

# Perth and Kinross Integration Joint Board

2024/25 Annual Audit Report



Prepared for Perth and Kinross Integration Joint Board and the Controller of Audit  
29 September 2025

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# Contents

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|                                  |    |
|----------------------------------|----|
| Key messages                     | 3  |
| Introduction                     | 4  |
| Audit scope and responsibilities | 5  |
| Audit of the annual accounts     | 7  |
| Wider scope and Best Value audit | 11 |
| Appendix 1                       | 19 |
| Appendix 2                       | 21 |

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# Key messages

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## Audit of the annual accounts

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

## Wider scope and Best Value audit

- 3 The financial recovery plan has delivered savings, and additional funding was received from partners in 2024/25, but the deficit for the year was £4.7 million.
  - 4 Perth and Kinross IJB's reserves have reduced to £3.5 million at 31 March 2025, almost exhausting the non-earmarked balance available for contingencies.
  - 5 Perth and Kinross IJB has a clear vision and strategy, but services are not financially sustainable. Strong collaborative leadership and additional capacity or reprioritisation of priorities is needed to deliver the transformation programme to ensure integrated health and care services are sustainable in the medium to longer term. Sector-wide workforce pressures and increasing demand and complexity of need are significant challenges to developing sustainable services.
  - 6 Governance arrangements remain appropriate and support effective scrutiny, challenge and informed decision making.
  - 7 Perth and Kinross IJB continues to perform well with 11 of the 12 indicators reported in 2024/25 exceeding or being within 3% of the prior year's performance comparator. For the indicator outwith this range, performance is better than the Scottish average.
  - 8 Appropriate arrangements are in place for securing Best Value.
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# Introduction

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## 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 Perth and Kinross 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 Perth and Kinross IJB, hereafter referred to as 'Perth and Kinross IJB,' and the Controller of Audit and will be published on [Audit Scotland's website](#) in due course.

## Appointed auditor and independence

3. Rachel Browne, of Audit Scotland, has been appointed as external auditor of Perth and Kinross IJB for the period from 2023/24 until 2026/27. As reported in the Annual Audit Plan, Rachel Browne as engagement lead and the audit team are independent of Perth and Kinross 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 Perth and Kinross IJB, including no provision of non-audit services.

## Acknowledgements

4. We would like to thank Perth and Kinross IJB and its staff, particularly those involved in 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.

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# Audit scope and responsibilities

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## 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 Perth and Kinross 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 Perth and Kinross 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 Perth and Kinross 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 Perth and Kinross 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 Perth and Kinross 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.

### **Perth and Kinross IJB's responsibilities**

**10.** Perth and Kinross 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 Perth and Kinross 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.

### **National performance audit reporting**

**11.** 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 Perth and Kinross IJB and the Audit and Performance Committee. 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 were free from material misstatement.

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

## Audit opinions on the annual accounts

**12.** Perth and Kinross IJB annual accounts were approved by the Audit and Performance Committee on 29 September 2025 and certified by the appointed auditor on the same date. The Independent Auditor's Report is included in Perth and Kinross IJB's annual accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.



## Audit timetable

**13.** The unaudited annual accounts and all working papers were received on 23 June 2025 in accordance with the agreed audit timetable.

## Audit Fee

**14.** The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £34,000. 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

**15.** 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.

**16.** The concept of materiality is to determine whether misstatements identified during the audit could 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.

**17.** Materiality levels for the audit of Perth and Kinross 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 updated on receipt of the unaudited annual accounts as shown in [Exhibit 1](#).

**Exhibit 1**  
**2024/25 Materiality levels for Perth and Kinross IJB**

| Materiality                                                                                                                                                                                                                                                                                  | Perth and Kinross IJB |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| <b>Materiality</b> – set at 2% of Gross Expenditure                                                                                                                                                                                                                                          | £6.3 million          |
| <b>Performance materiality</b> – set at 75% of materiality.<br>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. | £4.7 million          |
| <b>Reporting threshold</b> – set at 5% of materiality.                                                                                                                                                                                                                                       | £0.315 million        |

Source: Audit Scotland

**Significant findings and key audit matters**

- 18.** ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged as governance, which for Perth and Kinross IJB is the Audit and Performance Committee.
- 19.** 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.
- 20.** 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.
- 21.** There are no significant findings or key audit matters to report.



## Qualitative aspects of accounting practices

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

### Accounting policies

**23.** The appropriateness of accounting policies adopted by Perth and Kinross IJB was assessed as part of the audit. These were considered to be appropriate to the circumstances of Perth and Kinross IJB, 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).

### Accounting estimates

**24.** Accounting estimates are used in Perth and Kinross IJB's financial statements. Audit work considered the process that management of Perth and Kinross IJB has in place around making accounting estimates, including the assumptions and data used in making the estimates. Audit work concluded:

- There were no issues with the selection or application of methods, assumptions, and data used to make the accounting estimates, and these were considered to be reasonable.
- There was no evidence of management bias in making the accounting estimates.

### 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.

## Audit adjustments

**26.** There were no adjustments to the financial statements as a result of the audit work completed.

## Significant risks of material misstatement identified in the Annual Audit Plan

**27.** 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](#).

## Exhibit 2

### Significant risks of material misstatement to the financial statements

| Risk of material misstatement                                                                                                                                                                                                       | Planned audit response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Outcome of audit work                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Fraud caused by management override of controls</b></p> <p>Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p> | <p>The audit team will:</p> <ul style="list-style-type: none"> <li>• Agree balances and income to Perth and Kinross Council and NHS Tayside financial reports/ledger/correspondence.</li> <li>• Obtain assurances from the auditors of Perth and Kinross Council and NHS Tayside which ensure completeness, accuracy and allocation of income and expenditure.</li> <li>• Review financial monitoring reports during the year.</li> <li>• Review year-end consolidation of expenditure reports from Perth and Kinross Council and NHS Tayside including examining significant adjustments.</li> </ul> | <p>Audit work performed found:</p> <ul style="list-style-type: none"> <li>• We have agreed balances, income and expenditure to supporting information from the partners and reviewed the year-end consolidation reports. We did not identify any significant issues.</li> <li>• We obtained assurances from the external auditors of Perth and Kinross Council and NHS Tayside. These did not identify any areas of concern.</li> <li>• We reviewed adjustments at year end and financial monitoring reports and did not identify any significant issues.</li> </ul> <p><b>Conclusion:</b> We are satisfied that there is no material misstatement due to management override of controls.</p> |

Source: Audit Scotland

## Prior year recommendations

**28.** Perth and Kinross IJB has made good progress in implementing the agreed prior year audit recommendation as set out in [Appendix 1](#).

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# Wider scope and Best Value audit

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## Audit approach to wider scope and Best Value

### Wider scope

**29.** 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.

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

### Best Value

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

**32.** Consideration of the arrangements Perth and Kinross IJB has in place to secure Best Value has been carried out alongside the wider scope audit.

## Significant wider scope and Best Value risks

**33.** 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](#). In addition to the significant risks identified in the Annual Audit Plan, a further significant risk was subsequently identified, and this is also included in [Exhibit 3](#).

### Exhibit 3

#### Significant wider scope and Best Value risks

| Significant risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Planned audit response                                                                                                                                                                                                                                                                                                                                                                        | Outcome of audit work                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Financial Sustainability</b></p> <p>Perth and Kinross IJB is predicting that it will use all of the uncommitted general fund reserves in 2024/25. This will leave the IJB with no contingency to address unexpected events or emergencies.</p> <p>This will impact on the setting of the 2025/26 budget and the level of services that the IJB can provide going forward.</p> <p>The IJB will need to work closely with partners and service users to accelerate service redesign to provide the levels of savings required.</p> | <p>The audit team will:</p> <ul style="list-style-type: none"> <li>• Review progress against the 2024/25 financial recovery plan.</li> <li>• Review budget papers for 2025/26 including progress on developing a transformation programme of service redesign and collaborative change.</li> <li>• Discuss with management progress in obtaining additional funding from partners.</li> </ul> | <p>Audit work performed found:</p> <ul style="list-style-type: none"> <li>• The 2024/25 financial recovery plan delivered a further £1.305 million of cost reductions to support the year end position.</li> <li>• The 2025/26 budget was approved in March 2025. The savings target in the budget is £2.446 million.</li> <li>• Perth and Kinross IJB has secured £2.1 million of additional funding for 2025/26 from NHS Tayside in relation to NRAC parity, and £6.7 million additional funding from Perth and Kinross Council to fund social care.</li> <li>• Despite the additional funding, Perth and Kinross IJB continues to report a 2025/26 overspend and the Financial Recovery Plan is being actioned for 2025/26, with the first report due to be presented to the October 2025 Board meeting.</li> </ul> <p><b>Conclusion:</b> Perth and Kinross IJB has worked hard to secure additional funding for 2025/26. However, the financial sustainability risk remains significant, and service redesign and transformation will be key to developing sustainable integrated care.</p> |

## Financial Management and Sustainability

### Conclusion

Perth and Kinross IJB reported a £4.7 million deficit on provision of services for 2024/25, after receiving £2.9 million additional non-recurring funding from NHS Tayside. The deficit was covered using earmarked and non-earmarked reserves.

Perth and Kinross IJB's use of reserves to cover recent deficits on provision of services has reduced earmarked reserves to £3.384 million at 31 March 2025, with only £0.164 million in non-earmarked reserves. This is the lowest total reserve held by Perth and Kinross IJB in the past five years, limiting its capacity to respond to future financial pressures.

The 2025/26 budget has been balanced with additional recurring funding of £8.8 million in total from both partners and proposed savings of £2.446 million. The projected budget gap for 2026/27 and 2027/28 totals £4.892 million.

Perth and Kinross IJB's financial management and reporting arrangements are effective, but the IJB recognises that addressing the significant financial pressures will require further funding, strengthened collaborative working, strategic planning, robust financial management, a reserves policy and effective workforce planning.

### **Perth and Kinross IJB made significant progress in delivering savings in 2024/25, but one-off funding and reserves were used to balance the budget.**

**34.** Perth and Kinross IJB approved its 2024/25 budget in March 2024. The approved budget noted a funding gap in 2024/25 of £8.646 million. The IJB proposed to fund this gap with £5.518 million of savings and use of £2.328 million of earmarked and non-earmarked reserves and one-off transformational funding (£0.8 million).

**35.** Perth and Kinross IJB achieved £4.427 million of its proposed savings and the Financial Recovery Plan generated another £1.305 million of cost savings in the year. Additional one-off funding of £2.929 million was also received from NHS Tayside. However, increased costs resulted in a £4.746 million deficit on the provision of services for 2024/25, which was £2.418 million greater than planned. This deficit reduced the level of available reserves as at 31 March 2025 to £3.548 million (2023/24 £8.294 million).

**36.** Perth and Kinross IJB's use of reserves to cover recent deficits on provision of services has reduced earmarked reserves to £3.384 million at 31 March 2025, with only £0.164 million in non-earmarked reserves. This is the lowest total reserve held by Perth and Kinross IJB in the past five years, limiting its capacity to respond to future financial pressures.

**A revised 3-year financial outlook was provided to the Board in conjunction with the 2025/26 budget, which highlights significant pressures facing Perth and Kinross IJB**

**37.** In common with all public services, Perth and Kinross IJB continues to face significant budgetary challenges amid rising demand, increasing costs and workforce challenges. Given these pressures, ensuring long-term financial stability will require service redesign in partnership with partner bodies, other service providers and service users.

**38.** The 2025/26 budget was agreed at the Perth and Kinross IJB meeting in March 2025. Perth and Kinross IJB agreed a balanced budget for 2025/26 which included proposed savings of £2.446 million. The budget is also supported by additional funding from NHS Tayside of £2.1 million and Perth and Kinross Council of £6.7 million.

**39.** The first 2025/26 financial report presented to the August Board meeting notes a projected overspend of £4.915 million after the application of the remaining non-earmarked General Fund reserves. As such a Financial Recovery Plan is being developed and will be presented to the October 2025 Board meeting.

### Recommendation 1

The IJB needs to use its strategic commissioning role to work with partners, other service providers, and service users to accelerate service redesign and transformation to provide sustainable integrated care. We recognise that this will require additional capacity or reprioritisation of resources to deliver this effectively.

**40.** In March 2025, the IJB approved the three-year financial outlook for 2025/26 to 2027/28. This outlook highlights a funding gap of £4.892 million after applying savings of £2.345 million. As noted in the 2024/25 management commentary *"To achieve financial sustainability in future years, the IJB will need to consider additional funding solutions and identify opportunities to reduce overall expenditure, while acknowledging the challenge of doing so with minimal detrimental impact on the strategic plan and to the population's health and care needs. Addressing these pressures will require further funding, strengthened collaborative working, strategic planning, robust financial management, a reserves policy and effective workforce planning."*

**41.** Progress of the transformation programme has been reported on a regular basis to the Audit and Performance Committee, providing updates on the progress of projects that look to redesign services and produce savings. For example, the Integrated Locality Teams have health and social care staff collocated in shared premises to allow for prompt and full discussions on the most appropriate way to achieve the best outcomes for people who access services. This has worked successfully in the Perth City locality and is due to be rolled out to the North and South localities.

**Financial management and reporting arrangements are effective and allow members and officers to scrutinise Perth and Kinross IJB's financial position effectively**

**42.** Members of the Perth and Kinross IJB receive and monitor financial information on a regular basis. Finance updates are submitted to each Board meeting with the latest financial information. These clearly state the recurring budget and the projected outturn for Perth and Kinross IJB. The accompanying report details the underlying reasons for variances from budget along with actions being taken to contain any overspends. The reports are of sufficient detail to allow members to scrutinise the latest financial position of Perth and Kinross IJB.

**43.** Through attending committee meetings, we observed that senior management and members receive regular and accurate information on Perth and Kinross IJB's financial position. We have concluded that Perth and Kinross IJB has appropriate financial management and reporting arrangements in place.

**Perth and Kinross IJB has appropriate financial control arrangements in place.**

**44.** Perth and Kinross IJB does not have any assets nor does it directly incur expenditure or employ staff, other than the Chief Officer and Chief Finance Officer. All funding and expenditure is incurred by partner bodies and processed in their accounting systems. Perth and Kinross IJB does not have its own financial systems and instead relies on the financial systems of its partner bodies, NHS Tayside and Perth and Kinross Council.

**45.** As part of our audit approach, we obtained assurances from the external auditors of NHS Tayside and Perth and Kinross Council. The assurances confirmed that there were no significant weaknesses in the systems of internal control for either body which would impact Perth and Kinross IJB.

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

**46.** In the public sector there are specific fraud risks, including those relating to tax receipts, welfare benefits, grants and other claims made by individuals and organisations. Public sector bodies are responsible for implementing effective systems of internal control, including internal audit,



which safeguard public assets and prevent and detect fraud, error and irregularities, bribery and corruption.

**47.** Perth and Kinross 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. Perth and Kinross IJB has a code of conduct for members which is publicly available on Perth and Kinross IJB's pages of the Perth and Kinross Council's website.

**48.** As part of our audit approach, we obtained assurances from the external auditors of NHS Tayside and Perth and Kinross Council. The assurances confirmed that there are no significant weaknesses in the arrangements for the prevention and detection of fraud at either body.

## Vision, Leadership and Governance

### Conclusion

Governance arrangements remain appropriate and support effective scrutiny challenge and decision making.

The Strategic Plan 2024-2027 provides a clear vision for health and social care services. Strong collaborative leadership and additional capacity or reprioritisation of resources is needed to deliver Perth and Kinross IJB's strategic aims including service redesign to ensure sustainable integrated services.

### **Governance arrangements remain appropriate and support effective scrutiny challenge and decision making.**

**49.** The Board met five times in 2024/25 and the Audit and Performance Committee met six times in the same period. The meetings were held both in person and virtually. Our observations at committee meetings have found that these are conducted in a professional manner and there is a good level of scrutiny and challenge by members.

**50.** We consider that governance arrangements remain appropriate and support effective scrutiny, challenge and decision making.

### **Perth and Kinross IJB's strategic plan 2024-2027 continues to provide a clear strategic vision**

**51.** Perth and Kinross IJB approved its strategic plan for 2024-2027 in June 2024. This plan provides a clear vision for health and social care services and is supported by service delivery plans, the workforce plan and the 3-year financial plan. It sets out 7 strategic aims which align with key national health and wellbeing outcomes. The Strategic Planning Group underpins the strategic plan, including ongoing work to integrate insights from those with lived experience into all the strategic workplans being



developed by Perth and Kinross IJB. The IJB recognises that strong collaborative leadership will be needed to deliver its strategic aims across Perth and Kinross. Sector-wide workforce pressures and increasing demand and complexity of need are significant challenges to developing sustainable services.

## Use of Resources to Improve Outcomes

### Conclusion

Perth and Kinross IJB continues to perform well with 11 of the 12 indicators reported in 2024/25 exceeding or being within 3% of the prior year's performance comparator. For the indicator outwith this range, performance is better than the Scottish average.

Workforce recruitment and retention remains an issue nationally across the health and social care sector. Perth and Kinross IJB is taking action to attract people into care as a career. It is currently updating the workforce plan for 2025-2027.

### **Perth and Kinross IJB continues to perform well against its performance comparators and the Scottish average performance in the national indicators.**

**52.** Perth and Kinross IJB's key strategic performance indicators are reported to the Audit and Performance Committee every quarter. The 2024/25 Annual Performance Report was presented to the August 2025 meeting of the Audit and Performance Committee. These reports set out Perth and Kinross IJB's progress in meeting the nine national health and wellbeing outcomes. 21 indicators are reviewed by the IJB: 12 on an annual basis and 9 on a two-yearly basis as this national information is only available every two years.

**53.** National Indicators 1-9 are reported every two years. In the 2023/24 annual performance report, performance against these indicators was positive when compared to the Scottish average performance.

**54.** In 2024/25, performance against national indicators is noted as exceeding Perth and Kinross IJB's comparator (prior year performance) or being within 3% of the comparator for 11 of the 12 indicators reviewed. The one indicator that is shown as being between 3% and 6% from comparator is noted below:

- MSG3a – Accident and Emergency attendances 18+ per 100,000 population - attendances have risen year on year, however the performance remains significantly better than the Scottish average.

**55.** Perth and Kinross IJB has noted that the underlying causes of the increase in attendances are complex and not yet fully understood. Integration of services including service redesign means the way people access services is changing. The IJB is monitoring how these changes, such as the introduction of a single point of contact, might affect A&E attendance rates.

**56.** Recruitment and retention in the health and social care workforce remains a challenge on a nationwide basis. Perth and Kinross IJB continues to promote working in the caring sector as a career to as wide a section of the workforce as possible. The Workforce Plan for 2025-2027 is currently in development.

## Conclusions on Best Value

**57.** The Local Government (Scotland) Act 2003 places a duty on Local Government bodies to secure Best Value. As Integration Joint Boards are local government bodies under section 106 of the Local Government (Scotland) Act 1973, IJBs have the same statutory duty 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.

**58.** Perth and Kinross IJB undertook a review in 2023/24 of its compliance with the 7 Best Value themes set out in the Scottish Government's statutory guidance. The outcome of this review was reported in June 2024 to the Audit and Performance Committee. The review assessed the IJB against 87 criteria across the 7 Best Value themes. 11 of the criteria were judged as not being met and the IJB developed an action plan to address these areas.

**59.** Perth and Kinross IJB reported to the Audit and Performance Committee in June 2025 that all the improvement actions from the 2023/24 Best Value self-assessment action plan have been completed. The IJB will continue to carry out an annual Best Value self-assessment, rotating through a different Best Value theme each year, to maintain its focus on continuous improvement to deliver the best possible outcomes for the population of Perth and Kinross. We consider the IJB's rotational Best Value self-assessment, taken together with the Partnership Improvement Plan, which includes improvement actions from other self-assessments, audit and inspections recommendations, to be appropriate and proportionate arrangements to secure Best Value.

# Appendix 1

## Action plan 2024/25

### 2024/25 recommendations

| Matter giving rise to recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Recommendation                                                                                                                                                                                                                                                                                                                                                                                  | Agreed action, officer and timing                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>1. Service redesign and transformation</b></p> <p>As part of the 2025/26 budget setting process Perth and Kinross IJB was successful in obtaining additional budget from both partner bodies.</p> <p>However, the latest financial position reported to the August 2025 Board meeting reported an overspend of £4.915 million.</p> <p>Perth and Kinross IJB is developing a Financial Recovery Plan and must continue to seek opportunities to redesign services ensuring that service users, providers and the members of the IJB are involved in the redesign process.</p> | <p>Perth and Kinross IJB needs to use its strategic commissioning role to work with partners, other service providers, and service users to accelerate service redesign and transformation to provide sustainable models of care. We recognise that this will require additional capacity or reprioritisation of resources to deliver this effectively.</p> <p><a href="#">Paragraph 39</a></p> | <p><b>Accepted</b></p> <p>It is widely recognised, both locally and nationally, that the scale and complexity of transformation required in health and social care to become sustainable cannot be achieved by IJBs in isolation. The IJB is committed to working collaboratively with all partners and agrees that delivering effective change will require additional capacity and resourcing. Without this, the pace and effectiveness of redesign and transformation will be constrained.</p> <p>The IJB will work with partners to initiate and approve a resourced plan.</p> <p><b>Responsible officer:</b> Chief Finance Officer</p> <p><b>Agreed date:</b> 31 March 2026</p> |

## Follow-up of prior year recommendations

| Matter giving rise to recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Recommendation, agreed action, officer and timing                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Update                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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| <p><b>PY1. Uncommitted General Fund usable reserves forecast to be exhausted in 2024/25</b></p> <p>The IJB has forecast an overspend of £4.662 million in 2024/25 (as reported to the IJB in October 2024) requiring additional use of reserves beyond the level (£3.128 million) agreed when setting the budget. This will leave the IJB with no contingency to address unexpected events or emergencies.</p> <p>The current models of service delivery are financially unsustainable.</p> <p><b>Risk:</b> the IJB acknowledges that its recovery plan will not be sufficient to meet the projected funding gaps and has started discussions with partners to request additional funding. As the partners also face significant financial pressures, they may find it difficult to identify additional funding.</p> | <p><b>Recommendation:</b></p> <p>The IJB must implement its Financial Recovery Plan and work with partners to deliver financially sustainable services. This will require a Transformation Programme of service redesign, collaborative change, and additional funding from partners once reserves are exhausted.</p> <p><b>Agreed action:</b></p> <p>The financial recovery plan for 2024/25 is being progressed with regular reporting to the IJB. A collaborative budget process for future years is underway that will aim for a transformation programme aligned to areas with highest financial pressure.</p> <p><b>Responsible officer:</b> Chief Finance Officer</p> <p><b>Agreed date:</b> 31 March 2025</p> | <p><b>Complete</b></p> <p>Perth and Kinross IJB's reserves have fallen by £4.746 million to £3.548 million as at 31 March 2025.</p> <p>The IJB has been successful in obtaining additional funding to support the 2025/26 budget but a gap needs to be closed by savings of £2.446 million.</p> <p>The 3-year financial outlook projects a gap of £2.346 million for 2026/27 and £2.546 million for 2027/28, highlighting the continuing need for service redesign and transformation to ensure sustainable integrated care is provided.</p> <p>Transformation programme projects are taking forward service redesign, but it will take time to deliver these changes and assess if they achieve the intended benefits. We will continue to monitor progress in the 2025/26 audit.</p> <p><b>Recommendation 1 above supersedes this prior year recommendation.</b></p> |

# Appendix 2

## Supporting national and performance audit reports

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

# Perth and Kinross Integration Joint Board

2024/25 Annual Audit Report



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