

East Ayrshire Integration Joint Board

2024/25 Annual Audit Report



Prepared for East Ayrshire and the Controller of Audit
September 2025

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Key messages

Audit of the annual accounts

- 1 All audit opinions state that the annual accounts are free from material misstatement.
- 2 There are no significant findings or key audit matters to report.

Financial Management and sustainability

- 3 The IJB developed two financial recovery plans during the year in response to financial management reports projecting year-end overspends. Additional funding from the IJB's funding partners was received in-year to meet the £6.021 million overspend.
- 4 As well as the additional funding, the IJB utilised £4.183 million of reserves in the year to cover its expenditure. At the 31 March 2025, the IJB had no uncommitted reserve balances and earmarked reserves had reduced to £5.138 million. The majority of the remaining earmarked reserves are planned for utilisation by 2026/27.
- 5 A balanced budget was approved for 2025/26 however both the month two and month four financial monitoring report are projecting a year-end overspend. The August Joint Board meeting reviewed financial projections and updates on the financial recovery plan savings.
- 6 Medium term financial sustainability is at risk from pressures on IJB services. The medium-term financial plan prepared in 2023/24 identified indicative funding gaps each year from 2025/26 to 2029/30 ranging from £4.061 million to £15.090 million. The 2025/26 approved budget includes a funding gap of £15.217 million for 2025/26 alone due to financial planning assumptions not being realised.

Other wider scope and Best Value audit areas

- 7 The IJB has appropriate governance arrangements and these operate effectively.

- 8** The Strategic Plan 2024-27 was approved in 2024. It outlines the IJB's vision in alignment with East Ayrshire Community Plan and incorporates medium term financial projections from March 2024.
 - 9** The IJB has appropriate performance management arrangements in place and has established appropriate arrangements for reporting performance against national outcomes through the Annual Performance report.
 - 10** The IJB has effective and appropriate arrangements in place for securing Best Value. Service improvement plans and their underlying action plans enable review and scrutiny of performance within service delivery. The funding secured from the innovation fund provided the IJB with an opportunity to invest in technology which will modernise services and generate efficiencies.
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Introduction

Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2024/25 audit of East Ayrshire Integration Joint Board annual accounts and the wider scope areas specified in the Code of Audit Practice (2021).
2. The Annual Audit Report is addressed to East Ayrshire Integration Joint Board, hereafter referred to as 'the IJB' and the Controller of Audit, and will be published on Audit Scotland's website in due course.

Appointed auditor and independence

3. Fiona Mitchell Knight, of Audit Scotland, has been appointed as external auditor of the IJB for the period from 2022/23 until 2026/27. As reported in the Annual Audit Plan, Fiona Mitchell Knight as engagement lead and the audit team are independent of the IJB in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. There have been no developments since the issue of the Annual Audit Plan that impact on the continued independence of the engagement lead or the rest of the audit team from the IJB, including no provision of non-audit services.

Acknowledgements

4. We would like to thank the Audit and Performance Committee members, Joint Board members, senior management, and other staff, particularly those involved in the preparation of the annual accounts, for their cooperation and assistance during the audit. We look forward to working together constructively over the remainder of the five-year audit appointment.

Audit scope and responsibilities

Scope of the audit

5. The audit is performed in accordance with the Code of Audit Practice, including supplementary guidance, International Standards on Auditing (ISA) (UK), and relevant legislation. These set out the requirements for the scope of the audit which includes:

- An audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement.
- An opinion on statutory other information published with the financial statements in the annual accounts, namely the Management Commentary and Annual Governance Statement.
- An opinion on the audited part of the Remuneration Report.
- Conclusions on the IJB's arrangements in relation to the wider scope areas: Financial Management; Financial Sustainability; Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.
- Reporting on the IJB's arrangements for securing Best Value.
- Provision of this Annual Audit Report.

Responsibilities and reporting

6. The Code of Audit Practice sets out the respective responsibilities of the IJB and the auditor. A summary of the key responsibilities is outlined below.

Auditor's responsibilities

7. The responsibilities of auditors in the public sector are established in the Local Government (Scotland) Act 1973. These include providing an independent opinion on the financial statements and other information reported within the annual accounts, and concluding on the IJB's arrangements in place for the wider scope areas and Best Value.

8. The matters reported in the Annual Audit Report are only those that have been identified by the audit team during normal audit work and may not be all that exist. Communicating these does not absolve the IJB from its responsibilities outlined below.

9. The Annual Audit Report includes an agreed action plan at [Appendix 1](#) setting out specific recommendations to address matters identified and includes details of the responsible officer and dates for implementation.

The IJB's responsibilities

10. The IJB has primary responsibility for ensuring proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety, and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include:

- Establishing arrangements to ensure the proper conduct of its affairs.
- Preparation of annual accounts, comprising financial statements for the IJB that gives a true and fair view and other specified information.
- Establishing arrangements for the prevention and detection of fraud, error and irregularities, and bribery and corruption.
- Implementing arrangements to ensure its financial position is soundly based.
- Making arrangements to secure Best Value.
- Establishing an internal audit function.

Communication of fraud or suspected fraud

11. In line with ISA (UK) 240 (The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements), in presenting this report to the Audit and Performance Committee we seek confirmation from those charged with governance of any instances of actual, suspected or alleged fraud that should be brought to our attention. Should members have any such knowledge or concerns relating to the risk of fraud within the IJB, we invite them to communicate this to the appointed auditor for consideration prior to the Annual Accounts being certified.

National performance audit reporting

12. The Auditor General for Scotland and the Accounts Commission regularly publish performance audit reports. These cover a range of matters, many of which may be of interest to the Integration Joint Board. Details of national and performance audit reports published over the last year can be seen in [Appendix 2](#).

Audit of the annual accounts

Main judgements

All audit opinions stated that the annual accounts are free from material misstatement.

There are no significant findings or key audit matters to report.

Audit opinions on the annual accounts

13. The IJB's annual accounts were approved at the meeting of the Integration Joint Board on 25 June 2025 and certified by the appointed auditor on 29 September 2025. The Independent Auditor's Report is included in the IJB's annual accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.



Audit timetable

14. The unaudited annual accounts and all working papers were received on 27 June 2025 in accordance with the agreed audit timetable.

Audit Fee

15. The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £34 thousand. There have been no developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

Materiality

16. The concept of materiality is applied by auditors in planning and performing an audit, and in evaluating the effect of any uncorrected misstatements on the financial statements or other information reported in the annual accounts.

17. Broadly, the concept of materiality is to determine whether misstatements identified during the audit could reasonably be expected to influence the decisions of users of the annual accounts. Auditors set a monetary threshold when determining materiality, although some issues may be considered material by their nature. Therefore, materiality is ultimately a matter of the auditor's professional judgement.

18. Materiality levels for the audit of the IJB were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan, which also reported the judgements made in determining materiality levels. These were reassessed on receipt of the unaudited annual accounts and updated as can be seen in [Exhibit 1](#).

Exhibit 1
2024/25 Materiality levels for the IJB

Materiality	IJB
Materiality – set at 2% of gross expenditure	£6.660 million
Performance materiality – set at 75% of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required.	£4.995 million
Reporting threshold – set at [5%] of materiality.	£0.335 million

Source: Audit Scotland

Significant findings and key audit matters

19. ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged as governance. To meet this requirement, we report these findings to the IJB.

20. The Code of Audit Practice also requires public sector auditors to communicate key audit matters. These are the matters that, in the auditor’s professional judgement, are of most significance to the audit of the financial statements and require most attention when performing the audit.

21. In determining key audit matters, auditors consider:

- areas of higher or significant risk of material misstatement.
- areas where significant judgement is required, including accounting estimates that are subject to a high degree of estimation uncertainty.
- significant events or transactions that occurred during the year.

22. There are no significant findings or key audit matters to report.

Qualitative aspects of accounting practices

23. ISA (UK) 260 also requires auditors to communicate their view about qualitative aspects of the IJB's accounting practices, including accounting policies, accounting estimates, and disclosures in the financial statements.

Accounting policies

24. The appropriateness of accounting policies adopted by the IJB was assessed as part of the audit. These were considered to be appropriate to the circumstances of the JB and there were no significant departures from the accounting policies set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

Disclosures in the financial statements

25. The adequacy of disclosures in the financial statements was assessed as part of the audit. The quality of disclosures was adequate, with additional levels of detail provided for disclosures around areas of greater sensitivity.

Significant matters discussed with management

26. All significant matters identified during the audit and discussed with the IJB's management have been reported in the Annual Audit Report.

Audit adjustments

27. No audit adjustments were required to the financial statements greater than the reporting threshold of £0.335 million.

Significant risks of material misstatement identified in the Annual Audit Plan

28. Audit work has been performed in response to the significant risks of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in [Exhibit 2, \(page 11\)](#).

Exhibit 2

Significant risks of material misstatement to the financial statements

Risk of material misstatement	Planned audit response	Outcome of audit work
Fraud caused by management override of controls Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.	The audit team will: - Assurances will be obtained from the auditors of NHS Ayrshire and Arran and East Ayrshire Council over the completeness, accuracy and allocation of income and expenditure. - Evaluate any significant unusual transactions outside the normal course of business. Evaluate significant transactions outside the normal course of business.	Audit work performed found: - We obtained assurances from the auditors of NHS Ayrshire and Arran and East Ayrshire Council over the completeness, accuracy and allocation of income and expenditure. - We evaluated any significant unusual transactions outside the normal course of business. Conclusion: no evidence of fraud caused by management override of controls.

Source: Audit Scotland

Prior year recommendations

29. The IJB has made limited progress in implementing the agreed prior year audit recommendations. For actions not yet implemented, revised responses and timescales have been agreed with the IJB and are outlined in [Appendix 1](#).

Wider scope and Best Value audit

Conclusion

The IJB developed two financial recovery plans during the year in response to financial management reports projecting year-end overspends. Additional funding from the IJB's funding partners was received in-year to meet the £6.021 million overspend.

The IJB utilised £4.183 million of reserves in year. At the 31 March 2025, the IJB had no uncommitted reserve balances and earmarked reserves had reduced to £5.138 million. The majority of the remaining earmarked reserves are planned for utilisation by 2026/27.

A balanced budget was approved for 2025/26 however both the month two and month four financial monitoring report are projecting a year-end overspend. The August Joint Board meeting reviewed financial projections and updates on the financial recovery plan savings.

Medium term financial sustainability is at risk from pressures on IJB services. The medium-term financial plan prepared in 2023/24 identified indicative funding gaps each year from 2025/26 to 2029/30 ranging from £4.061 million to £15.090 million. The 2025/26 approved budget includes a funding gap of £15.217 million for 2025/26 alone due to financial planning assumptions not being realised.

The IJB has appropriate governance arrangements and these operate effectively.

The Strategic Plan 2024-27 was approved in 2024. It outlines the IJB's vision in alignment with East Ayrshire Community Plan and incorporates medium term financial projections from March 2024.

The IJB has appropriate performance management arrangements in place.

The IJB has established appropriate arrangements for reporting performance against national outcomes through the Annual Performance report.

The IJB has effective and appropriate arrangements in place for securing Best Value.

Audit approach to wider scope and Best Value

Wider scope

30. As reported in the Annual Audit Plan, the wider scope audit areas are:

- Financial Management.
- Financial Sustainability.
- Vision, Leadership and Governance.
- Use of Resources to Improve Outcomes.

31. Audit work is performed on these four areas and a conclusion on the effectiveness and appropriateness of arrangements the IJB has in place for each of these is reported in this chapter.

Best Value

32. The duty on auditors to consider the arrangements in place to secure Best Value applies to the IJB as it falls within section 106 of the Local Government (Scotland) Act 1973.

33. Consideration of the arrangements the IJB has in place to secure Best Value has been carried out alongside the wider scope audit.

Significant wider scope and Best Value risks

34. Audit work has been performed in response to the significant wider scope and Best Value risks identified in the Annual Audit Plan. The outcome of audit work performed is summarised in [Exhibit 3](#).

Exhibit 3**Significant wider scope and Best Value risks**

Significant risk	Planned audit response	Outcome of audit work
Financial sustainability In recent years East Ayrshire Integration Joint Board has achieved short-term financial balance. However, it continues to be faced with significant financial challenges over the medium and longer-term financial sustainability due to the uncertainty over future Scottish Government funding allocations, workforce pressures and the rising cost of inflation. The Financial Recovery Plan Update presented to the Audit and Performance Committee on 28 January 2025 outlines that the overall projected outturn position on directly managed services at month 9 is £8.060m. When factoring in anticipated savings from the financial recovery plans and the Lead Partnership net transfers-in, the projected overspend reduces to £4.996m. Additional financial support of £4 million has been provided from East Ayrshire Council. Additional budget savings will require to be identified to achieve a balanced budget position for approval by the IJB in March.	The audit team will: • Review financial monitoring reports to assess the financial position, including progress in realising efficiency savings by each partner. • Review updates to financial plans to assess the short and medium-term financial sustainability of the IJB.	Audit work performed found: • Reviewed financial monitoring reports and attended meetings of the Audit and Performance Committee where the financial recovery plans progress was discussed. • A high-level narrative update to the medium-term financial plan has been included within the annual budget paper for 2025/26. This does not include any detailed projections over the medium term. Conclusion: As noted at paragraph 71, the IJB has delayed the development of a new medium term financial plan whilst they await the publication of the Scottish Government Health and Social Care Medium Term Financial Framework. Therefore, future projections have not been fully updated to reflect the 2024/25 outturn position.

Source: Audit Scotland

Conclusions on wider scope audit

Financial Management and Financial Sustainability

Financial management and reporting arrangements provide members with an opportunity to scrutinise finances. Additional reporting to the Audit and Performance Committee has been established to enable the committee to exercise oversight over the financial recovery plans

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

36. Financial management reports were presented to the IJB Board meetings in June, August and October 2024 and February and June 2025. The normal business of the Audit and Performance committee does not include review and scrutiny of the financial management reports. However, as detailed in paragraph 52, additional meetings were established from October 2024, in response to the establishment of financial recovery plan one.

37. From review of the financial management papers presented to committee and attendance at meetings of the Audit and Performance Committee, we conclude that detailed financial information is presented to members regularly. The Audit and Performance Committee have taken an additional oversight role in response to the development of the financial recovery plans. This has provided further timely scrutiny from members on the status of the plans.

Financial systems of internal control operated effectively

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

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

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

40. The IJB does not maintain its own policies relating to the prevention and detection of fraud and error but instead depends on those in place at its partner bodies. We reviewed the arrangements in place at NHS

Ayrshire and Arran and East Ayrshire Council through consideration of the work by partner body auditors and found them to be adequate.

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

A balanced budget was set for 2024/25 but included savings proposals and required the use of contingency balances from IJB reserves

42. The Budget Working Group and Senior Leadership Group worked together to support the development of a balanced budget proposal for 2024/25. The Interim Chief Finance Officer chairs the Budget Working Group and membership includes representation from Heads of Service, Senior Managers, and Council and NHS Finance officers. In recognition of the challenging financial environment, the budget working group has continued to meet throughout the course of 2024/25.

43. The IJB approved its 2024/25 budget on 20 March 2024. The budget included total net expenditure of £353.913 million which consisted of £325.215 million of directly managed services and £28.698 million set aside. The Budget Working Group undertook work to identify spending commitments and financial pressures in 20204/25. It was identified that the financial pressures would be addressed through:

- savings of £2.693 million on council commissioned services
- savings of £1.501 million on NHS commissioned services
- the utilisation of £1.408 million of uncommitted balances from IJB reserves.

44. The budget paper included details of the savings proposals totalling £4.194 million across council and NHS commissioned services. However, it also highlighted that whilst the draw down of uncommitted balances allowed a balanced budget to be presented for the year, the draw down is non-recurring and will require action to ensure it does not become a budget pressure going forward.

45. Following the closure of the 2023/24 financial accounts the Integration Joint Board were informed at its meeting on 26 June 2024 of an overall overspend outturn position of £5.422 million. The proposed savings outlined within the financial recovery plan established in December 2023 had not been fully achieved. As reported in the Financial Management Report for the year to 31 March 2024, £2.053 million of planned savings were not achieved and the balance was funded from reserves.

46. This overspend necessitated the IJB to make revisions to the initial balanced budget proposal for 2024/25. This was approved by the

Integration Joint Board on 26 June 2024 to offset an over-commitment of contingency balances.

The month two financial management report projected a year end overspend of £9.8 million and in line with the Integration Scheme a financial recovery plan was developed and approved by the IJB in August 2024

47. The month two financial management report was presented to the June 2024 meeting of the Integration Joint Board. This outlined a projected year-end overspend of £9.8 million consisting of £9.431 million on East Ayrshire Council commissioned services and £0.410 million on NHS Ayrshire and Arran commissioned services. The projected outturn position is based on savings targets not being achieved.

48. As outlined within the Integration Scheme, services should be delivered within budget and where this is not possible, a financial recovery plan should be developed and approved. The Joint Board noted this requirement at its June meeting and agreed that a Financial Recovery Plan would be presented to its August meeting.

49. An initial financial recovery plan was presented to the August 2024 Joint Board alongside the month four financial management report. The month four report showed a small reduction in the overall projected overspend to £9.543 million. At the time of developing the recovery plan, officers recognised that further work was continuing to quantify the level of achievable savings. The Budget Working Group and Strategic Commissioning Board took forward the financial recovery plan with oversight to be provided from the Audit and Performance Committee.

50. The Financial Recovery Plan identified proposed actions to support the IJB in returning to financial balance. However, within the report it recognised that savings would not be fully achievable in 2024/25. The paper noted that discussions would be required with East Ayrshire Council and NHS Ayrshire & Arran as funding partners to seek agreement to underwrite any funding shortfall in 2024/25 and potentially in 2025/26. This would provide flexibility to deliver the cost reduction measures set out in the plan.

The mid-year financial management report presented an improved position following management action, but further actions were still required, and it was agreed that a further iteration of the financial recovery plan would be presented to the December Integration Joint Board meeting

51. An IJB development session took place in September 2024 with a focus on current and future financial challenges. It was recognised that a framework had to be in place to robustly monitor progress against the financial recovery plan. It was agreed that the Budget Working Group

would continue to take forward the work but with an overview provided by the Audit and Performance Committee.

52. In response to the oversight role, the Audit and Performance Committee established additional meetings on the alternative months from their planned meetings. The additional meetings were single agenda item meetings with sole focus on the financial recovery plan progress.

53. The Integration Joint Board received the month six financial management report in October 2024. This reported an improved position with a projected overspend of £6.491 million on directly managed services. There was an overspend of £6.798 million on services commissioned from East Ayrshire Council, and this was partially offset by a projected underspend of £0.307m on services commissioned from NHS Ayrshire & Arran.

54. The improved position has been achieved through various management actions including:

- not filling vacant posts unless assessed as being business critical
- minimising non-essential expenditure
- building into financial plans anticipated savings from the financial recovery plan of £1.341 million
- recognising additional non-recurring employability funding.

55. The report recognised that a key risk for the financial year was the non-achievement of anticipated savings alongside any additional service demands. At the mid-year point there was no agreement in place with either East Ayrshire Council or NHS Ayrshire and Arran for the provision of additional funding. The IJB planned to continue with their identified management actions and the delivery of the financial recovery plan, however, given the projected outturn and the risk of additional pressures arising, it was agreed that a second iteration of the financial recovery plan would be developed.

The IJB reported a year end overspend position following the implementation of two financial recovery plans and receipt of additional funding from East Ayrshire Council and NHS Ayrshire and Arran

56. On 26 November the Chief Officer and Interim Chief Finance Officer met with the Chief Executive and Chief Financial Officer of East Ayrshire Council. At the meeting discussions took place around the initial recovery plan, the 2024/2025 expenditure and a detailed review of the service budget.

57. On 18 December 2024 the IJB Interim Chief Financial Officer presented a further iteration of the Financial Recovery Plan to the IJB

Audit and Performance Committee. This set out saving plans of £2.573 million from financial recovery plan two. These savings would be made through a combination of delaying recruitment to vacant posts, deletion of vacant non-essential posts and reductions in overtime costs.

58. At the meeting of East Ayrshire Council's Cabinet meeting on 15 January 2025, the Council noted that following the agreement of financial recovery plan two, the forecast year-end overspend for the IJB was £4.596 million. The paper presented to council members noted that £4.069 million of the overspend was anticipated to be provided by funding bodies. East Ayrshire Council would provide £4 million of additional funding and NHS Ayrshire and Arran £0.069 million.

59. Following the financial year-end and the review of the outturn position it was noted that the IJB had a total overspend of £6.021 million. This was despite the achievement of savings of £0.151 million and £2.573 million from financial recovery plan one and two respectively. We note, that £2.048 million of savings from financial recovery plan two are on a non-recurring basis. Therefore, seventy five percent of all savings achieved in-year, were on a non-recurring basis and become baseline pressures going into 2025/26.

60. The overspend is met by non-repayable funding from East Ayrshire Council and NHS Ayrshire and Arran. At the meeting of East Ayrshire Council, Cabinet committee in June 2025, council members approved the provision of additional funding of £1.869 million, on top of the previously agreed £4 million. NHS Ayrshire and Arran have provided £0.152 million of additional funding.

Recommendation 1 – Robustness of 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.

The IJB utilised £4.183 million of reserves in year which has resulted in the IJB having £5.138 million of earmarked reserves remaining and no uncommitted general fund reserves.

61. One of the key measures of the financial health is the level of reserves held. The IJB general fund reserve is split between earmarked balances for future commitments or uncommitted balances. The IJB's reserve strategy was approved by the Joint Board in March 2024. The strategy outlines that no defined level of reserves is required, however, an aspirational level would be 2% of annual budgeted expenditure.

62. The IJB reserves decreased by £4.183 million in 2024/25 to £5.138 million. At the 31 March 2025, the IJB has no uncommitted reserve balance, and the majority of remaining reserve balances are earmarked for utilisation by 2026/27. The absence of any uncommitted general fund reserves seriously limits the IJB's ability to manage and mitigate future financial pressures.

The IJB set a balanced budget for 2025/26 however the month two financial monitoring report reported a projected year-end overspend.

63. The IJB annual budget for 2025/26 was approved by the IJB Board on 1 April 2025. The financial plan outlined a total budget of £379.866 million which consists of:

- • £119.658 million delegated budget from East Ayrshire Council
- £230.649 million from NHS Ayrshire and Arran
- Set aside budget of £29.559 million.

64. The approved budget included planned savings of £15.217 million. Savings of £5.945 million are planned for delivery from financial recovery plan one and a further £9.272 million of additional savings were approved as part of the budget.

65. The month two financial monitoring report was presented to the June 2025 Joint Board. The reported a projected outturn for on directly managed services is an overspend of £7.709m. The overspend includes an anticipated balance of unachieved savings £6.747m which represents 87.5% of the projected overspend at month two. The month four financial monitoring report outlined an increased projected outturn overspend on directly managed services of £8.306 million.

66. Budget holders are completing monthly savings trackers to enable the Budget Working Group to monitor achievement of 2025/26. The IJB currently has two financial recovery plans from August and December 2024 that remain in place during 2025/26. Further work was undertaken to refine high level financial projections, including progress against approved savings and these were presented to the August meeting of the Joint Board.

Medium term financial sustainability is at risk from pressures on IJB services

67. As outlined at [Exhibit 3](#), a significant wider scope risk was identified as part of our audit planning around financial sustainability. This was due to significant financial challenges the IJB continue to face over the medium and longer-term as a result of uncertainty over future Scottish Government funding allocations, workforce pressures and the rising cost of inflation.

68. As outlined within the financial management section of the report, the IJB has experienced difficulties over recent years in achieving the level of savings required to balance its budget and financial recovery plans have been established. Furthermore, additional funding has been provided by East Ayrshire Council and NHS Ayrshire and Arran in 2024/25.

The IJB has included within the 2025/26 financial plan, a high-level narrative but it does not include detailed analysis of figures

69. Financial sustainability looks forward to the medium and longer term to consider whether the IJB is planning effectively to continue to deliver its services or the way in which they should be delivered.

70. The IJB approved the original medium term financial plan 2017/18 – 2021/22 on 30 November 2017. An update to the original plan was presented to the IJB on 25 March 2020. Further high-level updates have been included within the annual budget report for 2022/23 and then most recently in the annual budget report for 2024/25.

71. The IJB have delayed the preparation of an updated medium term financial plan for the period to 2030 until after the publication of the Scottish Government Health and Social Care Medium Term Financial Framework. The update to the medium-term plan included within the 2024/25 annual budget report does not include detailed scenarios or quantify the financial challenge over the medium term.

72. The 2024/25 annual budget report noted that focus will remain on transformational activity which will be informed by intelligence from data and future service planning and demand analysis. The Strategic Commissioning Board will continue to drive the delivery of transformational change across the Partnership.

The indicative funding gaps for each year of the medium-term financial plan ranging from £4.061 million to £15.090 million. The 2025/26 approved budget includes a funding gap of £15.217 million for 2025/26 alone.

73. The medium-term financial plan 2024-30, presented to the Joint Board in March 2024, identifies indicative funding gaps each year from 2025/26 to 2029/30 ranging from £4.061 million to £15.090 million.

74. In the prior year, as outlined in Appendix A, we recommended that the IJB 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.

75. We note, at paragraph 71 the reasons the medium-term financial plan has not been further updated and developed. On review of projections within the medium-term financial plan we note that the 2025/26 funding

gap of £4.061 million is lower than the £15.217 million funding gap identified within the approved 2025/26 annual budget.

76. The funding gap projections for 2025/26 assumed that financial balance could be achieved for 2024/25. The funding gap has increased due to the inclusion of baseline pressures of £12.151 million carried-forward from the previous financial year. These baseline pressures include non-recurring funding and savings included within the Financial Recovery Plan two, alongside the under-achievement of approved savings including Financial Recovery Plan one and other one-off savings.

Recommendation 2- Medium Term Financial projections

A medium-term financial plan should be developed with the latest financial position being used to provide an informed baseline for the plan.

Vision, Leadership and Governance

Governance arrangements are appropriate and operate effectively

77. The IJB have effective arrangements in place for managing committee business. A timetable is in place which includes paper lodgement dates, pre-agenda meetings and committee meetings. Democratic Services receive committee reports in line with agreed lodgements dates. A pre-agenda meeting with the IJB Chair, Chief Officers and Governance and Communications Managers all attending. This meeting takes place in advance of the committee papers being issued a week in advance of the meeting.

78. All IJB meetings are hybrid with members and officers either attending in-person in the Council chambers or remotely via Microsoft Teams. Members of the public can attend IJB Board meetings for open items of business. Last year, the IJB introduced a facility for members of the public to request a link to view a live streaming of the Board meetings. It was decided that the Audit and Performance committee would remain a closed committee in line with its approved terms of reference.

79. All IJB Board and Audit and Performance Committee papers are available on the website in advance of meetings. Following approval of the minutes of the meeting these are uploaded to the website.

80. The audit team regularly attend the Audit and Performance Committee meetings. We noted that members are prepared for meetings, understand the information presented and are prepared to ask questions and scrutinise the information. Throughout the year we have attended the additional Audit and Performance Committee meetings established to

focus on the financial recovery plans. We have observed good scrutiny and challenge at these meetings and officers have responded to, and provided, additional information members requested. Overall, the interactions observed between officers and members have demonstrated their shared vision for the IJB.

81. We consider that governance arrangements are appropriate and support effective scrutiny, challenge and decision making and that members and officers work together to achieve the aims of the IJB. The IJB have continued to demonstrate a willingness to operate in an open and transparent manner through the availability of committee papers and minutes through the website and the facility for members of the public to request access to attend the open business of the Joint Board.

The Strategic Plan 2024-27 was approved in 2024. It outlines the IJB's vision in alignment with East Ayrshire Community Plan and incorporates medium term financial projections from March 2024.

82. The Public Bodies (Joint Working) (Scotland) Act 2014 places a duty on the IJB to develop a Strategic Plan for the integrated functions and budgets under its control. The 2014 Act requires the plan to be reviewed every three years.

83. The Strategic Plan was reviewed and refreshed as part of the three-year cycle during 2023/24. The Strategic Plan 2024-27 was launched in July 2024 following Board approval. It was then presented to East Ayrshire Council and NHS Ayrshire and Arran.

84. The plan outlines the IJB's priorities, planned activities and long-term ambitions. The key priorities of the Strategic Plan are:

- Starting well, living well and dying well
- Caring for East Ayrshire
- People at the heart of what we do
- Caring for our workforce
- Safe and protected
- Digital connections

85. Within the Strategic Plan high-level financial projections are included. This included details of the 2024/25 budget and the indicative budgets up to 2029/30. This provides context of the financial resource available to the IJB to deliver its strategic commissioning priorities and the services to be delivered. However, as noted at paragraph 75, these financial projections are not fully reflective of the current financial position of the IJB.

86. We consider that the strategic plan provides clarity on how the IJB intend to implement their visions and priorities. However, given the continued financial pressures the IJB faces in operating within its financial budget and the low level of reserves, it may be necessary for a re-assessment of the strategic plan commissioning priorities to be undertaken and updated prior to the end of the strategic plan period to reflect the financial resources available.

Recommendation 3 – Strategic Plan Priorities

The IJB need to review with commissioning partners the affordability of commissioning plans and to seek agreement on spending priorities within the current financial resources available.

The review of the Integration Scheme continues and is due to conclude later in 2025

87. The Public Bodies (Joint Working) (Scotland) 2014, places a legal duty on Councils and Health Boards to review the Integration Schemes at least once every five years to consider whether any changes are necessary or desirable.

88. The Integration Scheme for the IJB was last updated in 2018. As reported in the 2023/24 Annual Audit Report, the review of the Integration Scheme was expected to conclude in 2024, following the Scottish Government provided an extension of one year following the end of the five-year period.

89. The review of the Integration Scheme has been undertaken on a pan-Ayrshire basis by the three Councils and the Health Board to ensure a consistent and co-ordinated approach. A project Board was established to oversee the work and various work groups were established. The review of the Integration Scheme through the various workgroups concluded in March 2024. Further work has since been undertaken to consider specific issues and the overall legal competence of the Scheme.

90. It is anticipated that the Integration Scheme review will conclude in 2025. Following this, it will require approval by East Ayrshire Council and NHS Ayrshire and Arran, prior to submission to the Scottish Ministers.

Use of Resources to Improve Outcomes

Performance management arrangements are effective

91. The Audit and Performance Committee has a role in providing oversight of performance reporting against the strategic plan. Twelve month rolling performance reports are presented to most meetings of the

committee. The reports include a Partnership Scorecard which includes high-level performance indicators for workforce, employee development, risk management and service performance. This provides assurance to the Audit and Performance Committee of overall performance.

92. At the Audit and Performance Committee meeting in March 2025, members reviewed progress on the Service Improvement Plan 2024-27. The update outlined progress against the Service Improvement Plans, including details of actions completed or actions still underway past their completion dates.

93. The covering report to Committee outlined that the Service Improvement Plans include details of planned efficiencies and incorporates improvement actions that will contribute towards financial efficiency and sustainability at a service level. It further notes that the Service Improvement Plans are being delivered during a period of significant budget pressures. It noted that the five main service portfolio's within the Health and Social Care Partnership are being impacted by financial constraints and savings targets.

94. We conclude that the IJB has established appropriate arrangements for reporting performance regularly and providing members with an opportunity to review and scrutinise performance.

**The 2024/25 Annual Performance report is published.
Performance has declined in four of the six Ministerial Steering Group indicators when compared to the previous year**

95. Integration authorities are required to publish an Annual Performance Report by the end of July each year. The Annual Performance Report for 2024/25 has been published and is available to view on the Partnership's 'Our Performance' website.

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

97. The full year position was reported to the Joint Board on 27 August 2025. The 2024/25 data is based on data from calendar year 2024 only. This is due to the lack of availability of 2024/25 data and following guidance from Public Health Scotland. The report includes year-on-year comparison on the six prescribed Health and Social Care Delivery Plan and Ministerial Steering Group indicators as shown in [Exhibit 4](#).

Exhibit 4

Performance against the six local objectives and trajectories set out by the Ministerial Strategic Group for Health and Community Care (MSG).

Target/standard	Performance 2023/24	Performance 2024/25	Variance	Change in performance
MSG01 - Unscheduled Admissions (all ages) (rate per 1,000 total population) *	136.1	138.5	1.7%	
MSG02 - Occupied Bed Days Unscheduled Care (all ages, acute specialities) (rate per 1,000 total population) *	903.2	902.6	0.1%	
MSG03 - Emergency Department: compliance with the four-hour standard (all ages)	67.8%	66.2%	1.6pp	
MSG04 - Delayed Discharge Bed Days (including code 9s) (rate per 1,000 18+ population)	110.0	118.4	7.6%	
MSG05 - End of Life Care – proportion of the last 6 months of life spent in community setting *	89.3%	89.6%	0.3pp	
MSG06 - Balance of care: Percentage of population in community or institutional settings - Proportion of 65+ population living at home (supported and unsupported) **	96.5%	96.4%	0.1pp	

*Figures for MSG01, MSG02 and MSG05 reflect calendar year 2024. Calendar year 2024 figures are used as a proxy for 2024/25 due to the national data for 2024/25 being incomplete, following guidance issued by Public Health Scotland.

** Figures for MSG06 compares 2023/24 to 2022/23 due to data availability, following guidance issued by Public Health Scotland.

Source: East Ayrshire Health and Social Care Partnership Annual Performance Report 2024/25

98. Performance has remained challenging in 2024/25. Slight improvement was shown for two of the six core MSG indicator:

- unscheduled care occupied bed days decreased by 0.1%
- the proportion of the last 6 months of life spent in community settings increased by 0.3 percentage points.

99. When compared to the previous reporting period, there was an increase of 1.7% against unscheduled admissions increased, compliance against the four-hour standard in the emergency department decreased by 1.6 percentage points and the percentage of the 65+ population living at home declined by 0.1 percentage points. The rate of delayed discharge bed days increased by 7.6% in 2024/25, however this still represents an area of sustained strength for the IJB and continues to be significantly lower than the national level.

100. We conclude that the IJB has established appropriate arrangements for reporting performance against national outcomes through the Annual Performance report.

Conclusions on Best Value

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

102. Service Improvement Plans 2024-27 are in place and annual updates are provided to the Audit and Performance Committee on progress against each services action plan. The latest update was provided in March 2025.

103. Service Improvement Plans are the Partnership's key mechanism for setting out service level contributions towards the delivery of strategic priorities. The Improvement Plans also contribute to the Wellbeing theme of the East Ayrshire Community Plan 2015-30.

Two successful bids were made to East Ayrshire Council's Innovation Fund which will modernise services

104. During 2024/25 the Health and Social Care Partnership submitted two proposals to the East Ayrshire Council Innovation Fund for:

- Technology Enabled Health Care (£0.898 million)
- Care at Home Staff Management System (£1.514m)

105. Both bids provide opportunities for the IJB to modernise the provision of its service and to achieve financial savings. Technology Enabled Health Care aims to support the proactive management of patient health, through early interventions. It is anticipated this will provide cost-effective ways for people to manage their health and wellbeing as well as supporting better demand management.

106. This project provides an opportunity to increase the use of new and modern technology to support social care service delivery. This could include medication dispensing carousels, activity monitoring kits; door monitors; bed occupancy sensors; motion sensors; temperature sensors and flood detectors.

107. The Care at Home Staff Management System proposes a programme of digital transformation in the service. This includes procuring and implementing a monitoring, scheduling and digital management system, to improve quality, optimise wellbeing and equity for staff and increase the time available for caring activities.

108. This project aims to provide a range of benefits including:

- real-time access to updated service user information
- the potential to link to information from assessments case recording systems directly to the mobile application making relevant information accessible in real-time
- dynamic scheduling, which uses artificial intelligence (AI) to automatically assign visits based on pre-set parameters and availability.
- AI-powered capacity checkers allow near instant calculation of whether there is current and future capacity to accommodate new requests for care services.

109. The dynamic scheduling and capacity checker features represent a significant opportunity to release frontline care worker capacity and free up office-based staff to focus on value-adding tasks such as support for frontline employees and quality assurance activities through a move towards increased automation.

110. We conclude that the IJB has effective and appropriate arrangements in place for securing Best Value. Service improvement plans and their underlying action plans enable review and scrutiny of performance within service deliver. The funding secured from the innovation fund provided the IJB with an opportunity to invest in technology which will modernise services and generate efficiencies.

Appendix 1

Action plan 2024/25

2024/25 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
1. Robustness of financial recovery plans In 2024/25, total savings achieved from the two financial recovery plans was £2.724 million, of which, only £0.676 million were on a recurring basis. Going forward into 2025/26, total savings of £15.217 million are required to meet the funding gap. There is a risk that financial savings are not achieved recurrently and at the levels required to achieve short term financial balance.	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.	Management Response: Work will continue to monitor and review financial recovery plan progress in 2025/26 and going forward. Progress reports continue to be presented additional meetings of the 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. Responsible officer: Interim Chief Finance Officer Agreed date: March 2026

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
2. Development of Medium-Term Financial Plan The most recent medium-term financial plan which included five-year financial projections was presented to the Joint Board in March 2024. On review of these projections, we note that the 2025/26 funding gap of £4.061 million is much lower than the £15.217 million funding gap identified within the approved 2025/26 annual budget. There is a risk that the absence of updated financial projections does not enable members of the Joint Board to make informed decisions.	A medium-term financial plan should be developed with the latest financial position being used as the baseline for informing the plan.	Management Response: In advance of publication of the updated Scottish Government Health and Social Care Medium Term Financial Framework (MTFF), work will be undertaken to update the high-level Medium Term Financial Plan (MTFP) approved by the IJB on 24 March 2024. This updated MTFP will incorporate the current baseline position, as well as the impact of the Scottish Government Budget 2026/27 following publication in December 2025. It will also incorporate latest planning assumptions around service demand. The updated MTFP will be presented to the IJB within the 2026/27 Annual Budget report in March 2026 and will be updated and refined following publication of the updated Scottish Government Health and Social Care MTFF. Responsible officer: Interim Chief Finance Officer Agreed date: March 2026

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
3. Strategic Plan commissioning priorities Within the Strategic Plan 2024-27 financial projections from the 2024/25 budget to 2029/30 were included. This provide context of the financial resource available to the IJB to deliver its strategic commissioning priorities and the services to be delivered. However, over the course of 2024/25, the financial position has become more challenging. Planned savings were not fully achieved in 2024/25 and additional funding was required from East Ayrshire Council and NHS Ayrshire and Arran. The approved budget for 2025/26 budget requires £15.217 million of savings to be realised. There is a risk that the current iteration of the strategic plan 2024-27 does not reflect the current financial challenges and that planned strategic priorities cannot be delivered within the financial resources available.	The IJB should review with funding partners the affordability of commissioning plans and agree on spending priorities within the current financial resources available.	Management Response: 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. Responsible officer: Senior Manager – Wellbeing Planning and Performance. Agreed date: March 2026

Follow-up of prior year recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
4. Financial sustainability The IJB is projecting an overspend for 2024/25 and a recovery plan is now in place. The medium-term financial plan shows budget gaps and the IJB is now holding only uncommitted funds of £1.3 million. There is a risk that the IJB is unable to secure the financial sustainability of its services.	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. Management Response 2023/24: As part of the IJB fiscal framework, following publication of the Scottish Government Health and Social Care Medium Term Financial Framework, an updated MTFP, aligned to the Strategic Plan will be prepared and will inform future budget-setting exercises. Responsible Officer: Chief Officer, Interim Chief Finance Officer, Senior Manager – Wellbeing Planning and Performance. Agreed date: 31 March 2025	See Appendix 1 Recommendation 2

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
5. Chief Finance Officer post The chief finance officer remains in a long-term interim post. There is a risk that to the financial management and reporting in the IJB if the chief finance officer were to leave.	The IJB should put arrangements in place to recruit to the chief finance officer on a permanent basis. Management Response 2023/24: Recognising the risk around temporary staffing arrangements, work has commenced to resolve this and recruit to the post on a permanent basis Responsible Officer: Chief Officer Agreed date: 31 March 2025	Not implemented Management Response: A job description has been prepared and is being finalised through job evaluation. Thereafter, it will then be advertised and recruitment activity commenced at pace. Responsible Officer: Chief Officer Agreed date: 31 December 2025

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
6. National reports The Accounts Commission's report, Integration Joint Boards' Finance and Performance 2024, was published in July 2024 and made a number of recommendations for IJBs	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. Management Response 2023/24: Recognising the key messages set out in the Accounts Commission report, an initial Financial Recovery Plan has been approved by the IJB on 28 August 2024. Going-forward, this plan will be refined and will align with the Annual Budget 2025/26 and the updated Medium Term Financial Plan, aligned to the Strategic Plan. Responsible Officer: Chief Officer, Interim Chief Finance Officer, Senior Manager – Wellbeing Planning and Performance. Agreed date: 31 March 2025 and going-forward.	Not implemented – medium term financial plan still to be developed – see Appendix 1, Recommendation 2

Appendix 2

Supporting national and performance audit reports

Report name	Date published
Local government budgets 2024/25	15 May 2024
Scotland's colleges 2024	19 September 2024
Integration Joint Boards: Finance and performance 2024	25 July 2024
The National Fraud Initiative in Scotland 2024	15 August 2024
Transformation in councils	1 October 2024
Alcohol and drug services	31 October 2024
Fiscal sustainability and reform in Scotland	21 November 2024
Public service reform in Scotland: how do we turn rhetoric into reality?	26 November 2024
NHS in Scotland 2024: Finance and performance	3 December 2024
Auditing climate change	7 January 2025
Local government in Scotland: Financial bulletin 2023/24	28 January 2025
Transparency, transformation and the sustainability of council services	28 January 2025
Sustainable transport	30 January 2025
A review of Housing Benefit overpayments 2018/19 to 2021/22: A thematic study	20 February 2025
Additional support for learning	27 February 2025
Integration Joint Boards: Finance bulletin 2023/24	6 March 2025
Integration Joint Boards finances continue to be precarious	6 March 2025
General practise: Progress since the 2018 General Medical Services contract	27 March 2025
Council Tax rises in Scotland	28 March 2025

East Ayrshire Integration Joint Board

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