayrshire & Arran was presented to the APC on 4 August 2026.

ACTION PLAN

The IJB's external auditors Audit Scotland presented their 2024/25 Annual Audit Report to the IJB on 24 September 2025. The Action Plan contained within the report highlights the following recommendations for 2025/26:

- Robustness of financial recovery plans: scenario planning and sensitivity analysis should be utilised to support the development and tracking of savings plans and to continue to assess the robustness of plans in place and where necessary to highlight when additional action is required.
- A medium-term financial plan should be developed with the latest financial position being used as the baseline for informing the plan.
- Strategic Plan commissioning priorities: The IJB should review with funding partners the affordability of commissioning plans and agree on spending priorities within the current financial resources available.

These issues have been / are being addressed as follows:

- Continue to monitor and review financial recovery plan progress in 2025/26 and going forward. Progress reports continue to be presented at additional Audit and Performance Committee, with input from Internal Audit. Associated work continues to be taken forward by the Budget Working Group, with input from the Senior Leadership Group. Financial Management Reports to the IJB highlight progress against the financial recovery plan and additional savings approved as part of the initial annual budget proposal for 2025/26.
- The IJB Financial regulations agreed in August 2026 have been strengthened for the MTFP which will be reviewed and presented to the IJB by 31 March 2027.
- Ongoing monitoring and review of the strategic plan will ensure any necessary adjustments can be made and agreed with the funding partners at the appropriate time. This will require to be reflected in Directions issued to partners.

In addition, the Action Plan within Audit Scotland's 2024/25 Annual Audit Report included follow-up of a prior year recommendations:

- The IJB should prepare an updated medium term financial plan which shows how its future services will be delivered, within the available financial resources. Clear linkages to the IJBs strategic priorities should be included.
- The IJB should put arrangements in place to recruit to the chief finance officer on a permanent basis.
- The IJB should ensure that the findings of the Accounts Commission's 2024 national report on the finance and performance of IJBs are considered by the IJB Board and action taken to address the recommendations within the report.

These issues are being addressed as follows:

- An updated job description for the Chief Financial Officer is going to be prepared and once finalised will go through job evaluation. Thereafter, depending on the impact of public services reform, it will be advertised and recruitment activity commenced at pace. Note a new Interim CFO was appointed in March 2026.
- Very high-level medium term financial plan based on information available was presented along with 2026/27 Annual Budget.

As outlined within the Financial Outlook, Risks and Plans for the Future section of the Management Commentary at section 1 of the Annual Accounts, there are a number of key financial and operational pressures and potential consequences related to both Council and NHS commissioned services. These risks will be managed and mitigated going forward through sound governance arrangements, aligned to the transformational change programme, to ensure financial and effective service sustainability going forward, with a number of key actions which will be taken forward over the course of 2026/27:

- Continue work to review and re-design of services to mitigate budget pressures, as part of the Transformational Change Programme being taken forward through the Strategic Commissioning Board.
- Ongoing financial challenges at a local and national level, including cost, demand and complexity of care are significant and require to be recognised as part of the strategic planning process to ensure alignment with delegated resources and between Service Improvement Plans and Financial Recovery Plans. It is also important to recognise that ongoing financial challenges may necessitate a further review of the Strategic Plan to ensure that services are financially sustainable.
- Continue pan-Ayrshire work to progress Fair Share Commissioning through use of Directions.
- Completion of review of the Integration Scheme.

The IJB is committed to address governance issues and to keep arrangements under review going forward.

ASSURANCE

While recognising the improvements that are required, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the IJB's governance arrangements.

Subject to the above, and on the basis of the assurance provided, we consider the governance and internal control environment operating during 2025/26 provides reasonable and objective assurance that any significant risk impacting on our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.

Signed on behalf of East Ayrshire Integration Joint Board.

Erik Sutherland	Councillor Douglas Reid
Erik Sutherland Acting Chief Officer	Councillor Douglas Reid Chair of the IJB
29 September 2026	30 September 2026

SECTION 4
Remuneration Report

INTRODUCTION

The Remuneration Report is provided in accordance with the 'Local Authority Accounts (Scotland) Regulations 2014'. It discloses information relating to the remuneration and pension benefits of specified IJB members and staff.

The information in the tables below is subject to external audit. The explanatory text in the Remuneration Report is reviewed by the external auditors to ensure it is consistent with the Financial Statements.

REMUNERATION: CHAIR AND VICE CHAIR

The voting members of the Integration Joint Board are appointed through nomination by NHS Ayrshire & Arran and East Ayrshire Council, and post holders will alternate every three years between a Health Board and a Council representative.

Councillor Douglas Reid assumed the role of IJB Chair from 24 June 2025. At this time, Dr Sukhomoy Das, Non-executive Board Member of NHS Ayrshire & Arran assumed the role of Vice Chair of the IJB.

The IJB does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the IJB. The IJB does not reimburse the relevant partner organisations for any voting member costs borne by the partner. There were no taxable expenses paid by the IJB therefore no remuneration disclosures are provided for the Chair or Vice Chair.

The IJB does not have responsibilities, either in the current year or in future years, for funding any pension entitlements of voting IJB members. Therefore, no pension rights disclosures are provided for the Chair or Vice Chair.

REMUNERATION: OFFICERS OF THE IJB

The IJB does not directly employ any staff in its own right however specific post-holding officers are non-voting members of the Board.

Chief Officer

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014, a Chief Officer for the IJB has to be appointed and the employing partner has to formally second the officer to the IJB. In effect the Chief Officer is the only employee of the IJB, however the employment contract for the Chief Officer will adhere to the legislative and regulatory framework of the employing partner organisation which is currently East Ayrshire Council. The remuneration terms of the Chief Officer's employment are approved by the IJB.

Other Officers

No other staff are appointed by the IJB under a special legal regime. The Interim Chief Finance Officer, Chief Internal Auditor and IJB Standards Officer are not included in the Remuneration Report as these roles are additional to their substantive roles within East Ayrshire Council at no additional cost to the IJB. The Interim Chief Finance Officer over the course of 2025/26 (Alex McPhee) had no direct input into the strategic planning process other than the legislative requirement to ensure that its outcomes are delivered within delegated resources. No other non-voting board members meet the criteria for disclosure.

Total Remuneration 2025/26 £	Name and Post Title	Salary, Fees and Allowances £	Taxable Expenses £	Compensation for Loss of Employment	Total Remuneration 2025/26 £
135,601	Craig McArthur – Chief Officer	141,488	0	0	141,488

In respect of officers' pension benefits the statutory liability for any future contributions to be made rests with the relevant employing partner organisation. On this basis there is no pensions liability reflected on the IJB balance sheet for the Chief Officer or any other officers.

The IJB however has responsibility for funding the employer contributions for the current year in respect of the officer time spent on fulfilling the responsibilities of their role on the IJB. The following table shows the IJB's funding during the year to support officers' pension benefits. The table also shows the total value of accrued pension benefits, which may include benefits earned in other employment positions and from each officer's own contributions.

Name and Post Title	In-year Pension / Contributions to 31 March 2025 £	In-year Pension / Contributions to 31 March 2026 £	Accrued Pension Benefits as at 31 March 2025 £m	Difference from 31 March 2025 £m	Accrued Pension Benefits as at 31 March 2026 £m
Craig McArthur – Chief Officer	7,805	8,716	Pension 0.068 Lump Sum 0.091	Pension 0.005 Lump Sum 0.004	Pension 0.073 Lump Sum 0.095

DISCLOSURE AND PAY BANDS

As required by the regulations, the following table shows the number of persons whose remuneration for the year was £50,000 or above, in bands of £5,000.

Number of Employees in Band 2024/25	Remuneration Band	Number of Employees in Band 2025/26
1	£135,000 - £139,999	0
0	£140,000 - £145,000	1

EXIT PACKAGES

There were no exit packages during 2025/26 (as in 2024/25).

Signed on behalf of East Ayrshire Integration Joint Board.

Erik Sutherland
Acting Chief Officer

29 September 2026

Councillor Douglas D Reid

Councillor Douglas Reid
Chair of the IJB

30 September 2026

SECTION 5
The Financial Statements

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the cost of providing services for the year according to accepted accounting practices:

Gross Expenditure 2024/25 £m	Gross Income 2024/25 £m	Net Expenditure 2024/25 £m		Gross Expenditure 2025/26 £m	Gross Income 2025/26 £m	Net Expenditure 2025/26 £m
211.332	(9.483)	201.849	Core Services	215.423	(9.782)	205.641
3.991	0.000	3.991	Public Protection	4.647	0.000	4.647
4.638	0.000	4.638	Non-District General Hospitals	5.039	0.000	5.039
34.663	0.000	34.663	Children's Health, Care and Justice Services	37.649	0.000	37.649
46.607	0.000	46.607	Lead Partnership Services	50.512	0.000	50.512
31.870	0.000	31.870	Set Aside	33.336	0.000	33.336
333.101	**(9.483)**	**323.618**	**Cost of Services**	**346.606**	**(9.782)**	**336.824**
0.000	(110.691)	(110.691)	East Ayrshire Council funding	0.000	(117.546)	(117.545)
0.000	(208.744)	(208.744)	NHS Ayrshire & Arran funding	0.000	(216.858)	(216.858)
0.000	**(319.435)**	**(319.435)**	**Taxation and Non-specific Grant income**	**0.000**	**(334.404)**	**(334.404)**
333.101	**(328.918)**	**4.183**	**Deficit / (Surplus) on provision of services**	**346.606**	**(344.186)**	**2.421**

There are no statutory or presentation adjustments which affect the IJB's application of the funding received from partners. The movement in the General Fund balance is therefore solely due to the transactions shown in the Comprehensive Income and Expenditure Statement. Consequently, an Expenditure and Funding Analysis is not shown in these Financial Statements.

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year of the IJB's reserves. The movements which arise due to statutory adjustments which affect the General Fund balance are separately identified from the movements due to accounting practices (2024/25 Movement in Reserves also shown for information).

There was no General Fund uncommitted balance at 31 March 2025 which was included in the audited Annual Accounts 2025/26. The uncommitted balance has increased to £0.541m due to retained underspends within NHS Ayrshire & Arran commissioned services. A total of £4.064m was required to be drawn down towards committed expenditure.

A more detailed breakdown of movements in the year of the IJB's Reserves is included at Note 8: Usable Reserve – General Fund at Section 6 Notes to the Financial Statements.

Movement in Reserves During 2025/26	General Fund Uncommitted Balance £m	General Fund Earmarked Balance £m	Total Reserves £m
Opening Balance at 1 April 2025	**(0.000)**	**(5.138)**	**(5.138)**

Total Comprehensive Income and Expenditure	(0.541)	2.961	2.421
Adjustments between accounting basis and funding basis under regulations	0.000	0.000	0.000
(Increase) or Decrease in 2025/26	**(0.541)**	**2.962**	**2.421**
Closing Balance at 31 March 2026	**(0.541)**	**(2.176)**	**(2.717)**

Movement in Reserves During 2024/25	**General Fund Uncommitted Balance £m**	**General Fund Earmarked Balance £m**	**Total Reserves £m**
Opening Balance at 1 April 2024	**(1.262)**	**(8.059)**	**(9.321)**
Total Comprehensive Income and Expenditure	1.262	2.921	4.183
Adjustments between accounting basis and funding basis under regulations	0.000	0.000	0.000
(Increase) or Decrease in 2024/25	**1.262**	**2.921**	**4.183**
Closing Balance at 31 March 2025	**0.000**	**(5.138)**	**(5.138)**

BALANCE SHEET

The Balance Sheet shows the value of the IJB's assets and liabilities as at the balance sheet date. The net assets of the IJB (assets less liabilities) are matched by the reserves held by the IJB.

31 March 2025 £m		**Notes**	**31 March 2026 £m**
(5.138)	Short term debtors	7	(2.717)
(5.138)	**Current Assets**		(2.717)
(5.138)	**Net Assets**		**(2.717)**
0.000	Usable Reserve: General Fund	8	0.000
(5.138)	Earmarked Reserve: General Fund	8	(2.717)
(5.138)	**Total Reserves**		**(2.717)**

The Statement of Accounts presents a true and fair view of the financial position of the Integration Joint Board as at 31 March 2026 and its income and expenditure for the year then ended.

The unaudited Financial Statements were issued on 24 June 2026, and the audited Financial Statements will be authorised for issue on 29 September 2026.

Eilidh Mackay

Eilidh Mackay CPFA
Interim Chief Finance Officer

29 September 2026

SECTION 6

Notes to the Financial Statements

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

General principles

The Financial Statements summarise East Ayrshire IJB's transactions for the 2025/26 financial year and its position at 31 March 2026.

The East Ayrshire IJB was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government (Scotland) Act 1973.

The Financial Statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

The Financial Statements are prepared on a going concern basis, which assumes that the IJB will continue in operational existence for the foreseeable future. The historical cost convention has been adopted.

The Audit Scotland report, Covid-19: Going Concern in the Public Sector (December 2020) outlines that due to continuation of Health Board functions even if an organisation were to cease, Health Boards should be viewed as a going concern. If a body is to be discontinued, but its functions are to be transferred elsewhere in the public sector (e.g. the body is merging with another existing body, or the functions are being transferred to another public body), the going concern basis of accounting is still expected to be appropriate. For example, this was the case when NHS Argyll and Clyde were dissolved on 31 March 2006, and its assets, liabilities and the responsibility for delivering health services within its geographic boundaries were transferred to the successor boards, NHS Highland and NHS Greater Glasgow and Clyde.

Accruals of expenditure and income

Activity is accounted for in the year that it takes place, not simply when settlement in cash occurs. In particular:

- Expenditure is recognised when goods or services are received, and their benefits are used by the IJB.
- Income is recognised when the IJB has a right to the income, for instance by meeting any terms and conditions required to earn the income, and receipt of the income is probable.
- Where income and expenditure have been recognised but settlement in cash has not taken place, a debtor or creditor is recorded in the Balance Sheet.
- Where debts may not be received, the balance of debtors is written down.

Funding

The IJB is primarily funded through contributions from the statutory funding partners, East Ayrshire Council and NHS Ayrshire & Arran. Expenditure is incurred as the IJB commissions specified health and social care services from the funding partners for the benefit of service recipients in East Ayrshire.

The IJB Interim Chief Finance Officer has received written confirmation from the Chief Finance Officers of East Ayrshire Council and NHS Ayrshire & Arran that, the charges for services commissioned by East Ayrshire IJB reflect income and expenditure recorded in the respective ledgers of the partner organisations; confirmation that the allocation of income and expenditure to the IJB reflects the appropriate charges; and where estimates have been used the best available data has been applied to give a true and fair view.

Cash and Cash Equivalents

The IJB does not operate a bank account or hold cash. Transactions are settled on behalf of the IJB by the funding partners. Consequently, the IJB does not present a 'Cash and Cash Equivalent' figure on the balance sheet. The funding balance due from or to each funding partner as at 31 March is represented as a debtor or creditor on the IJB's Balance Sheet.

Employee Benefits

The IJB does not directly employ staff. Staff are formally employed by the funding partners who retain the liability for pension benefits payable in the future. The IJB therefore does not present a Pensions Liability on its Balance Sheet.

The IJB has a legal responsibility to appoint a Chief Officer. More details on the arrangements are provided in the Remuneration Report. The charges from the employing partner are treated as employee costs. Where material the Chief Officer's absence entitlement as at 31 March is accrued, for example in relation to annual leave earned but not yet taken.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are liabilities of uncertain timing or amount. A provision is recognised as a liability on the balance sheet when there is an obligation as at 31 March due to a past event; settlement of the obligation is probable; and a reliable estimate of the amount can be made. Recognition of a provision will result in expenditure being charged to the Comprehensive Income and Expenditure Statement and will normally be a charge to the General Fund.

A contingent liability is a possible liability arising from events on or before 31 March, whose existence will only be confirmed by later events. A provision that cannot be reasonably estimated, or where settlement is not probable, is treated as a contingent liability. A contingent liability is not recognised in the IJB's Balance Sheet but is disclosed in a note where it is material.

A contingent asset is a possible asset arising from events on or before 31 March, whose existence will only be confirmed by later events. A contingent asset is not recognised in the IJB's Balance Sheet but is disclosed in a note only if it is probable to arise and can be reliably measured.

Reserves

The IJB's reserves are classified as either Usable or Unusable Reserves.

The IJB's only Usable Reserve is the General Fund. The balance of the General Fund as at 31 March shows the extent of resources which the IJB can use in later years to support service provision. Within usable reserves the IJB holds earmarked funds to meet specific service commitments including funds set aside for transformational change purposes, including workforce development. In addition, a contingency reserve is held to assist the IJB to deal with unforeseen events or emergencies. The updated Reserve Strategy approved by the IJB on 18 March 2026 (and reviewed as part of the budget setting process for 2026/27) outlines that while there is no defined level of contingency reserve to be held, the IJB will aspire to hold at least 2% of annual budgeted revenue expenditure as General Fund balances. It should be recognised that this aspiration has to be balanced within the wider financial and strategic planning context on an ongoing basis. A further review of the Reserve Strategy will be undertaken for IJB approval in March 2028.

Indemnity Insurance

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. East Ayrshire Council and NHS Ayrshire & Arran have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide.

Unlike NHS Boards, the IJB does not have any 'shared risk' exposure from participation in the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS). The IJB participation in the CNORIS scheme is therefore analogous to normal insurance arrangements.

Known claims are assessed as to the value and probability of settlement. Where it is material the overall

expected value of known claims taking probability of settlement into consideration is provided for in the IJB's Balance Sheet.

The likelihood of receipt of an insurance settlement to cover any claims is separately assessed and, were material, presented as either a debtor or disclosed as a contingent asset.

NOTE 2: ACCOUNTING STANDARDS NOT YET ADOPTED

The Code requires the IJB to disclose information about accounting changes that will be required by new accounting standards in the Code due to be adopted in future years and the possible impact. This applies to the adoption of the following new or amended standards within the 2026/27 Code:

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (amendments to heritage assets)
- Amendments to the Classification and Measurement of Financial Instruments (amendments to IFRS 9 and IFRS 7)
- Annual improvements to IFRS accounting standards.
- Contracts Referencing Nature-dependent Electricity (amendments to IFRS 9 and IFRS 7)

Implementation of the amendments listed above is effective from 1st April 2026 and therefore have no impact on the 2025/26 Accounts. Overall, these amended standards are not expected to have a significant impact on the Annual Accounts.

NOTE 3: CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

The critical judgements made in the Financial Statements relating to complex transactions are:

- On behalf of all IJBs within the NHS Ayrshire & Arran area, the IJB acts as the lead partner for Primary Care (including Dental) and Out of Hours Community Response Services, as well as the Area Wide Evening Service, Prison and Police Healthcare and hosted Allied Health Professions Services. It commissions services on behalf of the three Ayrshire IJBs and reclaims the costs involved. This arrangement is treated as an agency arrangement. In the absence of an alternative agreement or approach being outlined in the Integration Scheme, the recharges across the Partnerships for lead services are based on an NRAC share of costs. This may not reflect the actual cost of delivering services to the population in the three areas.
- In applying the accounting policies set out at note 1 above, the IJB has had to make a critical judgement relating to the values included for Set Aside services. The figure included in the IJB accounts is based upon the Set Aside baseline at prices. As such, the Set Aside sum included in the accounts will not reflect the true cost of actual hospital usage in 2025/26.

There are no material estimation uncertainties included within the Financial Statements.

NOTE 4: EVENTS AFTER THE REPORTING PERIOD

The audited Annual Accounts will be authorised for issue by the Interim Chief Finance Officer on 29 September 2026. Events taking place after this date are not reflected in the Financial Statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2026, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information.

NOTE 5: EXPENDITURE AND INCOME ANALYSIS BY NATURE

2024/25 £m		2025/26 £m
135.787	Services commissioned from East Ayrshire Council	141.851
187.797	Services commissioned from NHS Ayrshire & Arran	194.939

0.034	Audit Fee: External Audit Work	0.035
(319.435)	Partners Funding Contributions and Non-Specific Grant Income	(334.404)
4.183	**(Surplus) / Deficit on the Provision of Services**	**2.421**

NOTE 6: TAXATION AND NON-SPECIFIC GRANT INCOME

2024/25 £m		2025/26 £m
(110.691)	Funding Contribution from East Ayrshire Council	(117.546)
(208.744)	Funding Contribution from NHS Ayrshire & Arran	(216.858)
(319.435)	**Taxation and Non-Specific Grant Income**	**(334.404)**

The funding contribution from the NHS Board shown above includes £33.336 in respect of Set Aside resources relating to acute hospital and other resources. These are provided by the NHS, which retains responsibility for managing the costs of providing the services. The IJB however has responsibility for the consumption of, and level of demand placed on, these resources.

NOTE 7: DEBTORS

2024/25 £m		2025/26 £m
(2.217)	Funding East Ayrshire Council	(1.755)
(2.921)	Funding NHS Ayrshire & Arran	(0.962)
(5.138)	**Debtors**	**(2.717)**

NOTE 8: USABLE RESERVE – GENERAL FUND

The IJB holds a balance on the General Fund for two main purposes:

- To earmark, or build up, funds which are to be used for specific purposes in the future, such as known or predicted future expenditure needs. This supports strategic financial management.
- To provide a contingency fund to cushion the impact of unexpected events or emergencies. This is regarded as a key part of the IJB's risk management framework.

As highlighted previously under Reserves at note 1, the updated Reserve Strategy was approved by the IJB on 18 March 2026.

The following table shows the movements on the General Fund balance, analysed between those elements earmarked for specific planned future expenditure £1.102m, and the £0.541m balance within general contingency. The table provides a breakdown of balances held by East Ayrshire Council and NHS Ayrshire & Arran on behalf of the IJB.

	Balance as at 31 March 2025 £m	Transfers Out 2025/26 £m	Transfers In 2025/26 £m	Balance as at 31 March 2026 £m
Earmarked:				
Client Equipment and Adaptations	(0.725)	0.725	0.000	0.000
ADP - Mainline; Hard Edges; DDTF	(0.183)	0.000	(0.133)	(0.316)
Whole Family Wellbeing Reserve	(1.057)	0.379	0.000	(0.678)
UASC Grant	0.000	0.000	(0.605)	(0.605)
Earmarked - EAC	**(1.965)**	**1.104**	**(0.738)**	**(1.599)**
IT funding	(0.006)	0.000	0.000	(0.006)
Allied Health Professions	(0.006)	0.000	0.000	(0.006)
Dementia PDS	(0.138)	0.000	0.000	(0.138)
Workforce bonus - Community Link Workers	(0.006)	0.000	0.000	(0.006)
Phlebotomy, Neurodevelopmental, Primary Care	(0.102)	0.102	0.000	0.000
Earmarked - NHS A & A (managed services)	**(0.258)**	**0.102**	**0.000**	**(0.156)**
Primary Care Improvement Fund - actual	(0.409)	0.409	(0.321)	(0.321)
Primary Care Improvement Fund Phased Investment - NRAC	(0.261)	0.261	0.000	0.000
Dental - Practice Improvement - NRAC	(0.025)	0.025	0.000	0.000
GP Premises Improvement - NRAC	(0.002)	0.002	0.000	0.000
Appropriate Adult - NRAC	(0.001)	0.001	0.000	0.000
Mental Health Action 15 - actual	(0.253)	0.253	0.000	0.000
Mental Health Outcome Framework – NRAC	(0.205)	0.205	0.000	0.000
Breastfeeding Network - NRAC	(0.031)	0.031	0.000	0.000
Early Intervention in Psychosis - NRAC	(0.078)	0.078	(0.043)	(0.043)
Learning Disability funding - NRAC	(0.069)	0.069	0.000	0.000
Mental Health Infrastructure - NRAC	(0.105)	0.105	0.000	0.000
Earmarked - NHS A & A (population basis)	**(1.439)**	**1.439**	**(0.364)**	**(0.364)**
Transformational Change Programme - EAC	0.000	0.000	0.000	0.000
Transformational Change Programme - NHS A & A	(0.974)	0.928	0.000	(0.046)
Workforce Development Programme - EAC	(0.252)	0.252	0.000	0.000
Workforce Development Programme - NHS A & A	(0.250)	0.239	0.000	(0.011)
Transformational Change Programme - total	**(1.476)**	**1.419**	**0.000**	**(0.057)**
Total Earmarked	**(5.138)**	**4.064**	**(1.102)**	**(2.176)**

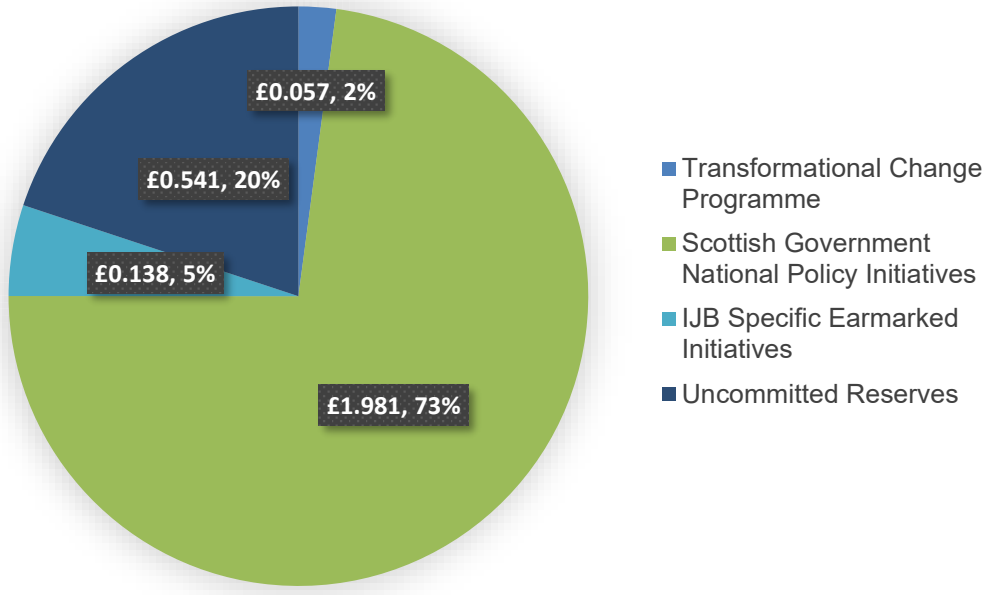
Uncommitted - EAC	0.000	0.000	0.000	0.000
Uncommitted - NHS	0.000	0.000	(0.541)	(0.541)
Uncommitted - total	**0.000**	**0.000**	**(0.541)**	**(0.541)**
General Fund	**(5.138)**	**4.064**	**(1.643)**	**(2.717)**

It is important to note that, after taking account of committed expenditure approved by the Strategic Commissioning Board, as well as funding drawn down to mitigate budget pressures in 2025/26, the £0.057m Transformational Change Programme balance at 31 March 2026 is fully committed.

The reviewed Reserve Strategy approved by the IJB on 18 March 2026 outlines that, while there is no defined level of reserves to be held, a number of organisations, including East Ayrshire Council, set a minimum of 2% of annual budgeted expenditure. The strategy therefore recommends that the IJB will aspire to hold at least 2% of annual budgeted expenditure as general fund balances.

The Annual Budget 2026/27 report to the IJB on 31 March 2026 outlined a number of continued risks in respect of both Council and NHS commissioned services. The IJB retains a small contingency balance of £0.541m at 31 March 2026, which represents a risk to the IJBs financial sustainability, taking cognisance of baseline budget pressures, as well as additional 2026/27 pressures and the impact of increased demand for services, and limits flexibility to cushion the impact of unintended events going forward.

The following chart provides a breakdown of the £2.717m General Fund balance within the IJB Reserve:



NOTE 9: AGENCY INCOME AND EXPENDITURE

On behalf of all IJBs within the NHS Ayrshire & Arran area, the East Ayrshire IJB acts as the lead manager for Primary Care (including Dental) and Out of Hours Community Response services, as well as the Area Wide Evening Service, Prison and Police Healthcare and hosted Allied Health Professions Services. It commissions services on behalf of the other IJBs and reclaims the costs involved. The payments that are made on behalf of the other IJBs £107.313m, and the consequential reimbursement (£107.313m), are not included in the Comprehensive Income and Expenditure Statement since the IJB is not acting as principal in these transactions.

The amount of expenditure and income relating to the agency arrangement is shown below:

2024/25 £m		2025/26 £m
93.875	Expenditure on Agency Services - Lead Partnership	107.313
(93.875)	Reimbursement for Agency Services - Lead Partnership	(107.313)
0.000	**Net Agency Expenditure Excluded from the CIES**	**0.000**

NOTE 10: RELATED PARTY TRANSACTIONS

The IJB has related party relationships with NHS Ayrshire & Arran and East Ayrshire Council. In particular the nature of the partnership means that the IJB may influence, and be influenced by, its partners. The following transactions and balances included in the IJB's Financial Statements are presented to provide additional information on the relationships.

Transactions with East Ayrshire Council

2024/25 £m		2025/26 £m
(110.691)	Funding contributions received from the Council	**(117.546)**
(9.483)	Service income received from the Council	(9.782)
145.218	Expenditure on services provided by the Council	152.318
(1.801)	Surplus / (Deficit) on provision of services	(1.356)
0.069	Key management personnel: non-voting Board Members	0.071
0.000	Support Services	0.000
134.003	Net expenditure on services provided by the Council	**141.251**
23.312	**Net Transactions with the Council**	**23.705**

Transactions with NHS Ayrshire & Arran

2024/25 £m		2025/26 £m
(208.744)	Funding contributions received from the NHS Board	**(216.858)**
0.000	Service income received from the NHS Board	0.000
187.745	Expenditure on services provided by the NHS Board	194.886
(2.382)	Surplus / (Deficit) on provision of services	(1.804)
0.069	Key management personnel: non-voting Board Members	0.071
0.000	Support Services	0.000
185.432	Net expenditure on services provided by the NHS Board	**193.153**
(23.312)	**Net Transactions with the NHS Board**	**(23.705)**

Key Management Personnel: The non-voting Board members employed by the Council and NHS Board include the Chief Officer; the Interim Chief Finance Officer; representatives of primary care, nursing and non-primary services; and a staff representative. As outlined in the Remuneration Report at section 4, the Chief Officer is the only employee of the IJB with the (Council / NHS Board) shared cost of this post included in the preceding Related Party Transactions Tables and within the Remuneration Report.

Support services were not delegated to the Integration Joint Board through the Integration Scheme and are instead provided by the Council and Health Board free of charge as a 'service in kind.' This is included at section 4.2 of the Integration Scheme. The support services provided are mainly comprised of the provision of the Interim Chief Finance Officer, IJB Standards Officer, financial management, democratic services,

human resources, legal, ICT, payroll, internal audit and the provision of the Chief Internal Auditor.

The tables above highlight reduced expenditure on delivery of integrated functions on services commissioned by the IJB from NHS Ayrshire & Arran and additional expenditure services commissioned by East Ayrshire Council.

The following two tables highlight that this is due to accounting adjustments to reflect expenditure incurred in respect of funds which transfer between the partner organisations. The £24.599m which transfers from NHS Ayrshire & Arran to East Ayrshire Council includes Resource Transfer funding which offsets community based services funded from savings attributable to permanent NHS bed closures, as well as Scottish Government Integration Funding for social care services, and other earmarked funding transfers (including Alcohol and Drugs Partnership funding and Integrated Care Fund relating to Council-managed projects. The £0.894m payment from the Council to the Health Board includes Delayed Discharge funding which offsets the cost of NHS community-based services.

East Ayrshire Council Reconciliation

2024/25 £m	East Ayrshire Council - reconciliation	2025/26 £m
110.691	Payments for delegated functions	117.546
25.294	Funding transfers from NHS Ayrshire & Arran	24.599
(1.982)	Funding transfers to NHS Ayrshire & Arran	(0.894)
23.312	Net transactions with NHS Ayrshire & Arran	23.705
134.003	Payments for delivery of integrated functions	141.251

NHS Ayrshire & Arran Reconciliation

2024/25 £m	NHS Ayrshire & Arran - reconciliation	2025/26 £m
208.744	Payments for delegated functions	216.858
(25.294)	Funding transfers to East Ayrshire Council	(24.599)
1.982	Funding transfers from East Ayrshire Council	0.894
(23.312)	Net transactions with East Ayrshire Council	(23.705)
185.432	Payments for delivery of integrated functions	193.153

Balances with East Ayrshire Council

2024/25 £m		2025/26 £m
2.217	Debtor balances: amounts due from the Council	1.755
0.000	Creditor balances: amounts due to the Council	0.000
2.217	**Net Balance with the Council**	**1.755**

Balances with NHS Ayrshire & Arran

2024/25 £m		2025/26 £m
2.921	Debtor balances: amounts due from the NHS Board	0.962
0.000	Creditor balances: amounts due to the NHS Board	0.000

2.921	**Net Balance with the NHS Board**	**0.962**

NOTE 11: CONTINGENT LIABILITIES

A review of potential contingent liabilities has been undertaken for the IJB, and none have been identified at 31 March 2026. This is consistent with the position at 31 March 2025.

NOTE 12: VAT

VAT payable is included as an expense only to the extent that it is not recoverable from H.M. Revenue and Customs. VAT receivable is excluded from income.

The VAT treatment of expenditure in the IJB's Financial Statements depends on which of the partner agencies is providing the service as these agencies are treated differently for VAT purposes.

Where the Council is the provider, income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to H.M. Revenue and Customs and all VAT paid is recoverable from it. The Council is not entitled to fully recover VAT paid on a very limited number of items of expenditure and for these items the cost of VAT paid is included within service expenditure to the extent that it is irrecoverable from H.M. Revenues and Customs.

Where the NHS is the provider, expenditure incurred will include irrecoverable VAT as generally the NHS cannot recover VAT paid as input tax and will seek to recover its full cost as income from the commissioning IJB.

SECTION 7

Independent Auditor's Report

Independent auditor's report to the members of East Ayrshire Integration Joint Board and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of East Ayrshire Integration Joint Board for the year ended 31 March 2026 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the 2025/26 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the East Ayrshire Integration Joint Board as at 31 March 2026 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2025/26 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 1 June 2026. My period of appointment is two years, covering 2025/26 and 2026/27. I am independent of the East Ayrshire Integration Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard was not provided to the East Ayrshire Integration Joint Board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the East Ayrshire Integration Joint Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the East Ayrshire Integration Joint Board's current or future financial sustainability. However, I report on the East Ayrshire Integration Joint Board's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Chief Finance Officer and East Ayrshire Integration Joint Board for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the East Ayrshire Integration Joint Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the East Ayrshire Integration Joint Board's operations.

The Audit and Performance Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the East Ayrshire Integration Joint Board;
- inquiring of the Chief Finance Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the East Ayrshire Integration Joint Board;
- inquiring of the Chief Finance Officer concerning the East Ayrshire Integration Joint Board's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the East Ayrshire Integration Joint Board's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report

I have audited the parts of the Remuneration Report described as audited. In my opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

The Chief Finance Officer is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Statement of Responsibilities, Annual Governance Statement and the unaudited part of the Remuneration Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and

the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Louisa Yule

Louisa Yule, Audit Director
Audit Scotland
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30 September 2026

SECTION 8

Glossary of Terms

While the terminology used in this report is intended to be self-explanatory, it may be useful to provide additional definition and interpretation of the terms used.

Accounting Period

The period of time covered by the Accounts normally a period of twelve months commencing on 1 April each year. The end of the accounting period is the Balance Sheet date.

Accruals

The concept that income and expenditure are recognised as they are earned or incurred not as money is received or paid.

Balance Sheet

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

CIPFA

The Chartered Institute of Public Finance and Accountancy.

Consistency

The concept that the accounting treatment of like terms within an accounting period and from one period to the next is the same.

CNORIS

The Clinical Negligence and Other Risks Indemnity Scheme

COSLA

Convention of Scottish Local Authorities

Creditor

Amounts owed by the IJB for work done, goods received, or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

Debtor

Amount owed to the IJB for works done, goods received, or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

Entity

A body corporate, partnership, trust, unincorporated association or statutory body that is delivering a service or carrying on a trade or business with or without a view to profit. It should have a separate legal personality and is legally required to prepare its own single entity accounts.

FRAB

Financial Recovery Assurance Board

GIAS

Global Internal Audit Standards

IAS

International Accounting Standards

IFRS

International Financial Reporting Standards

IIA

Institute of Internal Auditors

ISA

International Standard on Auditing

ISD

Information Services Division Scotland

LASAAC

Local Authority (Scotland) Accounts Advisory Committee

Liability

A liability is where the IJB owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period e.g. creditors or cash overdrawn. A non-current liability is an amount which by arrangement is payable beyond the next year at some point in the future or will be paid off by an annual sum over a period of time.

NRAC

NHS Scotland Resource Allocation Committee (Scottish NHS resource allocation formula)

Post Balance Sheet Events

Post Balance Sheet events are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Annual Accounts are authorised for issue.

Provisions

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

Related Parties

Bodies or individuals that have the potential to control or influence the IJB or to be controlled or influenced by the IJB. For the IJB's purposes, related parties are deemed to include voting members, the Chief Officer and their close family and household members.

Remuneration

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the monetary value of any other benefits received other than in cash.

Reserves

The accumulation of surpluses, deficits and appropriation over past years. Reserves of a revenue nature

are available and can be spent or earmarked at the discretion of the IJB.

Revenue Expenditure

The day-to-day expenses of providing services.

SFC

Scottish Fiscal Commission

Significant Interest

The reporting authority is actively involved and is influential in the direction of an entity through its participation in policy decisions.

SSN

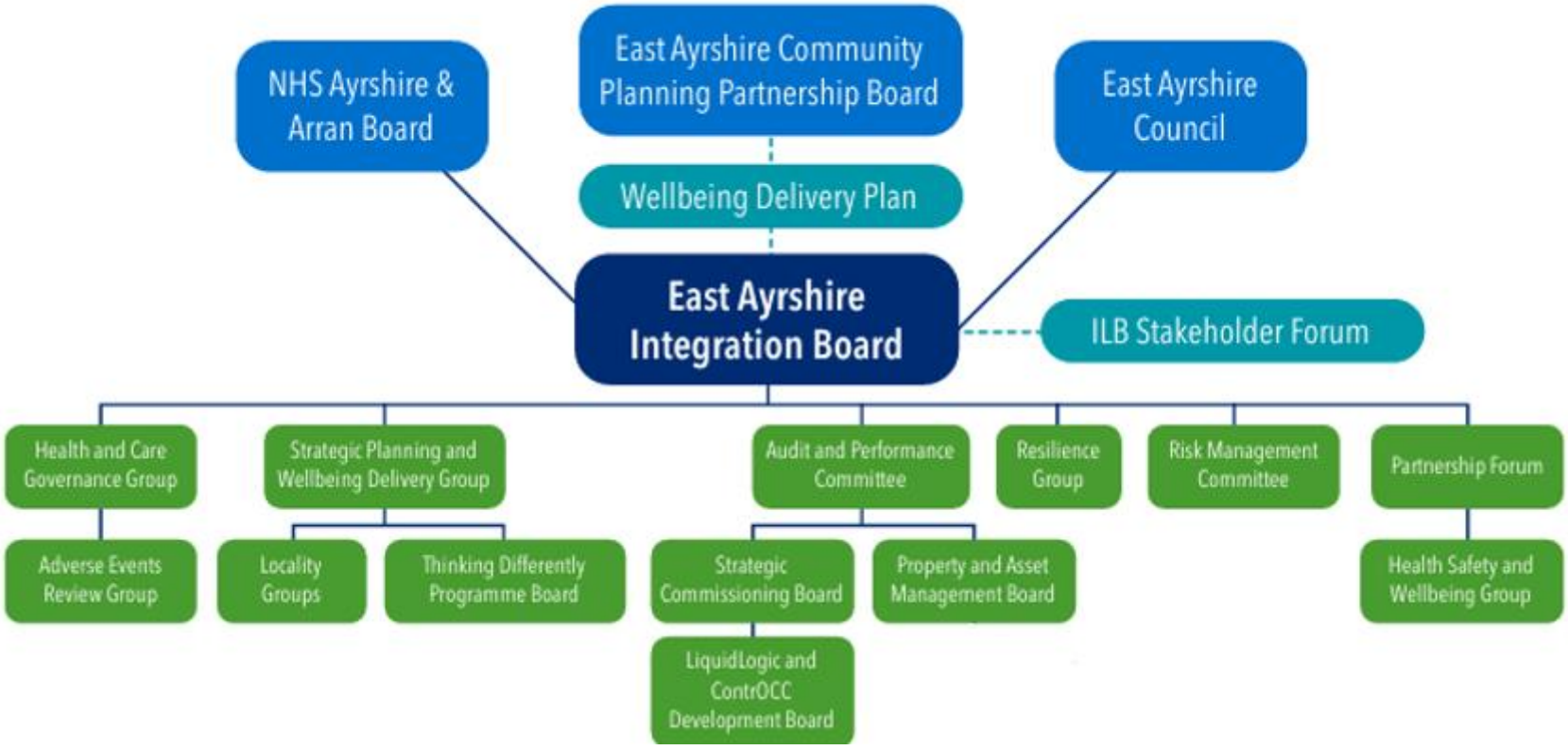
Sustainable Scotland Network

The Code

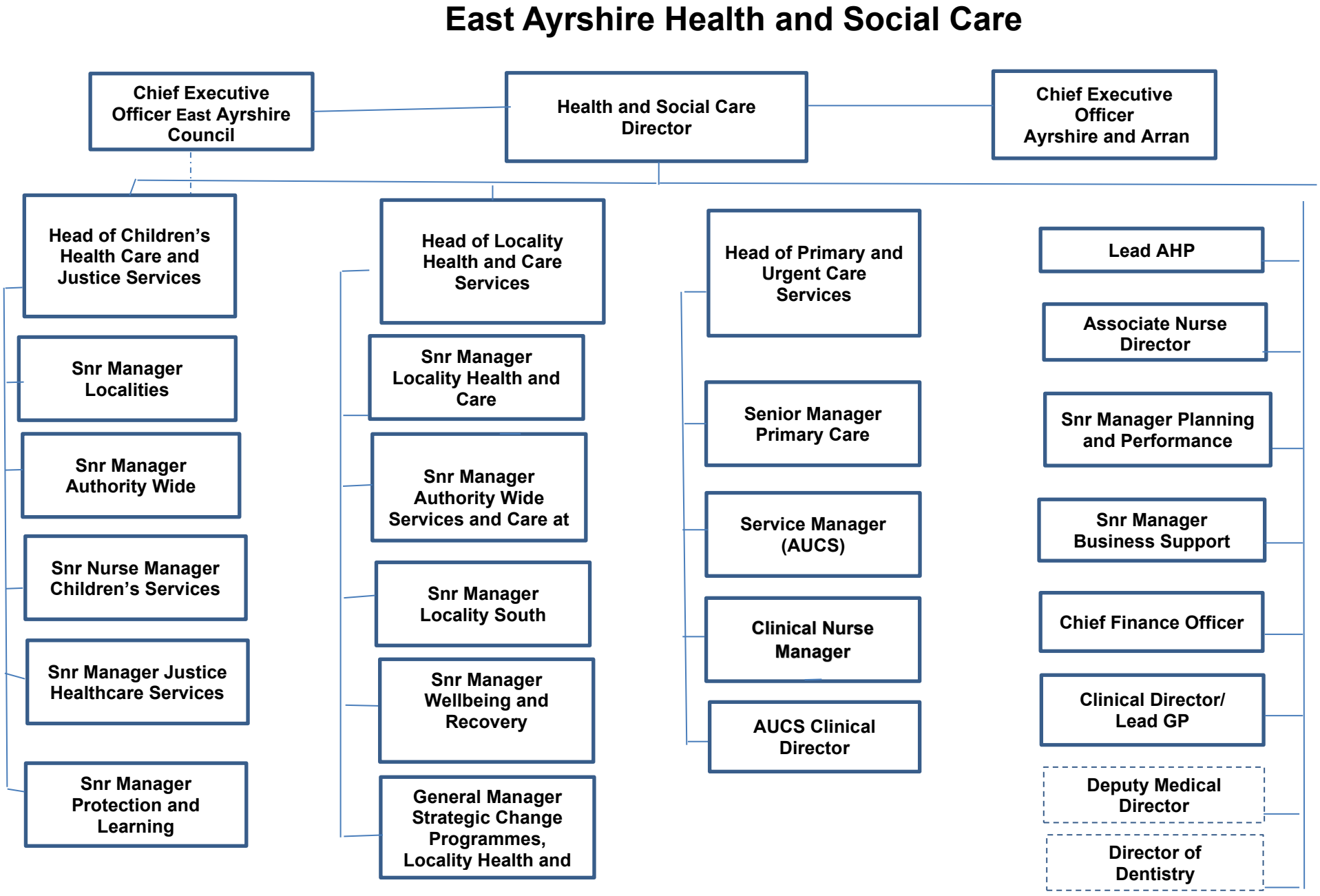
The Code of Practice on Local Authority Accounting in the United Kingdom

APPENDIX 1

Governance and Decision-Making Arrangements



APPENDIX 2 Partnership Management Structure



East Ayrshire Health and Social Care Partnership

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