

# Integration Joint Boards

Finance bulletin 2023/24



ACCOUNTS COMMISSION 

Prepared by Audit Scotland  
March 2025

---

# Contents

---

Key messages	3
Introduction	5
Context	6
Financial performance	7

---

## Accessibility

You can find out more and read this report using assistive technology on our website [www.audit.scot/accessibility](http://www.audit.scot/accessibility)

---

# Key messages

---

- 1** Integration Joint Boards' (IJBs) finances continue to be precarious. IJBs 2023/24 funding has increased in real terms compared to 2022/23 but there is a concerning picture of continued overspending, depletion of reserves and required savings being met through one-off rather than recurring savings.
- 2** The majority of IJBs reported a deficit on the cost of providing services requiring unplanned use of reserves and additional contributions from partner bodies:
  - Total reserves held by IJBs have reduced by 40 per cent in 2023/24. Contingency reserves have almost halved, limiting IJBs ability to address future deficits. Nine IJBs now do not hold any contingency reserves reducing their financial flexibility and increasing the risk to their financial sustainability.
  - NHS boards and councils face significant financial challenges themselves and IJBs cannot continue to rely on their partners being able to find additional money to support them during the year. IJBs need to agree budgets that are realistic and transparent and to have strategies in place to manage in-year risks.
- 3** The majority of the total planned savings were achieved, but a substantial proportion were achieved on a one-off basis meaning these non-recurring savings need to be carried forward and covered each year to balance future budgets.
- 4** The financial position is set to worsen with a projected funding gap of £457 million in 2024/25. The budget process needs collaboration with partners and candid conversations with communities about the impact of the savings needed to set a balanced budget. The budgets and proposed savings need to be realistic and achievable.
- 5** A continued high turnover of chief officers and chief finance officers adds to the risks around effective strategic planning and decision-making.

- 6 IJBs need to be working collaboratively with each other and with their NHS and council partners to find ways to transform services so that they are affordable. Investment in prevention and early intervention is needed to help slow the ever-increasing demand for services, the cost of more complex care and, improve the experience and outcomes for people.
-

---

# Introduction

---

- 1.** Integration Joint Boards (IJBs) are responsible for the governance, planning and resourcing of social care, primary and community healthcare and unscheduled hospital care for adults in their local area. The Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) requires the 32 Scottish councils and 14 territorial NHS boards to work together in partnerships to integrate how social care and community healthcare services are provided. IJBs were created as part of the Act. More information about the role of IJBs is set out in a short video available on our website [What are Integration Joint Boards?](#)
- 2.** On behalf of the Accounts Commission, Audit Scotland has undertaken an analysis of the IJB annual accounts for 2023/24 and the [annual audit reports](#) produced by local auditors. The data and analysis is published on the Audit Scotland website as an interactive online tool – [The IJB Finance bulletin 2023/24](#).
- 3.** The interactive online tool allows users to explore the financial performance of their local IJB, as well as compare individual IJBs. We anticipate this will be a useful resource for IJBs, their stakeholders and members of the public. It includes data on the funding and income and reserves position, outturn budget position, savings performance and financial outlook. The tool also includes local and national contextual data from the 2022 census that illustrates the increasing population pressures nationally and the significant variation across Scotland. Accompanying [guidance](#) on how to use the online tool is also available on the Audit Scotland website.
- 4.** This document provides a summary of the national level messages from the online Finance bulletin.
- 5.** Our findings are based on the 2023/24 annual accounts for 29 IJBs (27 audited and two unaudited), 2023/24 annual audit reports, as well as IJB budget documentation. The accounts for East Dunbartonshire IJB were unavailable at the time of publication.
- 6.** We have published the Finance bulletin as early as possible to help inform budget-setting discussions. Further information will be added to the data tool as it becomes available. By Autumn 2025, it will also include performance and outcome data.

# Context

## Demographic shifts are driving an increase in the demand and complexity of health and care needs

**7.** The pressures on Scotland's social care and healthcare services are escalating, with higher demand, workforce difficulties, and financial strains, further aggravated by inflationary cost pressures.

**8.** Scotland's wide-ranging population density also presents different logistical and workforce challenges, along with associated cost pressures, to providing services.

**9.** The 2022 Census sets out how the underlying factors impacting on the demand for social care and healthcare services have changed since 2011.

2022 Census data		Movement since 2011 census/range
Population	<b>5.4 million</b>	2.7% increase
Proportion of population aged over 65	<b>20%</b>	Increasing from 17%
Population density (residents per km <sup>2</sup> )	<b>70</b>	Varying from 9 (Eilean Siar) to 3,555 (Glasgow)
Percentage of people who reported having bad or very bad health	<b>7%</b>	27% increase
Percentage of people with a long-term illness, disease or condition	<b>21%</b>	Increasing from 19%
Percentage of population that provide unpaid care	<b>12%</b>	28% increase

Source: Scotland's Census 2022

**10.** These societal changes result in an increased resource demand for social care and healthcare services and impact on the financial sustainability of these services as we set out later in this report.

# Financial performance

The financial health of IJBs continues to weaken and there are indications of more challenging times ahead

## IJB funding has increased in real terms compared to 2022/23

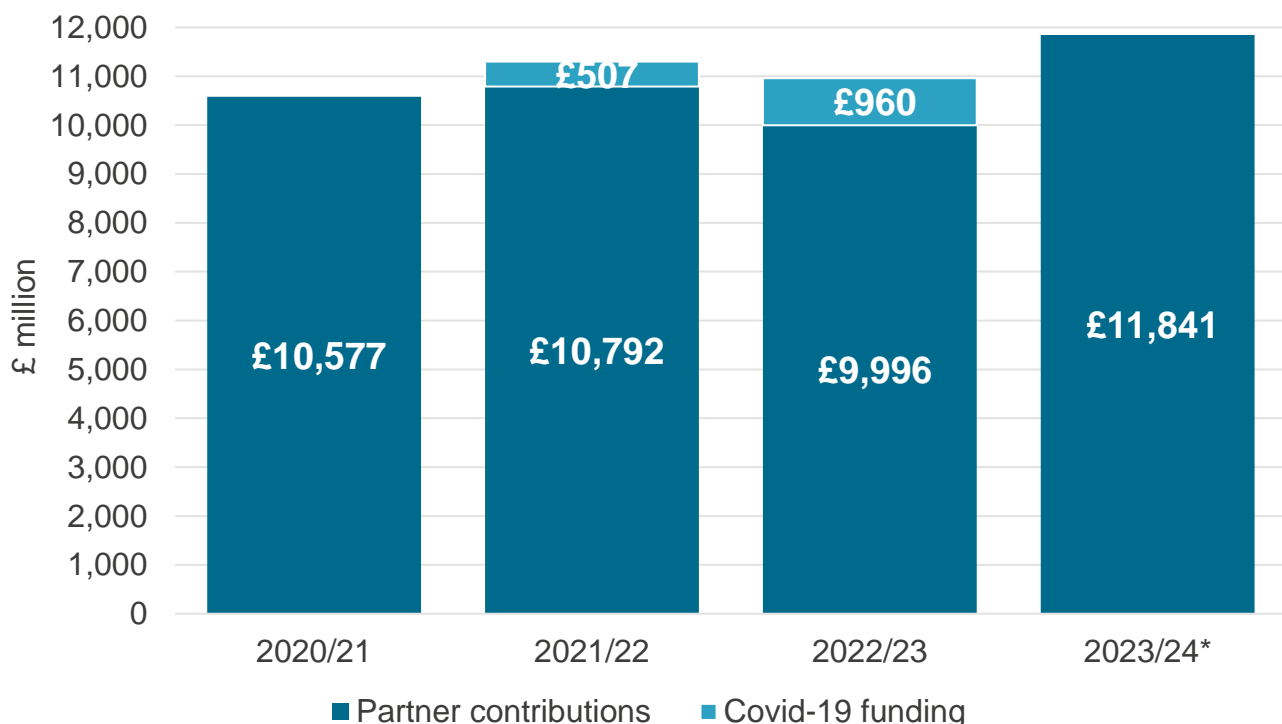
**11.** IJBs receive their funding as annually agreed contributions from their council and NHS board partners. Funding is largely received to cover in-year expenditure on providing services but can also be received for specific services and national initiatives to be funded in future years. The funding split between NHS and council partners remains around 70 per cent from NHS boards and 30 per cent from councils.

**12.** There has been a four per cent real-terms increase in IJB funding between 2022/23 to 2023/24 ([Exhibit 1](#)).

### Exhibit 1

#### IJB Funding and income 2020/21 – 2023/24

Funding increased by four per cent in real terms in the past year



Note: \* Position/movement excluding East Dunbartonshire IJB as accounts are unavailable.  
Source: Audited accounts

## **The majority of IJBs reported a deficit on the cost of providing services requiring additional contributions from partner bodies and the unplanned use of reserves**

**13.** Twenty-four IJBs reported a deficit on the cost of providing services with the majority (18) reporting a deficit between zero and three per cent ([Exhibit 2, page 9](#)).

**14.** Of the 24 IJBs reporting an operating deficit, 11 received additional contributions from partner bodies to cover the year end overspend and 16 made an unplanned drawdown from reserves. A number of IJBs will have received additional partner contributions during the year that will not be captured by this analysis. These additional in-year contributions can arise for a variety of reasons, including specific one-off cost pressures not anticipated during budget-setting.

**15.** Five IJBs reported an operational surplus, down from 19 in 2022/23. Reasons reported for surplus' included delays in the launch of some transformation and improvement projects and challenges in health and social care recruitment.

**16.** Recruitment and retention issues facing the sector persist, but the related savings from holding vacancies, that contributed to the majority of operational surpluses in 2022/23, are being outstripped by inflationary cost pressures and, reflecting the workforce pressures, a higher spend on agency/locum/bank staff. Other financial pressures driving the increase in the costs of providing services include increasing demand for services, prescribing costs and pay inflation.



## Exhibit 2

### Operational surplus/deficit as a proportion of the 2023/24 net cost of service

The majority of IJBs reported a deficit on the cost of providing services in 2023/24 requiring additional contributions from partner bodies and the unplanned use of reserves.



Note: \* Comparable data for 2022/23 was not available for these IJBs. \*\* East Dunbartonshire IJB accounts unavailable.

Source: Audited accounts, auditor returns

## The majority of the total planned savings were achieved, but a substantial proportion was achieved only on a one-off basis

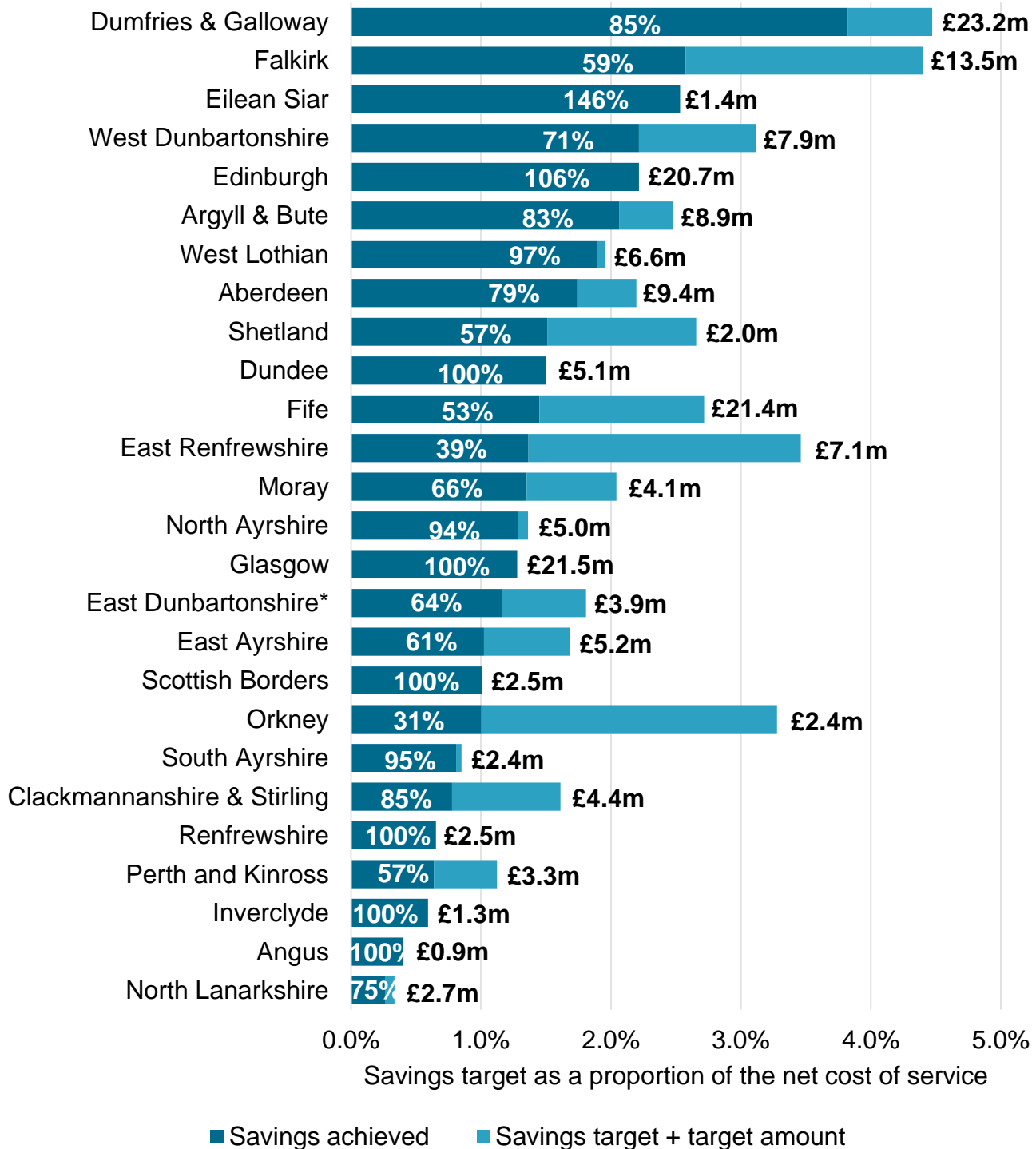
**17.** There was a 154 per cent increase in the savings target between 2022/23 and 2023/24, increasing to £214 million. Overall, IJBs achieved 79 per cent of their planned savings targets in 2023/24. This was down

from 84 per cent in 2022/23. Only seven IJBs achieved all of their savings target with three IJBs achieving less than half their target ([Exhibit 3, page 11](#)).

**18.** Fifty-seven per cent of savings were achieved on a recurring basis with the remaining 43 per cent being achieved on a non-recurring basis. The non-recurring savings will be carried forward to be found again in future years.

**Exhibit 3****2023/24 Savings performance**

79 per cent of total planned savings were achieved in 2023/24, compared to 84 per cent in 2022/23.



Note: \* In the absence of the 2023/24 East Dunbartonshire IJB accounts, the 2022/23 Net Cost of Service was used.

Source: 2023/24 Audited accounts, auditor returns

**19.** IJBs achieved 79 per cent of their planned savings target in 2023/24. Over two-fifths of this were achieved on a non-recurring basis. This means that these savings will be carried forward to be found again in future years. Identifying and achieving savings every year on a recurring basis, and moving away from relying on one-off savings, is essential for IJBs to maintain financial sustainability.

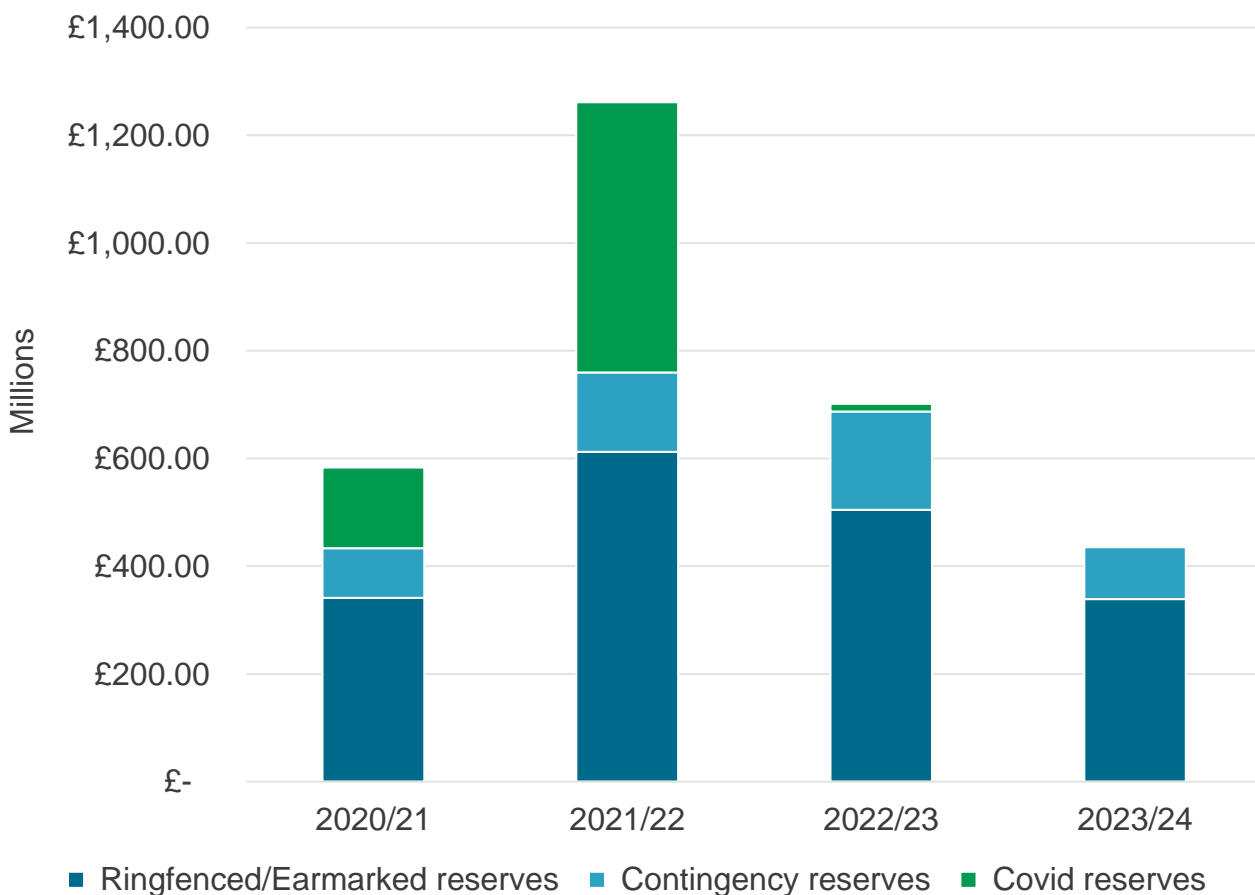
### Total reserves held by IJBs have reduced by 40 per cent in 2023/24.

**20.** By the end of 2023/24, IJBs reported a reduction in their total level of reserves, decreasing by 36 per cent between 2022/23 and 2023/24 (40 per cent real-terms reduction). Part of the reduction relates to the use of ringfenced reserves to support Scottish Government national policy objectives ([Exhibit 4](#)).

#### Exhibit 4

##### Total reserves by year

Total reserves held by IJBs have reduced by 40 per cent in real terms in 2023/24.



Note: \* 2023/24 position/movement excludes the East Dunbartonshire IJB position.

Source: Audited accounts

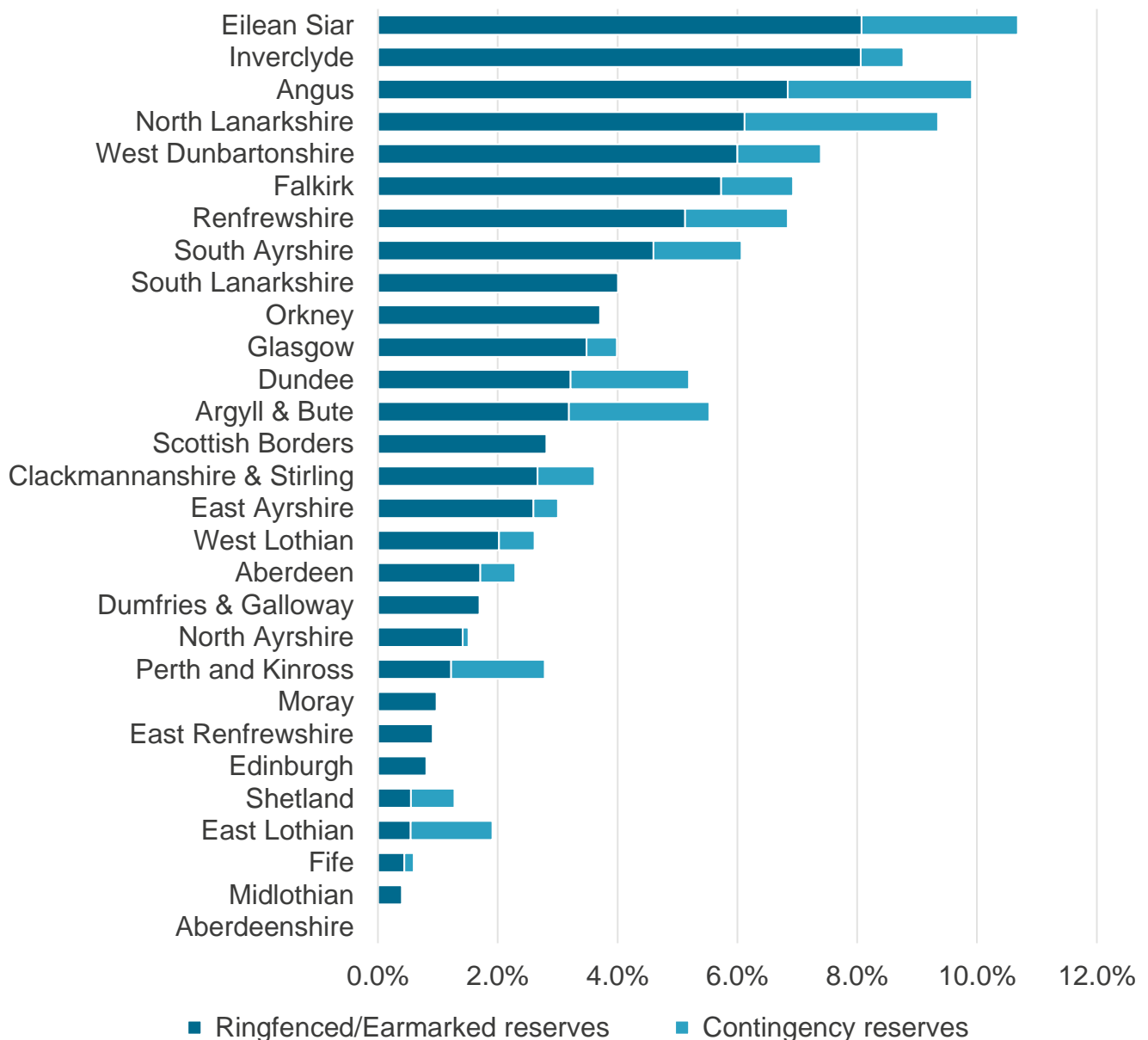
## Contingency reserves have almost halved, limiting IJBs ability to address future deficits

21. Contingency reserves have almost halved (49 per cent real-terms reduction) and now represent 0.8 per cent of the total Net Cost of Services (down from 1.6 per cent). These are reserves that are held but have not been earmarked for a specific purpose and are often used to mitigate the financial impact of unforeseen circumstances ([Exhibit 5](#)).

### Exhibit 5

#### 2023/24 year end IJB reserves as a proportion of the net cost of services

Over half of all IJBs had contingency reserve levels of less than one per cent of net cost of services.



Source: Audited and unaudited accounts

**22.** One IJB (Aberdeenshire) utilised all their reserves in year, meaning that any future overspend position would require additional funding from partner bodies.

**23.** Four IJBs utilised all their contingency reserve in year, bringing the total number of IJBs without any contingency reserves, at the end of 2023/24, to nine.

### Financial sustainability risks have been identified by auditors in the vast majority of IJBs

**24.** The majority of auditors raised financial sustainability risks as part of their annual audits of IJBs. The risks identified included the reliance on non-recurring sources of income, such as reserves and one-off savings, to meet overspends.

2023/24 Audit	
Financial management risks identified*	22%
Financial sustainability risks identified*	96%
Medium-term financial plan in place**	90%
Accounts presented within agreed timetable**	83%
Unmodified opinion*	100%
IJBs reporting turnover in senior officer roles (CO/CFO)**	57%
IJBs who agreed their 2024/25 budget prior to the start of the financial year**	87%

Note: \* Based on 27 IJBs, where Annual Audit Reports were available. \*\* Based on all IJBs. Turnover figures include IJBs with interim Chief Officers (CO)/Chief Finance Officers (CFO) in place.

Source: Annual Audit Reports, IJB budget papers, Medium-term financial plans

**25.** Other financial sustainability risks highlighted by auditors included:

- Reserves level falling below minimum required as per their individual reserves policies. In one case, the general reserve has been depleted in full.
- Undeveloped/underdeveloped plans for the achievement of recurring savings to allow IJBs to reach a balanced financial position.

- Additional contributions being required from IJB partners to meet cost pressure.
- Inability to reduce reliance on agency and locum staff due to ongoing recruitment challenges.

**26.** Financial management risks identified included:

- Inaccurate information provided or not presented in line with regulations.
- Insufficient detail provided to allow the reader to fully assess the board's overall performance.
- Financial forecasting requiring more accuracy.
- Requirement to enhance the reporting to provide greater clarity regarding the underlying IJB budget and performance against the budget during the year.

## **Instability of leadership continues to be a challenge for IJBs**

**27.** Over half of IJBs reported a change of Chief Officer or Chief Finance Officer in 2023/24. We previously reported that half of IJBs reported a change in senior leadership across 2021/22 and 2022/23.

**28.** The leadership and strategic vision of senior officers is crucial in the strategic planning and decision making required to drive much needed transformation change. Instability in leadership teams has the potential to disrupt strategic planning and the leadership capacity to bring about the fundamental change required to address the growing scale of challenges facing IJBs.

## **The projected financial position is set to worsen**

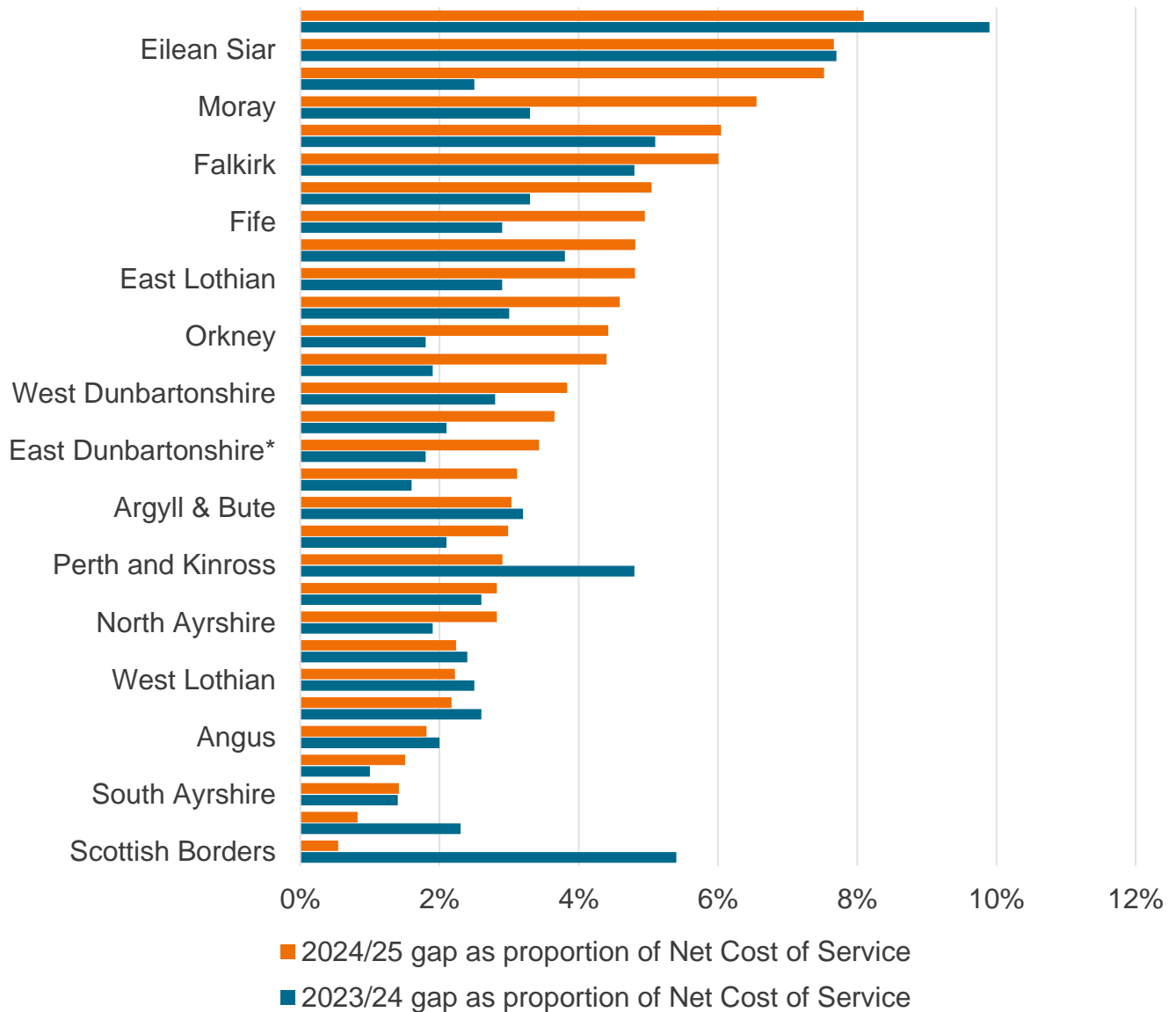
**29.** 2024/25 budget-setting revealed that the projected funding gap for IJBs has increased again to £457 million (£357 million for 2023/24) ([Exhibit 6, page 16](#)).

**30.** For 2024/25, 16 of the 30 IJBs agreed a balanced budget before the start of the financial year. Delays in the agreement of savings plans and NHS partner funding were the most common reasons for balanced budgets not being agreed at the start of the financial year.

## Exhibit 6

### IJB funding gaps as a proportion of 2023/24 net cost of services

IJB annual accounts and budget papers identify a 28 per cent increase in the overall projected funding gap between 2023/24 and 2024/25.



Note: \* In the absence of the 2023/24 East Dunbartonshire IJB accounts, the 2022/23 Net Cost of Service was used.

Source: IJB budget papers, auditor returns

## Reliance on non-recurring sources of income is not sustainable

**31.** At the time of the 2024/25 budget-setting, nine per cent of the projected funding gap was planned to be bridged using non-recurring reserves ([Exhibit 7, page 17](#)).

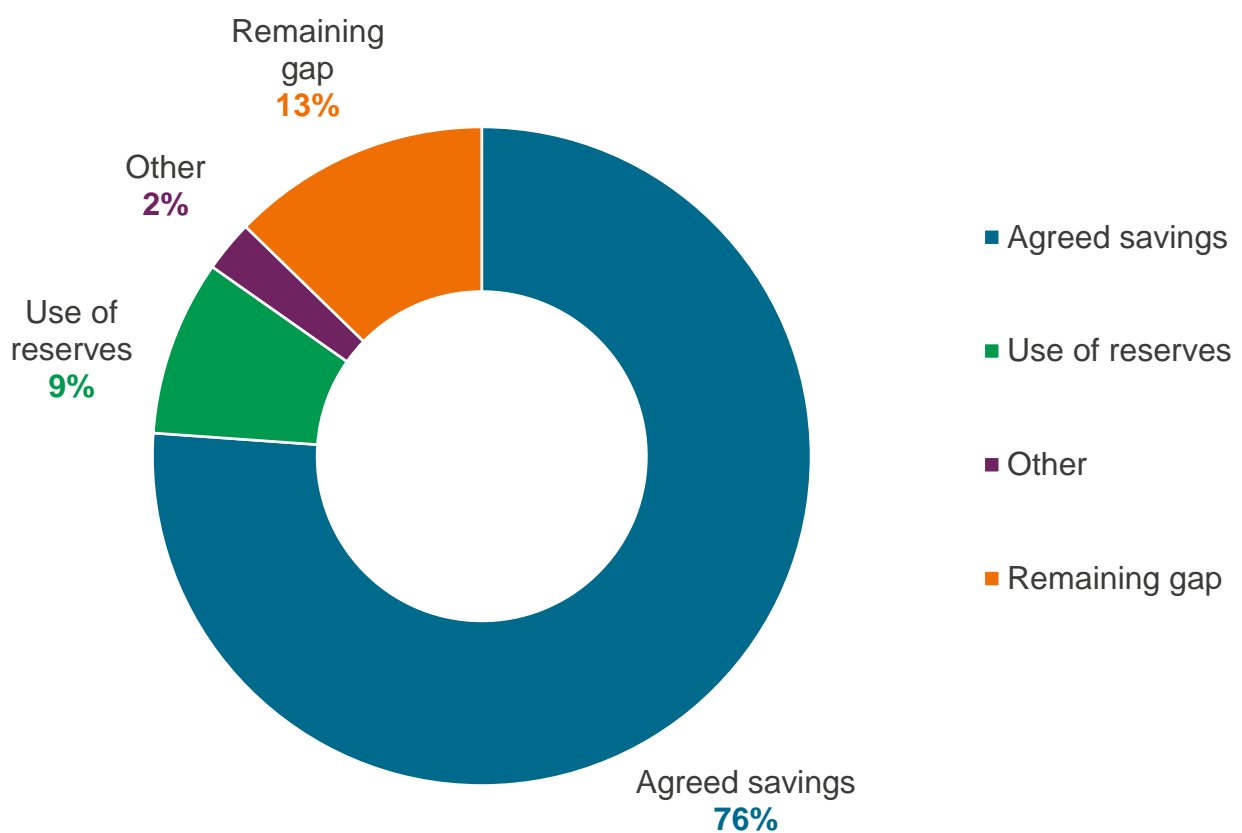


**32.** A proportion of the funding gap did not have planned savings agreed against it at the time of budget-setting. These unidentified savings made up 13 per cent of the total projected funding gap and were the result of 12 IJBs starting the 2023/24 financial year with an unbalanced budget.

## Exhibit 7

### 2024/25 IJB funding gap planned action

The use of non-recurring reserves makes up nine per cent of plans to bridge the funding gap.



Source: IJB budget papers, auditor returns

**33.** The proposed savings contain both recurring and non-recurring savings. The reliance on non-recurring sources of income to fund recurring budget pressures is unsustainable in the medium to long term. The identification and delivery of recurring savings and a reduced reliance on drawing from reserves to fund revenue expenditure will be key to ensuring long-term financial sustainability.

# Integration Joint Boards

Finance bulletin 2023/24



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN  
Phone: 0131 625 1500 **Email: [info@audit.scot](mailto:info@audit.scot)**  
**[www.audit.scot](http://www.audit.scot)**

ISBN 978 1 915839 65 7