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| Meeting of South Ayrshire Health and Social Care Partnership | Performance and Audit Committee | | |
| Held on: | 31st March 2026 | | |
| Agenda Item: | 6 | | |
| Title: | Audit Scotland – IJB’s Financial Bulletin 2024-25 | | |
| Summary: | | | |
| <p>The purpose of this report is to present the findings of the Audit Scotland Integration Joint Boards Financial Bulletin 2024-25 published in February 2026 and provide information in relation to South Ayrshire IJB’s position and actions to be progressed.</p> | | | |
| Author: | Lisa Duncan, Chief Finance Officer | | |
| Action required: | | | |
| <p>It is recommended that the Performance and Audit Committee:</p> <ul style="list-style-type: none"> i. Note the Audit Scotland Finance Bulletin 2024-25 and key findings ii. Note the IJB’s position in relation to each of the areas detailed in the report. iii. Note the IJB’s next steps including public consultation on future service delivery. | | | |
| Route to meeting: | | | |
| Directions: | | Implications: | |
| 1. No Directions Required | <input type="checkbox"/> | Financial | <input type="checkbox"/> |
| 2. Directions to NHS Ayrshire & Arran | <input type="checkbox"/> | HR | <input type="checkbox"/> |
| 3. Directions to South Ayrshire Council | <input type="checkbox"/> | Legal | <input type="checkbox"/> |
| 4. Directions to both SAC & NHS | <input type="checkbox"/> | Equalities | <input type="checkbox"/> |
| | | Sustainability | <input type="checkbox"/> |
| | | Policy | <input type="checkbox"/> |
| | | ICT | <input type="checkbox"/> |

AUDIT SCOTLAND – IJB FINANCE BULLETIN 2024-25

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the findings of the Audit Scotland Integration Joint Boards Financial Bulletin 2024-25 published in February 2026 and provide information in relation to South Ayrshire IJB's position and actions to be progressed.

2. RECOMMENDATION

2.1 It is recommended that the Performance and Audit Committee:

- i. **Note the Audit Scotland Finance Bulletin 2024-25 and key findings**
- ii. **Note the IJB's position in relation to each of the areas detailed in the report.**
- iii. **Note the IJB's next steps including public consultation on future service delivery.**

3. BACKGROUND INFORMATION

- 3.1 In February 2026, Audit Scotland published the Integration Joint Boards financial bulletin 2024-25, included in Appendix One. The bulletin is based on analysis of 2024-25 IJB Annual Accounts, as well as IJB documentation for 2025-26. A roundtable discussion was held with IJB Chief Officers and Chief Finance Officers in January 2026, to understand the issues behind the data. The key messages are summarised in the following sections.
- 3.2 Despite a real-terms increase in funding between 2023-24 and 2024-25 of 2.3%, the financial position of IJB's has become increasingly concerning. Financial pressures and demand on services continue to grow, outstripping increased funding and savings made, raising concerns around IJB's financial sustainability.
- 3.3 Total reserve levels continue to fall across IJB's. Almost half of IJBs no longer hold any contingency reserves.
- 3.4 The majority of IJB's reported operational overspends in year, continuing the trend from previous years. While use of unplanned reserves decreased in 2024-25, as expected given the significant reduction in reserves levels, this was offset by a large increase in contributions from partners. The partners, NHS Boards and Councils, also face significant financial challenges and will find it increasingly difficult to allocate further funding to IJBs during the year.
- 3.5 The funding gap in 2025-26 remains significant at £449m, a slight decrease from £457m in 2024-25. IJB's must work closely with partners to ensure budgets and savings plans are realistic and to identify solutions that will ensure services remain financially sustainable over the medium to longer term.

- 3.6 Although the majority of planned savings were achieved in 2024-25, it is unclear what proportion of these savings are recurring. There continues to be a lack of transparency in public reporting on savings performance.
- 3.7 Audit Scotland recommend that over the next year, IJB's and their partner Council and NHS Boards work collaboratively to:
- Set realistic budgets before the start of the financial year that minimise the need for additional in-year contributions
 - Consult and communicate with service users, carers and the wider public on plans for changes to services and ensure appropriate impact assessments are undertaken
 - Set out strategic plans how services will be made financially sustainable and how future demand can be managed through investment in prevention in the medium and long term, including consideration for example, what services are delivered, how and to whom those services are delivered, and charges for services.

4. REPORT

- 4.1 The following sections provide local context within South Ayrshire IJB in relation to the key messages and recommendations from Audit Scotland.

South Ayrshire HSCP Projected Outturn 2025-26

- 4.2 [Period 10 Budget monitoring report](#) was presented to the IJB on the 11th of March 2026. The projected financial outturn for 2025-26 at month 10 – the 31st of January was an underspend of £0.283m.
- 4.3 The main areas of financial pressure are within Biggart Hospital, community care packages for adults with learning disabilities, community care packages for older people (age 65 years and over) and residential care homes supporting adults (age 65 years and under with learning disabilities, physical disabilities or mental health needs). Overspends have been offset with underspends in Children and Justice services including family placements (kinship, fostering and adoption), out with authority placements and children with disabilities community care packages.
- 4.4 Savings of £5.611m were anticipated to be achieved during the year, as at period 10 £4.225m savings were achieved or 75%. The remainder of savings have been reflected in the projected year end outturn.

South Ayrshire HSCP Reserves position

- 4.5 The anticipated reserves remaining at the end of March 26, will be earmarked reserves relating to approved projects from the Improvement and Innovation Fund and any other ringfenced allocations that need to be earmarked including Primary Care Improvement Fund and Alcohol and Drug Partnership.

- 4.6 The period 10 budget monitoring report notes an uncommitted balance of £1.322m within the Improvement and Innovation Fund. This will be used to invest in projects where there is a future financial benefit and will enable realisation of savings to help bridge future budget gaps.
- 4.7 In the financial years 2023-24 to 2025-26 the IJB approved a total of £5.045m of uncommitted reserves to bridge the budget gap.

South Ayrshire HSCP Budget 2026-27

- 4.8 [The IJB Budget](#) was approved on the 11th of March 2026. The budget included Scottish Government allocations passed on via NHS and South Ayrshire Council. This included 2% uplift on NHS base recurring budgets and funding to pass onto adult and children commissioned social care services.
- 4.9 The budget was balanced by identifying savings of £5.465m. Savings were categorised into specific types, this included: -
- **Workforce** savings relating to posts that had been held vacant due to changes in service delivery and review of posts. Other savings will be achieved through prioritising service delivery and reducing capacity.
 - **Reducing Demand** through early intervention approaches, reviewing contracts and use of digital innovation.
 - **Increase Charging** income generation through increases to current charges.
 - **Rebalancing Resources** current in year underspends in children and families budgets due to reduction in care packages, family and out with authority placements. Review of self-directed support policy and additional rigour over critical criteria in line with Fair Access to Care and Eligibility Criteria and Guidance.
- 4.10 The budget set for 2026-27 did not include any additional contributions from partners. However, on the 5th of March South Ayrshire Council set the Council Budget for 2026-27 and allocated additional funding to the IJB of £1.590m, of which £1.365m is a one-off contribution for 2026-27 and £0.225m recurring.
- 4.11 Detailed plans have still to be developed on how the funding will be utilised in year. As the funding is non-recurring it will help mitigate some of the financial risks in year and provide time to embed savings plans in 2026-27 and beyond.

South Ayrshire HSCP Medium Term Financial Forecast 2026-2031

- 4.12 [The IJB Medium Term Financial Forecast 2026-2031 \(MTFF\)](#) was presented to the IJB on 11th of February 2026. The forecast outlines the significant financial challenges over the five-year period, and the table below provides the budget gap over the next five years, based on various scenarios.

| BUDGET GAP | FORECAST | | | | | |
|------------|----------|----------|----------|----------|----------|-----------------|
| | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | TOTAL |
| | £'000's | £'000's | £'000's | £'000's | £'000's | £'000's |
| Best Case | (5,988) | (6,041) | (5,634) | (5,814) | (5,854) | (29,331) |
| Mid Case | (7,276) | (7,085) | (6,293) | (6,489) | (6,545) | (33,687) |
| Worst Case | (12,190) | (11,562) | (10,955) | (11,347) | (11,611) | (57,665) |

4.13 The MTFF funding was based on three scenarios: -

- Best case which aligned to prior year's funding allocations, assumption that NHS Pay Award and social care contracted providers uplift in line with social care pay policy is fully funded.
- Mid case assumed funding for social care to pass to meet social care provides pay policy and NHS funding based on the Scottish Governments Medium Term Financial Strategy of June 25 which assumes 3.3% increase alongside an expectation that NHS Boards will achieve 3% recurring savings targets.
- Worst Case assumes flat cash settlement from both partners.

4.14 If no further funding allocations are provided by Scottish Government for health and social care this will have a detrimental effect to service delivery and achieving the objectives with the IJB's Strategic Plan. The IJB will need to review and reduce services commissioned from partners impacting the health and wellbeing of people living in South Ayrshire.

Next Steps

4.15 Develop plans in how the additional SAC contribution for 2026-27 will be utilised and ensure good governance and robust monitoring of the budget for the financial year to ensure the IJB delivers services within budget to the end of the financial year.

4.16 During 2026-27 the HSCP will consult and engage with stakeholders including staff, providers, partners, carers and the third sector in developing services for the future within the financial envelope available, this will be based on a reduction in funding as noted in the MTFF.

4.17 The HSCP will deliver on our statutory duties to consult with service users and affected groups to ensure and strive to mitigate against the impact of any budget decisions which impact upon protected groups through the Integrated Impact Assessment process.

5. Strategic context

- 5.1 The IJB is expected to operate within the resources available. This report contributes to the IJB Strategic Priorities “we are an ambitious and effective partnership”, and “we make a positive impact beyond services we deliver.”

6. Implications

6.1 Financial Implications

- 6.1.1 The financial implications are outlined within this report.

6.2 Human Resource Implications

- 6.2.1 There are no human resource implications arising from this specific report.

6.3 Legal Implications

- 6.3.1 There are no legal implications arising from this specific report.

6.4 Equalities implications

- 6.4.1 An integrated impact assessment is not required for this specific report.

6.5 Sustainability implications

- 6.5.1 There are no environmental sustainability implications arising from the contents and recommendations of this report.

6.6 Clinical/professional assessment

- 6.6.1 The report has been completed by the IJB Chief Finance Officer in their professional role as officer to the IJB.

7. CONSULTATION AND PARTNERSHIP WORKING

- 7.1 The details and commentary provided in this report were collated from other published reports.

8. RISK ASSESSMENT

- 8.1 The IJB Strategy Risk Register categorises the level of financial risk as high priority risk and notes mitigating actions taken to address the level of risk. The Risk Register is reviewed at the Risk and Resilience meetings and agreed at Performance and Audit Committee meetings.

APPENDICES

Appendix 1 – Audit Scotland IJB Finance Bulletin 2024-25

BACKGROUND PAPERS

None



REPORT AUTHOR AND PERSON TO CONTACT

Lisa Duncan
IJB Chief Finance Officer
Lisa.Duncan2@south-ayrshire.gov.uk