

# South Ayrshire Integration Joint Board

2022/23 Annual Audit Report



 AUDIT SCOTLAND

Prepared for South Ayrshire Integration Joint Board and the Controller of Audit

October 2023

# Contents

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Key messages	3
Introduction	4
1. Audit of 2022/23 Annual Accounts	6
2. Financial management and sustainability	10
3. Vision, leadership and governance	17
4. Use of resources to improve outcomes	20
Appendix 1. Action Plan	25

# Key messages

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## 2022/23 Annual Accounts

1. Our audit opinions on the Annual Accounts of the South Ayrshire Integration Joint Board (the IJB) are unmodified. The financial statements give a true and fair view of the financial position of the IJB.

## Financial management and sustainability

2. The IJB reported a £14.767 million underspend against the 2022/23 budget. This was mainly due to the continuing workforce challenges to recruit and maintain staff. At 31 March 2023 the reserves balance is £19.829 million.
3. There remain significant workforce pressures within both partner organisations but the IJB's new Workforce Plan should provide it with a structured approach to help address some of these.
4. The IJB has updated its financial plan, with this providing a transparent forecast of its financial position over the medium-term. It shows a cumulative estimated savings gap ranging from best case £2.650 million to worst case £23.357 million in the period to 2027/28.
5. Alongside this, it has recently established a Transformation and Improvement Fund that aims to redesign services to ensure its future financial sustainability.

## Vision, leadership and governance

6. The IJB has a clear strategic vision that is supported by its partners.
7. A review of the Integration Scheme is ongoing and a revised scheme is to be considered in December 2023 and submitted to the Scottish Government for approval.
8. Governance arrangements are appropriate and generally operate effectively. There is scope to improve the transparency of IJB business, public access to IJB meetings through webcasting could be improved.

## Use of resources to improve outcomes

9. Performance management arrangements are effective with indicators and targets kept under review. These arrangements contribute to the IJB's Best Value duty. Performance in relation to national measures shows an overall improving position but challenges remain with delayed transfers of care.

# Introduction

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**1.** This report summarises the findings arising from our 2022/23 audit of South Ayrshire Integration Joint Board (the IJB). The scope of the audit was set out in our [2022/23 Annual Audit Plan](#) issued in March 2023 and presented to Performance and Audit Committee on 30 May 2023. This Annual Audit Report comprises:

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

**2.** This report is addressed to the Board of the IJB and the Controller of Audit and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) in due course.

## Responsibilities and reporting

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

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

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

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

## Communication of fraud or suspected fraud

**7.** 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 Performance and Audit 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.

## Auditor Independence

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

**9.** We add value to the IJB by:

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

# 1. Audit of 2022/23 Annual Accounts

The IJB is required to prepare Annual Accounts comprising financial statements and other related reports. These are principal means of accounting for the stewardship public funds.

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## Main judgements

Our audit opinions on the Annual Accounts of the South Ayrshire Integration Joint Board (the IJB) are unmodified.

The audited part of the Management Commentary, Annual Governance Statement and Remuneration Report were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance.

Key risks arising from the audit of the IJB's Annual Accounts were presented to the Performance and Audit Committee on 30 May 2023 in our Annual Audit Plan. There are no significant matters from that work to draw to the attention of members.

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## Our audit opinions on the Annual Accounts of the IJB are unmodified

**10.** The IJB's Annual Accounts for the year ended 31 March 2023 were approved by the IJB on 11 October 2023. As reported in the independent auditor's report:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework.
- the audited part of the Management Commentary, Annual Governance Statement and Remuneration Report were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance.

**11.** We concluded that there were no matters upon which we are required to report, by exception, to the Accounts Commission.

## The unaudited Annual Accounts were received in line with the agreed audit timetable

**12.** The unaudited Annual Accounts were received in line with our agreed audit timetable on 26 June 2023. The Annual Accounts submitted for audit were of a good standard and supporting working papers were reasonable. IJB staff provided good support to the audit team which helped ensure the final accounts audit process ran smoothly.

## Our audit testing reflected the calculated materiality level

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

**14.** Our initial assessment of materiality was carried out during the risk assessment and planning phase of the audit. This was reviewed on receipt of the unaudited Annual Accounts and is summarised [exhibit 1](#).

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### Exhibit 1 Materiality levels

Materiality level	Amount
<b>Overall materiality:</b> This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It has been set at 2% of gross expenditure as at 31 March 2023.	£5.485 million
<b>Performance materiality:</b> This acts as a trigger point. If the aggregate of errors identified during the financial statements' audit exceeds performance materiality this would indicate that further audit procedures should be considered. We have assessed performance materiality at 65% of overall materiality.	£3.565 million
<b>Reporting threshold:</b> We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount.	£0.250 million

Source: Audit Scotland

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## **We have no significant findings to report on the Annual Accounts**

**15.** Under ISA (UK) 260 (*Communication with Those Charged with Governance*), we communicate significant findings from the audit to the IJB, including our view about the qualitative aspects of NGS's accounting practices.

**16.** The Code of Audit Practice also requires all auditors to communicate key audit matters within the Annual Audit Report under ISA (UK) 701 (*Communicating key audit matters in the Independent Auditor's Report*). These are matters that we judged to be of most significance in our audit of the financial statements.

**17.** We have no issues to report from the audit.

**18.** The qualitative aspects of the IJB's accounting practices, accounting policies, accounting estimates and accounts disclosures are satisfactory and appropriate.

**19.** In accordance with normal audit practice, a few presentational and disclosure amendments were discussed and agreed with management. The disclosure changes were satisfactory.

## **No misstatements were identified**

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

**21.** There were no identified misstatements within the Annual Accounts above our reporting threshold. In addition, we have no unadjusted misstatements to report.

## **Our audit work responded to the risk of material misstatement we identified in the Annual Accounts**

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



## Exhibit 2

### Significant risk of material misstatement in the Annual Accounts

Audit risk	Assurance procedures planned	Results and conclusion
<p><b>1. Risk of material misstatement due to fraud caused by the management override of controls</b></p> <p>As stated in ISA (UK) 240 (The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements), management is in a unique position to perpetrate fraud because of their ability to override controls that otherwise appear to be operating effectively.</p>	<p>Assurances to be obtained from the auditors of NHS Ayrshire and Arran and South Ayrshire Council on the completeness, accuracy and allocation of income and expenditure.</p> <p>Evaluate any significant unusual transactions outside the normal course of business.</p>	<p><b>Results:</b> We obtained assurances from the auditors of NHS Ayrshire and Arran and South Ayrshire Council over the completeness, accuracy and allocation of income and expenditure.</p> <p>We evaluated any significant unusual transactions outside the normal course of business.</p> <p><b>Conclusion:</b> We did not identify any incidents of management override of controls through our audit testing.</p>

Source: Audit Scotland

### The audited part of the Management Commentary, Annual Governance Statement and Remuneration Report were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance

**23.** The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 requires Councils to prepare and publish, along with the financial statements, a Management Commentary, Annual Governance Statement, and a Remuneration Report, which are consistent with the disclosures made in the financial statements.

**24.** Our audit work established that these were consistent with the financial statements and prepared in accordance with relevant regulations and guidance.

## 2. Financial management and sustainability

Financial management means having sound budgetary processes, and the ability to understand the financial environment and whether internal controls are operating effectively. Financial sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

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### Main judgements

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

The IJB reported a £14.767 million underspend against the 2022/23 budget. The main factor for the underspend was the continued workforce challenges to recruit and maintain staff.

The IJB has updated its financial plan, with this providing a transparent forecast of its financial position over the medium-term. It shows a cumulative estimated savings gap ranging from best case £2.650 million to worst case £23.357 million in the period to 2027/28.

Alongside this, it has recently established a Transformation and Improvement Fund that aims to redesign services to ensure its future financial sustainability.

There remain significant workforce pressures within both partner organisations but the IJB's new Workforce Plan should provide it with a structured approach to help address some of these.

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

**25.** Comprehensive budget monitoring reports are presented to each meeting of the IJB. These contain detail on the year-to-date financial position, forecast outturn for the year and, progress in delivering savings and update on financial risks of the in-year financial plan. The information is provided at timely intervals throughout the year which enables scrutiny from members.

## The IJB's 2022/23 budget outturn was impacted by workforce pressures

**26.** The IJB approved a balanced budget of £222.646 million (inclusive of the estimated set aside budget of £28.311 million) for 2022/23 on 16 March 2022.

**27.** The Annual Accounts show an underspend of £14.767 million for 2022/23 (£10.997 million underspend in social care services and £3.770 million in health services). The main factor for the underspend was the continued workforce challenges. As is the case nationally, the IJB struggled to recruit health and social care professionals which resulted in underspends in both in-house and purchased frontline health and care services.

## The return of Covid-19 funding to the Scottish Government contributed to a decrease in the IJB's reserves position

**28.** The IJB holds a general fund reserve, which is used to smooth financial variations over the years. At 31 March 2023, the general fund balance amounted to £19.829 million compared to £28.704 million at 31 March 2022.

**29.** The 2022/23 underspend resulted in £14.767 million being transferred into the reserve in year. However, this was offset by £23.642 million being utilised or transferred out. In September 2022, the Scottish Government (SG) commenced discussions with IJBs regarding the possible clawback of Covid-19 reserves to meet future funding pressures. These discussions resulted in the IJB returning £9.548 million of its Covid-19 reserves to the SG in 2022/23. [Exhibit 3](#) below sets out the reserve balances of the IJB between 2020/21 to 2022/23.

### Exhibit 3

#### IJB reserves 2020/21 to 2022/23

General Fund	2020/21 £m	2021/22 £m	2022/23 £ m
Earmarked	6.355	21.680	7.986
Improvement and innovation - committed	0	1.518	4.546
Uncommitted (contingency)	3.851	5.506	7.297
<b>Total reserves</b>	<b>10.206</b>	<b>28.704</b>	<b>19.829</b>

Source: South Ayrshire IJB Annual Accounts 2022/23

**30.** Given the level of funds held in reserve, it is essential that the IJB has a clear plan on how and when monies will be spent. The Medium-Term Financial Forecast (MTFF) approved by the IJB in May 2023, led to the creation of an Improvement and Innovation Fund. The purpose of this reserve is to set aside a specific sum of money from current uncommitted reserves to be used to improve services to ensure future financial sustainability. The funding will be allocated to specific projects and investments on a non-recurring basis and in line with IJB's current strategic objectives.

**31.** At the time of approval of the 2023/24 budget in March 2023, the IJB carried out its annual review of its reserves. Its Reserves Strategy recommends that the IJB will aspire to hold at least 2% of its annual budgeted expenditure as an uncommitted reserve. The uncommitted reserve balance as at 31 March 2023 of £7.297 million, represents 3.7% of the IJB'S 2023/24 budget of £194.890 million (excluding the set aside budget of £28.311 million).

### **The 2023/24 budget is balanced but is reliant on non-recurring savings**

**32.** The 2023/24 budget of £223.201 million (inclusive of the estimated set aside budget of £28.311 million) was approved by the IJB in March 2023. There was a total delegated funding increase for 2023/24 of £4.183 million. However, pressures of £7.955 million were estimated. The resulted in a funding gap of £3.773 million. Of the £7.955 million, the IJB estimates that £6.511 million of this is recurring for costs such as pay awards, contractual pressures and demand and demographic pressures. The remaining £1.445 million relates to non-recurring costs which will be met from the general reserve in 2023/24.

**33.** The budget identified achievable savings to cover the £3.773 million funding gap. In addition to the use of reserves for the non-recurring costs, there is a £1.000 million saving assumed on payroll costs. Given the current difficulty in recruitment, the IJB considers these savings to be achievable for 2023/24 but it acknowledges these are non-recurring and will need to be revisited as part of the 2024/25 budget. The savings will be monitored as part of the ongoing budget monitoring process during 2023-24

**34.** In setting its budget, the IJB has recognised a number of risks including:

- The agreement of staff pay awards for 2023/24
- National Care Home Contract uplift, including the impact of inflationary pressures on this.

**35.** The budget proposals were developed with Board member involvement. This included the IJB Budget Working Group who scrutinised the pressures and prioritised those proposed for approval at the IJB meeting in March.

**36.** The IJB should continue to explore and progress transformational change with its partners. This should identify where recurring savings, rather than temporary solutions, can be made. In particular, the lessons learned from delivering services during the pandemic should be used to advance new ways

of working to improve the user experience. This, combined with its robust medium-term financial plan, will be key to maintaining financial sustainability.

**The IJB has updated its financial plan, with this providing a transparent forecast of its financial position over the medium-term. It shows a cumulative estimated savings gap ranging from best case £2.650 million to worst case £23.357 million in the period to 2027/28**

**37.** In our Annual Audit Plan we identified the IJB’s financial sustainability as a wider scope audit risk for focus. Financial sustainability looks forward to the medium-term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered. It is acknowledged that medium-term planning was difficult during the pandemic and during the current period of financial uncertainty. The Scottish Government’s proposals for a new National Care Service add to the uncertainty. One-year funding settlements exacerbate this also. The immediate priority continues to be responding to the current and emerging service challenges, in particular workforce capacity.

**38.** The IJB Chief Officer, Chief Financial Officer and both partners are committed to ensuring the IJB has a clear financial and operational strategy underpinning its service priorities. In May 2023, the IJB approved its Medium-Term Financial Forecast (MTFF) 2024-2028.

**39.** The document presented to members was clear, comprehensive, and outlined a transparent forecast of the IJB’s financial position for the years ahead. The plan considers a range of scenarios and assesses the impact of known pressures on the IJB’s finances such as, inflation, pay awards, the challenging economic climate, the impact of the National Care Service and workforce challenges.

**40.** The plan outlined an anticipated financial position covering best, mid, and worst-case scenarios ([exhibit 4](#)). Over the course of the 4 years, the budget gap may be at best case £2.650 million in total to invest or worst case £23.357 million of savings to deliver.

**Exhibit 4**  
**MTFF - 2024/25 - 2027/28**

Scenario	2024/25 £'million	2025/26 £'million	2026/27 £'million	2027/28 £'million	Cumulative total £'million
<b>Best case</b>	1.854	2.181	(0.688)	(0.697)	2.650
<b>Mid case</b>	(1.935)	(1.064)	(1.046)	(1.063)	(5.108)
<b>Worst case</b>	(6.059)	(5.997)	(5.584)	(5.717)	(23.357)

**41.** The purpose of the MTFF is to provide a clear direction on how the IJB will manage its financial resources in the short to medium-term to ensure they are deployed effectively to achieve its priorities and objectives. The plan provides members with a fuller picture of the likely challenges the IJB will face in the coming years which should help to focus attention and inform decisions on improvement and savings projects for the years ahead.

**42.** The extent of the potential financial challenges means that services will need to change if they are to be sustainable in the future. The level of reserves accumulated in recent years, and the creation of a Transformation and Improvement Fund, should give the IJB the opportunity to re-shape services to support sustainability going forward.

### **The IJB has delivered £8.836 million of savings since 2019/20 and its recently established Transformation and Improvement Fund aims to redesign services to ensure its future financial sustainability**

**43.** Savings are vital in ensuring that any budget gaps are bridged, and financial balance is maintained. To balance planned expenditure with the resources delegated to it, the IJB has set savings targets in recent years.

**44.** Since 2019/20 the IJB has achieved £8.836 million of savings. These were achieved from a combination of transformation and improvement activity as well as reviewing of charging. Within the 2023/24 budget £3.773 million of savings were approved to set a balanced budget. Updates on the savings target are presented as part of the budget monitoring reports. Given the IJB's history of delivering the savings required, we do not consider the level of savings as part of the 2023/24 budget to represent a risk but, as noted earlier, the IJB should not become reliant on non-recurring savings to achieve financial sustainability.

**45.** The IJB has recognised that the challenging financial environment it is operating in will likely continue for some years to come. The establishment of the earmarked Transformation and Improvement Fund aims to support its financial sustainability through the redesign of services and investments in new technologies. Additionally, where required savings were traditionally identified as part of the annual budget setting process, the MTFP has set out a commitment for the IJB to establish a savings plan that covers 2024/25 to 2027/28. This will be included in the budget for 2024/25.

### **There remain significant workforce pressures within both partner organisations but the IJB's new Workforce Plan should provide it with a structured approach to help address some of these**

**46.** There are significant workforce pressures in the NHS and social care systems. In its February 2022 [NHS in Scotland 2022](#) report, in the context of the scale and pace of remobilisation following the pandemic, Audit Scotland noted that workforce issues in the NHS remains the biggest risk to this recovery. This included concerns about staff wellbeing, sustainability because of high sickness levels, recruitment challenges and the need to ensure the appropriate skills mix.



From a social care perspective, Audit Scotland's 2022 [Social care briefing](#) highlighted that the social care workforce has high vacancy rates with many services facing recruitment problems. Together with the increasing demand for social care this presents a risk to the capacity and quality of social care services.

**47.** The workforce issues being experienced nationally are replicated within both the partner organisations of the South Ayrshire Health and Social Care Partnership. These issues have the potential to impact on the achievement of the IJB's strategic priorities.

**48.** The IJB recognises the workforce issues experienced by its partner organisations. The partnership's Workforce Plan 2022-2025 was approved by the IJB in October 2022. The purpose of the Workforce Plan is to establish how best the IJB and its partners can develop and deploy the required workforce that will deliver the partnership's strategic priorities.

**49.** This plan considers a range of short, medium, and long-term workforce requirements and has been approved by the Scottish Government's Workforce Planning Unit. The Workforce Plan contains an action plan. This will be subject to review by the IJB on an annual basis. To support the action plan, the IJB has established a senior Staff Governance Group who are responsible for providing the strategic direction and oversight. There are four sub-groups responsible for the key themes of Recruitment and Retention, Learning and Development, Wellbeing, and Strategic Planning. Members of all the groups have a range of expertise across both partners.

### **Financial systems of internal control operated effectively**

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

**51.** As part of our audit approach, we sought assurances from the external auditors of NHS Ayrshire and Arran and South Ayrshire Council. These assurances confirmed there were no significant weaknesses in the systems of internal control for either the health board or the council that could result in a risk of material misstatements to the Annual Accounts of the IJB.

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

**52.** 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 South Ayrshire Council through consideration of the work by partner body auditors and found them to be adequate. The IJB has a Code of Conduct in place to which members subscribe and the Members' Registers of Interest are publicly available on the websites of the partner bodies.

**53.** 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.



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# 3. Vision, leadership and governance

The IJB must have a clear vision and strategy and set priorities for improvement within this vision and strategy.

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## Main Judgements

The IJB has a clear strategic vision that is supported by its partners.

A review of the Integration Scheme is ongoing and a revised scheme is to be considered in December 2023 and submitted to the Scottish Government for approval.

Governance arrangements are appropriate and generally operate effectively. Management has taken steps in the year to improve the administrative support to the IJB but there is scope to improve the transparency of IJB business.

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## The IJB has a clear strategic vision that is supported by its partners

**54.** The Public Bodies (Joint Working) (Scotland) Act 2014 requires the IJB to prepare a strategic plan that sets out the arrangements in place to carry out the integration functions over the period of the plan. The Act also requires that the plan set out how those arrangements are intended to achieve, or contribute to achieving, the national health and wellbeing outcomes.

**55.** To support the IJB in achieving these responsibilities, it has established a clear strategic vision as set out in its Strategic Plan 2021-2031. The plan contains seven strategic objectives to improve outcomes over the next ten years.

- We focus on early intervention and tackling inequality.
- We nurture and are part of communities that care for each other.
- We work together to give you the right care in the right place.
- We help to build communities where people are safe.
- We are an ambitious and effective partnership.

### 3. Vision, leadership and governance | 18

- We are transparent and listen to you.
- We make a positive impact beyond the services we deliver.

**56.** The IJB provides services as set out in its Integration Scheme. The Strategic Plan objectives aim to give direction to the services provided and commissioned by the IJB and are based on its engagement with its partners and other key stakeholders together with consideration of national outcomes.

#### **A review of the Integration Scheme is ongoing and a revised scheme is to be considered in December 2023 and submitted to the Scottish Government for approval**

**57.** The Public Bodies (Joint Working) (Scotland) Act 2014 places a legal duty on councils and health boards to review the Integration Schemes at least every 5 years to consider whether any changes are necessary or desirable. The Integration Scheme for the IJB was last updated in 2019. The other Councils (North and East Ayrshire) aligned with NHS Ayrshire and Arran had carried out their reviews in the preceding year.

**58.** The IJB and its partners have agreed on a timetable for the review of the Integration Scheme. This will allow South Ayrshire Council to re-align itself with the other Councils which have Integration Schemes with NHS Ayrshire and Arran. Officers from the IJB and its partners are working closely with colleagues in North and East Ayrshire Councils and with NHS Ayrshire and Arran to undertake the review. This will ensure a consistent pan-Ayrshire approach for the Integration Schemes. The review is ongoing. The revised Integration Scheme is planned to be considered by the partners and the IJB in early December and due to be submitted to Scottish Government in late December 2023 for its approval.

#### **Governance arrangements are appropriate and generally operate effectively. Management has taken steps in the year to improve the administrative support to the IJB but there is scope to improve the transparency of IJB business**

**59.** There continues to be an increasing focus on demonstrating the best use of public money. Openness and transparency in how a body operates and makes decisions is key to supporting understanding and scrutiny. Transparency means that the public has access to understandable, relevant and timely information about how the body is taking decisions and using resources.

**60.** All IJB meetings and committees took place via remote conferencing in 2022/23. The meeting papers and minutes are available on the IJB's website. However, it is not clear from the IJB's website and meeting papers if members of the public are able to observe/attend the live online meetings of the IJB. Additionally, from review of its website, there are no on demand recordings of the IJB meetings which limits public access further.

## Recommendation 1

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

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**61.** During the year we noted instances where papers for the IJB and Performance and Audit Committee meetings were issued in an untimely manner. Management noted that there had been several changes in personnel and sickness within the administrative support team. Management undertook a review of arrangements over the summer of 2023, and we note the papers for the meetings in October 2023 were complete and issued in a timely manner.

**62.** We consider that governance arrangements are appropriate and generally support effective scrutiny, challenge and decision making. We welcome the actions taken by management to improve the administrative support to the IJB and its members. However, there remain opportunities to enhance transparency through greater public access to meetings.

# 4. Use of resources to improve outcomes

The IJB needs to make best use of its resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities.

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## Main Judgements

Performance management arrangements are effective with indicators and targets kept under review. These arrangements contribute to the IJB's Best Value duty.

Performance in relation to national measures shows an overall improving position but challenges remain with delayed transfers of care.

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### **Performance management arrangements are effective with indicators and targets kept under review. These arrangements contribute to the IJB's Best Value duty**

**63.** 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.

**64.** We have not undertaken any specific Best Value work in 2022/23. However, based on our findings in this report, we consider that the IJB has arrangements in place to secure Best Value. This is evidenced through:

- a clear strategy (Strategic Plan 2021-31) and performance reporting, including its framework for continuous improvement.
- established governance and decision-making arrangements.
- recognition that strategic priorities must be delivered within the financial and workforce resources available.

**65.** The Public Bodies (Joint Working) (Scotland) Act 2014 requires the IJB to produce an annual performance report covering areas such as assessing performance in relation to national health and wellbeing outcomes, financial performance, and best value, reporting on localities, and the inspection of services.

**66.** The Annual Performance Report 2022-23 was presented to the IJB in September 2023. The report is informative and transparent. It details in a balanced way the IJB's performance in the year, including its financial performance. It also includes a section on Best Value, including details of recent independent inspection report findings and the IJBs response. For example, a February 2023 joint inspection by the Care Inspectorate and Healthcare Improvement Scotland concluded a 'good' assessment in all areas covered, with particular strengths identified in integrated working and leadership.

**67.** The IJB has effective arrangements in place for managing and reviewing performance.

### **Performance in relation to national measures shows an overall improving position but challenges remain with delayed transfers of care**

**68.** There are 20 core National Health and Wellbeing Indicators. However, due to the timing of when the results of some of these are reported (every two years) and the availability of published data for 2022/23, the majority of these do not have data for this year. As such, when assessing the performance of the IJB, we have considered the Ministerial Strategic Group for Health and Community Care measures that are also used to track performance in Integration Authorities. [Exhibit 5](#) sets out the IJB's results against these measures for 2022/23.

#### **Exhibit 5 National performance measures (age 18+)**

<b>Measures</b>	<b>22/23 performance</b>	<b>Improving from 21/22</b>
<b>Unplanned admissions</b>	10.4% decrease	Yes
<b>Emergency department attendances</b>	30.5% decrease	Yes
<b>Unplanned bed days (acute)</b>	5.7% increase	No – linked to delayed transfers of care. See <a href="#">paragraphs 69 to 76</a> for further information.
<b>Emergency bed days (mental health)</b>	55.9% decrease	Yes
<b>Emergency bed days geriatric long-stay)</b>	16.4% decrease	No – linked to delayed transfers of care. See <a href="#">paragraphs 69 to 76</a> for further information.
<b>Delayed transfers of care (all)</b>	115% increase	No - see <a href="#">paragraphs 69 to 76</a> for further information.
<b>End of life care</b>	Increase of 1.5%	Yes

## 4. Use of resources to improve outcomes | 22

Data for the balance of spend across institutional and community services is still to be confirmed for 2022/23.

Source: South Ayrshire IJB - Annual Performance Report 2022-23

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### The IJB continues to experience challenges with delayed transfers of care. It is working with its partners to address this issue

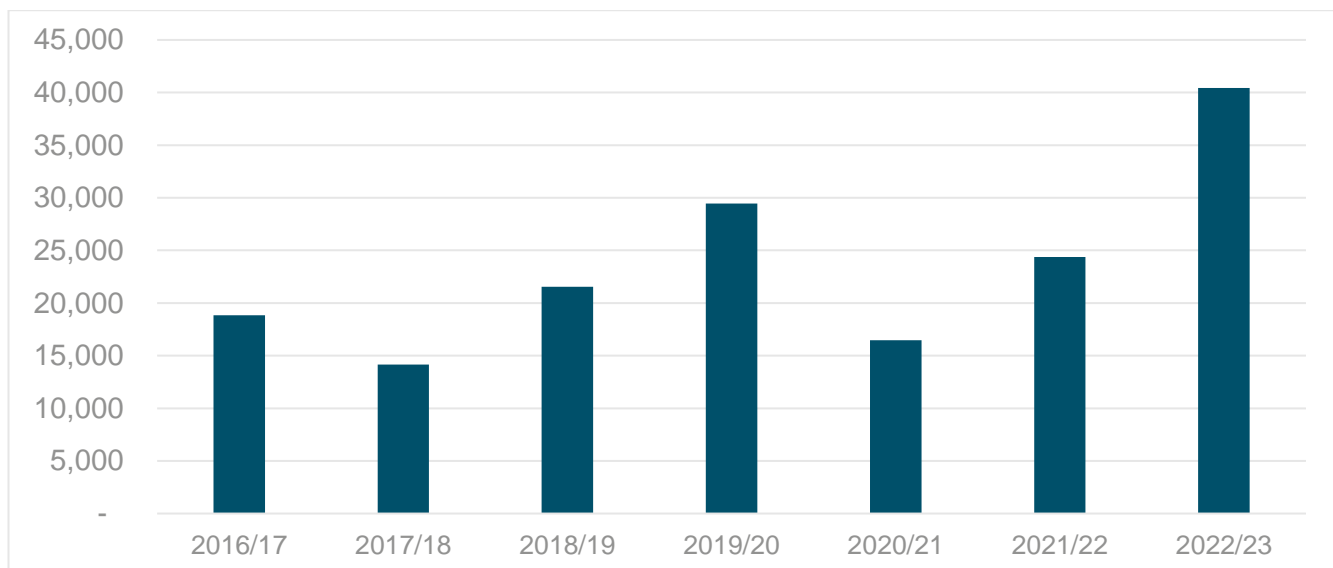
**69.** The ongoing challenges with the number of delayed transfers of care are a focus for the IJB and its partners. From review of the [Local Government Benchmarking Framework \(LGBF\)](#) 2021/22 results, South Ayrshire Council is the worst performing council for delayed transfers of care in Scotland and has been one of the three poorest performing councils in each of the past four years. Its average delayed rate of 179 days for 2021/22 is significantly worse than the national average (77 days) and since the base year (107 days in 2016/17) there has been a clear decline in this area.

**70.** The most recent Annual Performance Report 2022-23 confirmed the pressures in this area detailing that delayed transfers of care had increased by 115% in 2022/23 against a targeted reduction of 25% ([exhibit 6](#)).

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### Exhibit 6

#### Number of bed days occupied by delayed transfers of care (all reasons)



Source: South Ayrshire IJB 2022/23 Annual Performance Report

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**71.** In its January 2022 [Social care briefing](#) Audit Scotland noted that current issues experienced by the social care sector, particularly regarding workforce pressures, are being felt nationally. There have been workforce pressures at the IJB's partners. The council notes that workforce challenges around recruitment and retention have led to a reduction in the capacity within in-house and

#### 4. Use of resources to improve outcomes | 23

external care provision in care at home and care homes. This has resulted in a significant increase in the number of people and the length of time that they must wait. South Ayrshire Council has a high proportion of commissioned care (around 80 per cent). These care providers have struggled to recruit and retain staff even more so than the council. As a result, the number of commissioned hours has fallen from 10,000 hours pre-pandemic to 6,700 hours per week.

**72.** The IJB recognises delayed transfers of care as an area that requires further action. In 2022/23 the IJB and its partners undertook an initial self-assessment against the Scottish Government's Health and Social Care Delayed Discharge and Hospital Occupancy Action Plan. The IJB's progress against the 12 improvement areas was reported to the IJB in June 2023. Alongside this, further details were provided to members of the improvement actions that were already underway within the IJB to tackle this issue.

**73.** Additionally, South Ayrshire Council, alongside the IJB and Ayrshire and Arran Health Board is working on responding to the issues. The council has taken the following actions:

- Establishment of a new team to review those awaiting care.
- 10 additional beds in council run home.
- Support from other parts of the council's workforce.
- A dedicated post to improve recruitment.
- A new fast track training course in partnership with Ayrshire College which includes 12 hours paid employment and guarantee of interview.

**74.** Within the IJB there is daily reporting to the HSCP Directorate Management Team on delayed transfers of care. This allows management to plan actions and direct resources to areas of concern in a timely basis to minimise risk.

**75.** Management have also highlighted areas of performance not covered by the LGBF. For example, mental health services, where investment in work with adults with incapacity and provision of reports where people require compulsory detention is recognised as high performing by the Mental Welfare Commission. A Mental Health team was established with £0.220 million of investment. The team provides assessments which helps reduce the length of time and numbers of delayed transfers of care arising from incapacity.

**76.** The IJB continues to experience challenges with delayed transfers of care but is working with its partners to address this issue.

## **The IJB has produced an annual climate change report in line with Scottish Government guidance**

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

**78.** Climate change decision making sits within South Ayrshire Council and the NHs Ayrshire and Arran. Within each partner there are allocated officers who oversee climate change and sustainability across the range of their activities. The IJB does not have any direct action as the activities are allotted to either the Council or NHS.

**79.** 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 the Sustainable Scotland Network (SSN). The most recent (2021/22) [climate change report](#) has been submitted to the SSN.



# Appendix 1. Action Plan

## 2022/23 Audit Scotland recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>1. Public access to meetings</b></p> <p>It is not clear from the IJB's website and meeting papers if members of the public are able to observe/attend the live online meetings of the IJB. Additionally, from review of its website, there are no on demand recordings of the IJB meetings which limits public access further.</p>	<p>The IJB should review its arrangements to allow members of the public easier access to IJB meetings through webcasting, whether live or access to on demand recordings.</p> <p><a href="#">Paragraph 60.</a></p>	<p><b>Management response</b></p> <p>Members of the public are invited to attend the online meetings via social media, if attendance is requested a link is provided to the Teams meeting allowing the individual to attend online.</p> <p>Going forward the IJB meetings have now been arranged as in-person meetings and the public will be invited using social media to advise when and where the meeting will be. Work is also progressing to enable attendance online as well as in person utilising a surface hub.</p> <p>The HSCP website will be updated with this information.</p> <p><b>Responsible Officer</b></p> <p>Senior Manager - Planning, Performance and Commissioning.</p> <p><b>Actioned by</b></p> <p>31 December 2023.</p>

## Follow-up of prior year recommendations made by Deloitte

Recommendation	Update on agreed management action / timing
<p><b>b/f 1. Financial sustainability</b></p> <p>Details transformation plans need to be developed and implemented at pace to ensure that the projected efficiencies are achieved. The IJB must ensure that sufficient resources are in place to manage this plan and have a clear benefits tracker in place to demonstrate that the transformation initiatives are achieving the desired results, as recommended in our 2018/19 report.</p>	<p><b>Closed</b></p> <p>A more structured approach to monitoring the transformational change has been established. Update reports have been presented to the Budget Working Group and will be monitored through that group monthly.</p> <p>Reporting has also been made to the IJB. These have provided both updates to the current plan but also included details of new projects in progress that aim to improve services and provide best value.</p>
<p><b>b/f 2. Budget process</b></p> <p>We recommended the following improvements to the budget setting process:</p> <ul style="list-style-type: none"> <li>• There needs to be a link between the budgeted spend and the IJB's priorities as set out in the Strategic Commissioning Plan.</li> <li>• There needs to be improved links between the budget and outcomes. There is no information of the outcomes the IJB expects to be progressed (and to what extent) by the budget, which makes it difficult for the IJB to assess to what extent budgetary decisions are impacting on outcomes achieved.</li> </ul>	<p><b>Closed</b></p> <p>The IJB's Strategic Plan 2021-2031 contains seven strategic objectives to improve outcomes over the next ten years. This is linked to service and improvement plans and all plans are aligned to each strategic outcome and measurable. Service plan performance is presented to the Performance and Audit committee bi-annually.</p> <p>Performance outcomes are set and regularly monitored to assess progress and achievement with projects transferred, on a timely basis, to business-as-usual activity based on success.</p> <p>The IJB has a new Medium Term Financial Forecast (MTFF) that outlines the potential budget gap for years to 2027/28 based on best, mid, worst-case scenarios. The purpose of the MTFF is to provide a clear direction on how the IJB will manage its financial resources in the short to medium-term to ensure they are deployed effectively to achieve its priorities and objectives.</p> <p>The establishment of the earmarked Transformation and Improvement Fund aims to support the IJB's financial sustainability through the redesign of services and investments in new technologies.</p> <p>Transformation and improvement activity is embedded within the IJB service delivery building on the Quality Improvement Framework training staff have received.</p>

Recommendation	Update on agreed management action / timing
<p><b>b/f 3. Governance and scrutiny arrangements</b></p> <p>The areas identified from the review of the Integration Scheme must be progressed during 2020/21.</p> <p>The IJB should continue to review all governance documents to ensure they are up to date and fit for purpose.</p>	<p><b>Ongoing</b></p> <p>There is an agreed timetable in place for the review of the Integration Scheme. The revised Integration Scheme is planned to be submitted to Scottish Government in December 2023.</p>

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# South Ayrshire Integration Joint Board

## 2022/23 Annual Audit Report

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