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Renfrewshire Integration Joint Board

Annual Audit Report

12 September 2025

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About this report

This report has been prepared in accordance with Terms of Appointment Letter, through which the Accounts Commission has appointed us as external auditor of Renfrewshire Integration Joint Board for financial years 2022/23 to 2026/27.

This report is for the benefit of the IJB and is made available to the Accounts Commission, the Controller of Audit and Audit Scotland (together the Recipients). This report has not been designed to be of benefit to anyone except the Recipients. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Recipients, even though we may have been aware that others might read this report.

Any party other than the Recipients that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Recipient's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, Ernst & Young LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Recipients.

Accessibility

Our Report may be available on Audit Scotland's website, and we have therefore taken steps to comply with the Public Sector Bodies Accessibility Regulations 2018. Responsibility rests with the publishing organisation to ensure that standards are met.

Executive summary

This report summarises the findings from the 2024/25 annual audit of Renfrewshire Integration Joint Board (the IJB). The scope of the audit was set out in our Annual Audit Plan, presented to the 14 March 2025 meeting of the IJB's Audit, Risk and Scrutiny Committee. The report summarises:

- Our conclusions arising from the audit of the IJB's financial statements; and
- A summary of significant matters and conclusions on the wider scope areas that frame public audit as set out in the Code of Audit Practice 2021.

Financial statements

Including our consideration of management's assessment of going concern

We have concluded our audit of the financial statements of Renfrewshire Integration Joint Board for the year ended 31 March 2025. The draft financial statements and supporting working papers were of a good quality and included information relating to a change in the categorisation of services in the CIES. Minor disclosure amendments were processed within the financial statements as part of the audit process.

We were satisfied that the Annual Governance Statement, reflects the requirements of CIPFA's updated Delivering Good Governance Framework, including the identification and disclosure of relevant areas for improvement.

In accordance with the CIPFA Code of Practice on Local Government Accounting, the IJB prepares its financial statements on a going concern basis unless informed by the Scottish Government of the intention for dissolution without transfer of services or function to another entity. Under auditing standard ISA 570, we are required to undertake greater challenge of management's assessment of going concern, including testing of the adequacy of the supporting evidence we obtained. The IJB has concluded that there are no material uncertainties around its going concern status, however, it has disclosed the nature of its financial position in the financial statements to reflect the significant financial pressures, and likelihood of exhausting its reserves within the going concern period.

There remains significant risk around the IJB's ability to bridge the funding gap, particularly in 2026/27. Areas of overspend or failure to deliver savings would result in recovery planning, with the need for reform in how health and social care services are provided.

Best Value

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

Overall, we concluded that the IJB's performance management and financial reporting framework allows the IJB to demonstrate that it meets its Best Value responsibilities. The Annual Performance Report describes the key achievements and areas for improvement against the priorities within the Strategic Plan 2025-2027.

The financial outlook for the IJB has continued to weaken. General reserves have fallen further, to unsustainable levels, and current projections are that they will be depleted in full by 2026/27. Inflationary pressures, pay uplifts, and rising levels of demand make it increasingly difficult to sustain services at the current level. As a result, the IJB is continuing to develop and approve proposals through the Sustainable Futures programme to achieve recurring savings. The IJB and its partners therefore face very difficult decisions ahead to secure a sustainable future.

Executive summary continued

Financial management

Financial management means having sound budgetary processes. Audited bodies require the ability to understand the financial environment and whether internal controls are operating effectively.

The IJB's financial outturn in 2024/25 records an overall overspend of £3.98 million in operational service delivery. The overspend was less than projected during the financial year as a result of management action, including holding vacancies based on an assessment of risk. The 2024/25 budget relied upon the use of non-recurring reserve balances, reflecting uncertainties and delays in the achievement of the Sustainable Futures programme. This is not sustainable in the short to medium term.

Our assessment: **Green**

Financial Sustainability

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

The IJB's General Reserves balance continued to fall significantly in 2024/25. Current projections highlight that General Reserves could fall to 0.05% of the IJB's net budget in 2025/26 and are likely to be exhausted in 2026/27. This is in breach of the IJB's policy to hold 2% of net budget in General Reserves and presents a risk to the IJB's ability to set a balanced budget in future years.

The IJB's Medium Term Financial Plan outlines a cumulative budget gap of £36.6 million in the period to 2027/28. As a result, there is now a critical need to identify recurring savings or reductions in services to remain financially sustainable.

Our assessment: **Red**

Vision, Leadership and Governance

The effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.

Governance arrangements functioned in line with expectations throughout 2024/25 despite the departure of the Chief Officer.

The IJB's partners continued to make progress to update the Integration Scheme, following a period of mandatory consultation but the approval has been further delayed as a result of changes by partner bodies.

IJB members need to work collectively with officers to ensure resources and capacity used in developing savings is sufficient to reduce the level of financial challenge facing the IJB.

Our assessment: **Green**

Use of Resources

The IJB's approach to demonstrating economy, efficiency, and effectiveness through the use of resources and reporting outcomes.

The IJB has a well-developed approach in place to monitor and report on progress against strategic priorities and was able to demonstrate key achievements in 2024/25.

The IJB continues to highlight significant and ongoing financial risks within its risk registers that may undermine the delivery of the Strategic Plan.

The IJB was subject to several external inspections in 2024/25 with positive findings published in Care Inspectorate reports and significant improvements noted from previous inspections.

Our assessment: **Green**



Introduction

Purpose of our report

The Accounts Commission for Scotland appointed EY as the external auditor of Renfrewshire Integration Joint Board (the IJB) for the five-year period to 2026/27.

We undertake our audit in accordance with the Code of Audit Practice (June 2021); Auditing Standards and guidance issued by the Financial Reporting Council; relevant legislation; and other relevant guidance issued by Audit Scotland.

This Annual Audit Report is designed to summarise the key findings and conclusions from our audit work. It is addressed to both members of the IJB and the Accounts Commission and presented to those charged with governance. This report is provided to Audit Scotland and is published on their website.

A key objective of audit reporting is to add value by supporting the improvement of the use of public money. We aim to achieve this through sharing our insights from our audit work, our observations around where the IJB employs best practice and where practices can be improved, and how risks facing the IJB can be mitigated. We use these insights to form audit recommendations to support the IJB.

Such areas we have identified are highlighted throughout this report together with our judgements and conclusions regarding arrangements, and where relevant recommendations and actions agreed with management. We also report on the progress made by management in implementing previously agreed recommendations. We draw your attention to the fact that our audit was not designed to identify all matters that may be relevant to the IJB. Our views on internal control and governance arrangements have been based solely on the audit procedures performed in respect of the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

The Code of Audit Practice sets out the responsibilities of both the IJB and the auditor (refer to Appendix A). We outlined the scope of our work within our Annual Audit Plan which was presented to the IJB's Audit, Risk and Scrutiny Committee on 14 March 2025. There have been no material changes to the plan.

Financial Statements audit

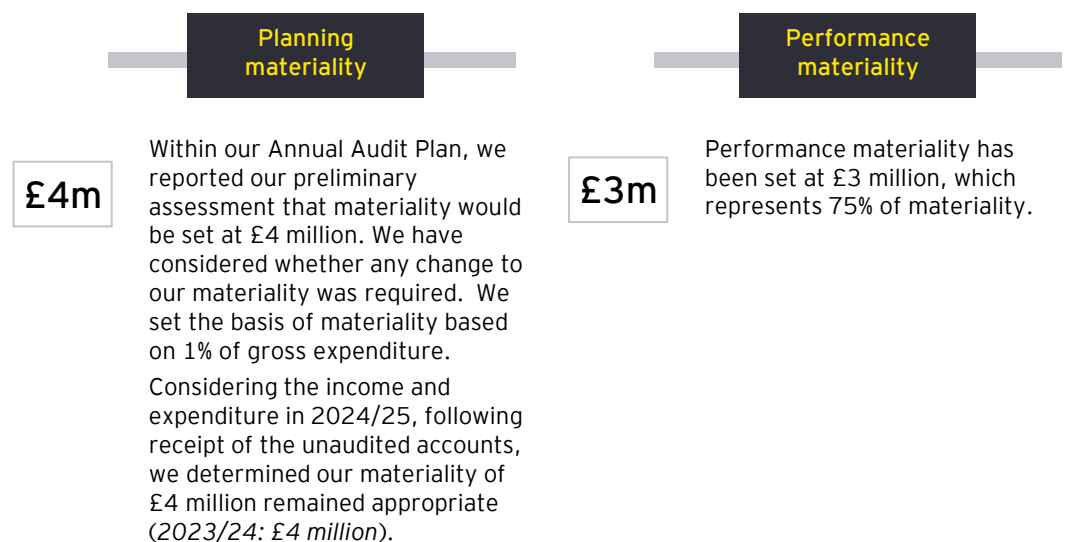
We are responsible for conducting an audit of the IJB's financial statements. We provide an opinion as to:

- Whether they give a true and fair view of the state of the affairs of the IJB as at 31 March 2025 and of its income and expenditure for the year then ended
- Have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Code.
- Whether they have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

We also review and report on the consistency of the other information prepared and published along with the financial statements. We outlined the significant risks and other focus areas for the 2024/25 audit in our Annual Audit Plan, which was presented to the Audit, Risk and Scrutiny Committee on 14 March 2025.

One significant risk was identified in relation to the risk of fraud in expenditure recognition, which includes the risk of management override of controls. We consider this risk to manifest itself through the manipulation of expenditure recognition. In addition, we continued to place increased focus on management's assertion regarding the going concern basis of preparation in the financial statements. Our findings are summarised in Section 3 of this report.

Exhibit 1: Updated assessment of materiality



We outlined our intention to report on misstatements that exceeded £1 million within our Annual Planning Report. As we report in Appendix F, we identified one adjustment that breached this reporting level relating to the disclosure of a change in accounting policy. We identified no adjustments that we assessed as material on the basis of public interest.

Wider Scope and Best Value audit

Under the Code of Audit Practice, our responsibilities extend beyond the audit of the financial statements. Due to the nature of the IJB, our wider scope work requires significant allocation of resources in the audit. The Code requires auditors to provide judgements and conclusions on the four dimensions of wider scope public audit:

- The IJB's arrangements to secure sound financial management.
- The regard shown to financial sustainability.
- Clarity of plans to implement the vision, strategy and priorities of the IJB, and the effectiveness of governance arrangements for delivery.
- The use of resources to improve outcomes.

Our Annual Audit Plan identified one area of significant risk in relation to the wider scope dimensions, regarding the development of sustainable and achievable savings plans. Our findings are summarised in Section 3 of this report.

Our annual assessment of the IJB's arrangements to secure best value is integrated within our wider scope annual audit work.



2 Financial Statements

Introduction

The annual financial statements allow the IJB to demonstrate accountability for the resources that it has the power to direct, and report on its overall performance in the application of those resources during the year.

This section of our report summarises the audit work undertaken to support our audit opinion, including our conclusions in response to the significant and other risks identified in our Annual Audit Plan.

The plan highlighted one area that we identified as a fraud risk relating to the presumed risk of fraud in revenue and expenditure recognition, including through management override of controls. For the IJB, we consider this risk to manifest itself as an expenditure recognition risk.

The IJB complied with key regulations, including the submission of draft financial statements for audit within the sector deadline and arrangements for public inspection.

The financial statements were prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2024/25. The draft financial statements and supporting working papers were submitted for audit, following the consideration by the Integration Joint Board, ahead of the required sector deadline of 30th June 2025.

As part of our oversight of the IJB's financial reporting process we consider key aspects of the IJB's preparation of the financial statements and supporting documentation, predominantly by the finance team, to support the audit. We also reviewed the financial statements and made comments aimed at improving the compliance with the Code of Accounting Practice, or to enhance the understanding of the financial statements.

The key qualitative aspects that we consider in relation to the preparation of the financial statements, along with our conclusions, are set out within Exhibit 2, overleaf.

Audit outcomes

We identified minor presentational changes which have been reflected within the financial statements. There were no unadjusted differences. Our overall audit opinion is summarised at Exhibit 3.

As part of the audit, we reviewed the financial statements and made several comments aimed at improving the compliance with the Code of Accounting Practice. We worked with management to make minor amendments to the financial statement disclosures, and we will continue to highlight and discuss good practice throughout our period of appointment.

There were no adjusted or unadjusted differences arising from the audit which required to be reflected in the financial statements.

Our assessment of the quality of the financial statements preparation and support is summarised in Exhibit 2.

Exhibit 2: Factors impacting the execution of the audit

Area	Status	Explanation
Timeliness of the draft financial statements	Effective	The financial statements were presented to the Integration Joint Board on 27th June 2025, and draft accounts were shared with audit ahead of the required sector deadline of 30th June 2025.
Quality and completeness of the draft financial statements	Effective	Our review of the financial statements identified minor presentational and disclosure changes and minimal internal inconsistencies.
Delivery of working papers in accordance with agreed client assistance schedule	Effective	The working papers to support the audit were provided prior to 30th June in line with the client assistance schedule shared with the Finance team.
Timeliness and quality of evidence supporting key accounting estimates	Effective	Management identified one judgement within the financial statements, related to hosted services where, for example, Renfrewshire IJB provides services for other IJBs. Supporting evidence for hosted services was provided prior to 30th June in line with the client assistance schedule shared with the Finance Team and management confirmed that the figures relating to Hosted Services provided by other HSCPs have been judged as appropriate to be included within the Accounts.
Access to finance team and personnel to support the audit in accordance with agreed project plan	Effective	There have been no changes to the finance team in 2024/25 and we received good support from the CFO throughout the audit.
Volume and value of identified misstatements	Effective	We identified one presentational adjustment during the course of the audit, which is outlined in Appendix F.
Volume of misstatements in disclosure	Effective	We did not identify any adjustments that we assessed as material on the basis of public interest.
Adherence to public inspection period	Effective	We were satisfied that the IJB made the financial statements available for public inspection in accordance with Regulation 9 of The Local Authority Accounts (Scotland) Regulations 2014.

Audit Approach

We adopted a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

During our planning procedures, we determine which accounts, disclosures and relevant assertions could contain risks of material misstatement. Our audit involves:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud, error or design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the IJB's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting. Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence to express an opinion on the financial statements.
- Reading other information contained in the financial statements to form assessment, including that the annual report is fair, balanced and understandable.
- Ensuring that reporting to the Audit, Risk and Scrutiny Committee appropriately addresses matters communicated by us and whether it is materially inconsistent with our understanding and the financial statements.
- We rigorously maintain auditor independence (refer to Appendix B).

Our overall audit opinion is summarised on the following page.

Exhibit 3: Our Audit Opinion

Element of our opinion	Basis of our opinion	Conclusions
Financial statements - Truth and fairness of the state of affairs of the IJB at 31 March 2025 and its expenditure and income for the year then ended. - Financial statements in accordance with the relevant financial reporting framework and relevant legislation.	- We report on the outcomes of our audit procedures to respond to the most significant assessed risks of material misstatement that we have identified, including our judgements within this section of our report. We did not identify any areas of material misstatement. - We are satisfied that accounting policies are appropriate, and estimates are reasonable. - We have considered the financial statements against Code requirements, and additional guidance issued by CIPFA and Audit Scotland.	We have issued an unqualified audit opinion on the 2024/25 financial statements for the IJB.
Going concern We are required to conclude on the appropriateness of the use of the going concern basis of accounting.	- We conduct core financial statements audit work, including review and challenge of management's assessment of the appropriateness of the going concern basis. - Wider scope procedures including the forecasts are considered as part of our work on financial sustainability.	In accordance with the work reported on page 14, we have not identified any material uncertainties.
Other information We are required to consider whether the other information in the financial statements is materially inconsistent with other knowledge obtained during the audit.	- The Chief Financial Officer is responsible for other information included in the financial statements. - We conduct a range of substantive procedures on the financial statements, and our conclusion draws upon review of committee and IJB minutes and papers, regular discussions with management, our understanding of the IJB and the wider sector.	We are satisfied that the Annual Report meets the core requirements set out in the Code of Practice on Local Authority Accounting.
Matters prescribed by the Accounts Commission - Audited part of remuneration report has been properly prepared. - Management commentary / annual governance statement are consistent with the financial statements and have been properly prepared.	Our procedures include: - Reviewing the content of narrative disclosures to information known to us. - Our assessment of the Annual Governance Statement against the requirements of the CIPFA Delivering Good Governance Code.	We issued an unqualified opinion.
Matters on which we are required to report by exception	We are required to report on whether: - Adequate accounting records have been kept. - Financial statements and the audited part of the remuneration report are not in agreement with the accounting records. - We have not received the information or explanations we require.	We have no matters to report.

Our response to significant and fraud audit risks

We identified one significant risk within our 2024/25 Annual Audit Plan:

Risk of fraud in expenditure recognition, including through management override of control (a key audit matter).

What is the risk?

As we outlined in our Annual Audit Plan, ISA (UK) 240 requires us to assume that fraud risk from income recognition is a significant risk. In the public sector, we extend our consideration to the risk of material misstatement by manipulation of expenditure.

As there is no material judgement associated with the recognition of the IJB's funding from Renfrewshire Council and NHS Greater Glasgow and Clyde, we have determined that the risk of revenue recognition does not materialise. We therefore consider this risk to be most prevalent in expenditure balances.

What judgements are we focused on?

We focused on the risk in relation to the existence and occurrence of expenditure incurred by the IJB in commissioning services from the partners. There may be judgement in the timing of the recognition of expenditure, including any differences to the Direction issued by the IJB.

What did we do?

We undertake specific, additional procedures for income and expenditure streams where we identified a fraud risk. For 2024/25 our work included:

- Challenging management on how the IJB gains assurance over the expenditure it incurs and the basis of payments it makes to its partner bodies to deliver commissioned services.
- Reviewing the financial information that management present to the IJB that clarifies the source of information provided by each of the IJB partners. Reports to the IJB at the year end also made clear that the year end outturn represented the approval by the IJB of the final expenditure incurred in commissioning services from Renfrewshire Council and NHS Greater Glasgow and Clyde.
- Reviewing additional revenue streams and cut-off testing for additional income received.
- As part of the year end process, we obtained written confirmation statements from the Director of Finance at NHS Greater Glasgow and Clyde and the Section 95 Officer at Renfrewshire Council of the spend by the respective bodies on delivering services, and therefore their request for payment from the IJB to cover those costs. We obtained a copy of those confirmations and agreed figures within the financial statement to source documentation.
- We obtained independent confirmation from the appointed auditor at both the Council and NHS Greater Glasgow and Clyde of the income and expenditure transactions recorded at their respective audited bodies. The confirmations agreed the income and expenditure amounts transacted in the year.

Impacted balances within the financial statements:

- Cost of services: £421.6 million; and
- Cost of services prior year comparator: £402.6 million.

Refer to Significant Accounting policies (pages 58-62) and notes 6, 11 and 13 of the Financial Statements.

Risk of management override

Our Annual Audit Plan recognises that under ISA (UK) 240, management is considered to be in a unique position to perpetrate fraud in financial reporting because of its ability to manipulate accounting records directly or indirectly by overriding controls that otherwise appear to be operating effectively. We respond to this risk on every engagement, including the following procedures:

- **Risk of fraud:** We considered the risk of fraud, including through our enquiries with management about their assessment of the risks of fraud and the controls to address those risks. We also developed our understanding of the oversight of those charged with governance over management's processes over fraud by receiving written confirmations from the Chair of the Audit, Risk and Scrutiny Committee.
- **Testing on journal entries:** We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. We obtained all journals posted by management to record the transactions of the IJB, which are hosted on the Renfrewshire Council financial ledger. All of the journals for the IJB's transactions were reviewed in the course of our work.
- **Judgements and estimates:** Management identified one judgement within the financial statements, relating to hosted services where, for example, Renfrewshire IJB provides services for other IJBs. We reviewed supporting documentation on the basis for the assessment of consumption of hosted services, agreed hosting arrangements for each service back to the integration scheme and reperformed calculations as appropriate. As a result of this work, we have not identified any audit adjustments. We confirmed the process for ensuring that there were no claims applicable to the IJB that required provision to be made in relation to the CNORIS (Clinical Negligence & Other Risks Indemnity Scheme).
- **Accounting policies:** We considered the consistency and application of accounting policies, and the overall presentation of financial information. We consider the accounting policies adopted by the IJB to be appropriate and there were no significant accounting practices which materially depart from the Code.

Our conclusions:

- Our testing has not identified any material misstatements relating to revenue and expenditure recognition.
- We have not identified any material weaknesses in the design and implementation of controls around journal processing. We did not identify any instances of evidence of management override of controls.
- There was no disagreement during the course of the audit over any accounting treatment or disclosure, and we encountered no significant difficulties in the audit.

Going Concern

International Auditing Standard 570 Going Concern, as applied by Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom, requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report.

Under ISA (UK) 570, we are required to undertake challenge of management's assessment of going concern, including testing of the adequacy of the supporting evidence we obtained. In light of the unprecedented nature of the scale of financial challenges facing IJBs, including inflationary and demand pressures, we place increased focus on management's assertion regarding the going concern basis of preparation in the financial statements, and particularly the need to report on the impact of financial pressures on the IJB and its financial sustainability.

Management's going concern assessment and associated disclosures cover the period following approval of the financial statements, to 31 March 2027.

After completing its going concern assessment in line with the information and support provided through earlier discussions in the audit process, the IJB has concluded that there are no material uncertainties around its going concern status. We have outlined our consideration of the IJB's financial position going forward in the financial sustainability section of this report.

We considered this in conjunction with management's assessment on going concern, focusing on:

- The completeness of factors considered in management's going concern assessment.
- The completeness of disclosures in the financial statements in relation to going concern and future financial pressures and how savings challenges in the short and medium term will be addressed.

All information provided by management to support its assessment, including key reports to the IJB and financial plans, were verified to supporting records.

Our conclusions:

- We concur with management's assessment that there are no material uncertainties in relation to the going concern of the IJB, we note the increasingly challenging financial position facing both the IJB and the wider sector.
- As a result of the level of General Reserves now remaining, areas of overspend would result in recovery planning and possibly the necessity for additional contributions from the IJB's partners, Renfrewshire Council and NHS Greater Glasgow and Clyde.



Wider Scope and Best Value audit

Introduction

In June 2021, Audit Scotland and the Accounts Commission published the current Code of Audit Practice. This establishes the expectations for public sector auditors in Scotland for the term of the current appointment.

Risk assessment and approach

The Code sets out the four dimensions that comprise the wider scope audit for public sector in Scotland:

- Financial management.
- Financial sustainability.
- Vision, Leadership and Governance.
- The use of resources to improve outcomes.

We apply our professional judgement to risk assess and focus our work on each of the wider scope areas. In doing so, we draw upon conclusions expressed by other bodies including the IJB's internal auditors and the Care Inspectorate, along with national reports and guidance from regulators and Audit Scotland. The findings from our wider scope work have informed our assessment on Best Value themes in 2024/25.

For each of the dimensions, we have applied a RAG rating, which represents our assessment on the adequacy of the IJB's arrangements throughout the year, as well as the overall pace of improvement and future risk associated with each dimension.

Exhibit 4: Our RAG ratings

	Red	Our auditor judgements are RAG rated based on our assessment of the adequacy of the IJB's arrangements throughout the year, as well as the overall pace of improvement and future risk associated with each area.
	Amber	
	Green	This takes account of both external risks not within the IJB's control and internal risks which can be managed by the IJB, as well as control and process observations made through our audit work.

Financial Management

Introduction

Financial management means having sound budgetary processes. Audited bodies require the ability to understand the financial environment and whether internal controls are operating effectively. Our focus is therefore on in-year monitoring and reporting arrangements, including the achievement of planned savings, and the IJB's financial outturn for 2024/25.

The 2024/25 budget relied upon the use of reserves to meet the IJB's statutory responsibility to set a balanced budget in line with prior year

The 2024/25 budget relied upon the use of reserves to meet the IJB's statutory responsibility to set a balanced budget. The budget recognised that 2024/25 represented a further step change in the level of financial pressure facing the IJB. Gross cost pressures identified within the budget totalled £23.85 million and included:

- Living wage pressures of £6.56 million;
- The ongoing increase in cost and volume of prescriptions totalling £4.79 million;
- Recurring pressures from 2023/24 of £4.15 million;
- Demand pressures of £3.7 million;
- Further pay inflation for both Council and NHS workers totalling £3.35 million; and
- The estimated impact of contractual costs totalling £1.23 million.

The budget gap remaining after funding movements was £10.77 million, and was bridged in the budget using:

- Savings as a result of a non-recurring reduction in employer contribution rates for Strathclyde Pension Fund totalling £3.59 million; alongside
- The drawdown of £7.18 million of the IJB's earmarked reserves

The IJB's financial outturn records an overall overspend of £3.98 million prior to transfers from earmarked reserves

The IJB's financial outturn in 2024/25 records an overall overspend of £3.98 million (2023/24: overspend of £0.79 million) prior to transfers from earmarked reserves. This consists of an overspend in operational service delivery of £3.94 million and an overspend in other delegated services of £0.04 million.

In-year underspends against ring fenced allocations as at 31 March 2025 were transferred to earmarked reserves in line with Scottish Government funding arrangements.

As in prior years, the outturn reflected a significant underspend against employee costs (£4.72 million) due to ongoing recruitment and retention difficulties across the sector and NHS restrictions on vacancy management. This was largely offset by:

- A substantial increase in the cost and volume of prescriptions, reflecting the volatile global market and difficulty to predict or manage, alongside GMS overspends due to increased costs associated with GP Premises, IT, superannuation and locum costs (£3.04 million)
- Demographic changes and the increasing complexity of care required for Care at Home (£3.91 million); and
- Demand and client needs for adult care placements and respite (£1.53 million).

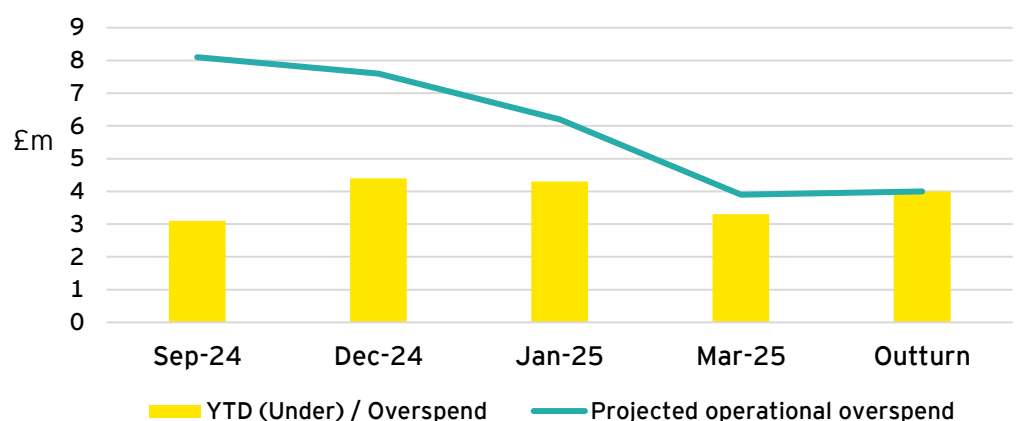
Budget monitoring reports addressed key areas of risk and projected that service expenditure would be overspent

The IJB has an established process for reporting on the progress against budget at each IJB meeting. Exhibit 5 highlights that the reports included actual outturn to date, along with the forecasted outturn for the financial year, and therefore the impact on the IJB's reserve balances.

Throughout the financial year, the IJB projected that service expenditure would be overspent against budget due to growing cost pressures. Specific areas of risk are highlighted within reports to provide IJB members with up-to-date commentary.

The level of projected overspend fell significantly during the year due to several focused pieces of work put in place by the Senior Management Team including vacancy management, hold on discretionary spend, reduction in agency and overtime spend, detailed budget review and management of care at home placements and a significant reduction in the projected overspend for prescribing. While this protected the IJB's financial position in 2024/25, the operational overspend represents a recurring pressure for future years.

Exhibit 5: Budget monitoring to the IJB highlighted a projected overspend through the financial year



Source: Renfrewshire IJB Financial Monitoring reports 2024/25

The IJB delivered savings of £3.46 million in 2024/25 via the Sustainable Futures programme

A key strand of the IJB's approach to managing the challenging financial outlook was the establishment of the Sustainable Futures programme to deliver transformational reform. The IJB identified savings approved to be delivered through Phases 1 and 2 of the Sustainable Futures programme of £3.7 million within the 2024/25 budget. Overall, the IJB reported the achievement of £3.5 million of savings in 2024/25.

The IJB's internal reporting has noted that the scope to deliver additional further recurring savings has increasingly been limited.

The IJB concluded that its internal control arrangements remain effective

Within the IJB's Annual Governance Statement, the IJB has concluded that they have obtained assurance that the system of internal control was operating effectively during the year.

Through our audit of the financial statements, we consider the design and implementation of key controls related to areas of significant risk to the financial statements. This work has included documenting the key internal financial controls and performing walkthroughs to ensure controls are implemented as designed.

We undertook an assessment of the financial control environment as part of our planning work and updated our understanding as part of the year end audit. For the IJB, this required us to assess the systems across partner organisations, including Renfrewshire Council.

Our work did not identify any significant weaknesses in the systems of internal control relevant to the preparation of the IJB's financial statements.

Our conclusions:

- The IJB's financial outturn in 2024/25 records an overall overspend of £3.98 million in operational service delivery. The overspend was less than projected during the financial year as a result of management action, including holding vacancies based on an assessment of risk.
- The 2024/25 budget relied upon the use of non-recurring reserve balances, reflecting the agreed level of savings for 2024/25 as part of the Sustainable Futures programme. This is not sustainable in the short to medium term.

Financial Sustainability

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

Our focus is therefore on the strategic planning that the IJB has undertaken to support its sustainability and ability to deliver balanced budgets in the medium term.

The Accounts Commission's Financial Bulletin 2023/24 highlighted the precarious nature of the sectors finances

In March 2025, the Accounts Commission reported that total reserves held by IJBs reduced by 40% overall in 2023/24. Nine IJBs held no contingency reserves at 31 March 2024, a rise from five in the previous year. A funding gap of £457 million was projected across the sector for 2024/25, requiring realistic and achievable budget planning and collaboration with partners.

While most planned savings were achieved by IJBs in 2023/24, a significant portion was non-recurring, necessitating ongoing identification of savings for future budgets. The report highlights that NHS boards and councils face significant financial challenges themselves and IJBs cannot therefore continue to rely on their partners being able to find additional money to support them over the short to medium term.

The Commission have previously highlighted that a whole system approach is needed to meet the scale of the challenges facing IJBs. They note that uncertainty regarding the plans for a National Care Service contributed to the difficult context for planning and delivering effective services. In future reporting, expected in late 2025, the Commission and Auditor General will expand the scope of their work to include community health and social care as a whole system and look at how different parts work together when planning and delivering services.

The IJB has identified a funding gap of £36.6 million to 2027/28

The latest iteration of the Medium-Term Financial Plan (MTFP) was presented to the IJB in March 2025. The Plan covers the period 2025-28 and underpins the refreshed Strategic Plan for 2025-27.

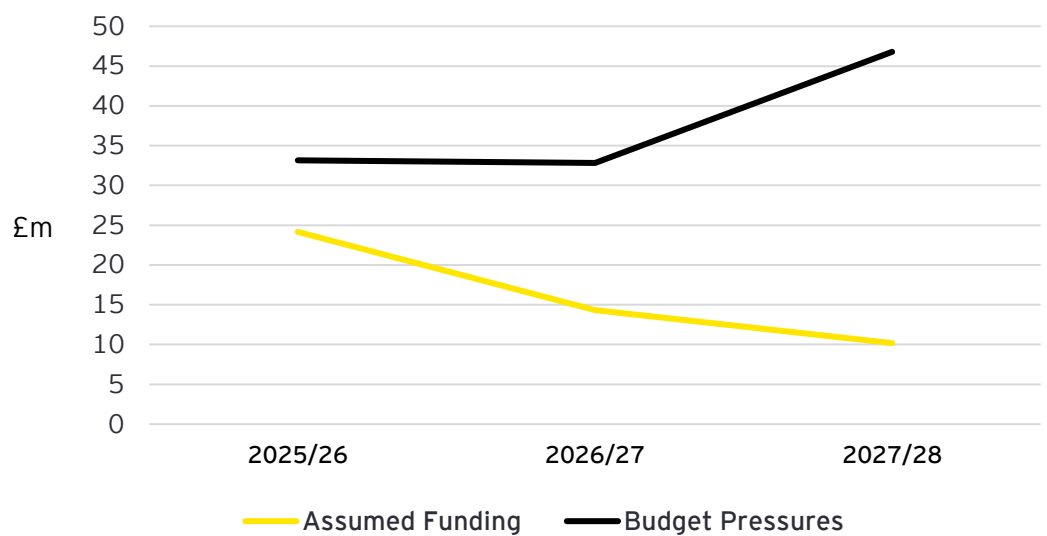
The MTFP outlines a number of scenarios based on a range of assumptions on key cost pressures and funding expectations, prior to the impact of any transformational plans in progress within the partner bodies. Current projections for the medium term highlight a potential recurring budget gap of between £7.8 million to £11.8 million in 2025/26 alone.

This reflects the level of uncertainty facing the IJB and several significant changes to initial projections including prescribing price and volume increases, the impact of changes to employer's National Insurance Contributions and a range of new recurring unfunded pressures arising from overspends in Care at Home, Adult Supporting Living, Prescribing and Respite Care.

As in prior years, the MTFP highlights the IJB will need to draw upon non-recurring reserves to deliver a balanced budget for 2025/26 as savings alone are not sufficient to address the financial pressures.

Exhibit 6 highlights that, under its medium, or most likely, planning scenario, the cumulative recurring budget gap is forecast to be £18.5 million in 2026/27 which is expected to rise to £36.6 million in 2027/28, partly as a result of the employers contributions for Strathclyde Pension Fund increasing to 17.5% (following a reduction to 6.5% in 2024/25 and 2025/26).

Exhibit 6: The IJB's Medium Term Financial Outlook identifies a funding gap of £36.6 million over 3 years



Source: Renfrewshire IJB Medium Term Financial Plan, March 2025 (Medium Scenario)

The IJB continued to rely on non-recurring measures to reach a balanced budget for 2025/26

In March 2025, the IJB considered the financial allocations and budgets made available to the IJB for 2025/26 by Renfrewshire Council and NHS Greater Glasgow and Clyde (NHSGGC). The HSCP budget for 2025-26 highlights a remaining recurring funding gap of £8.989 million following consideration of estimated budget pressures, savings approved for delivery through Phases 2 and 3 of the Sustainable Futures programme, Board wide prescribing initiatives and the increase in Partner funding in line with the conditions of the Scottish Government Budget for 2025/26. The recurring gap of £8.989 million is in line with the medium scenario per the Medium-Term Financial Plan. The gross cost pressures identified include:

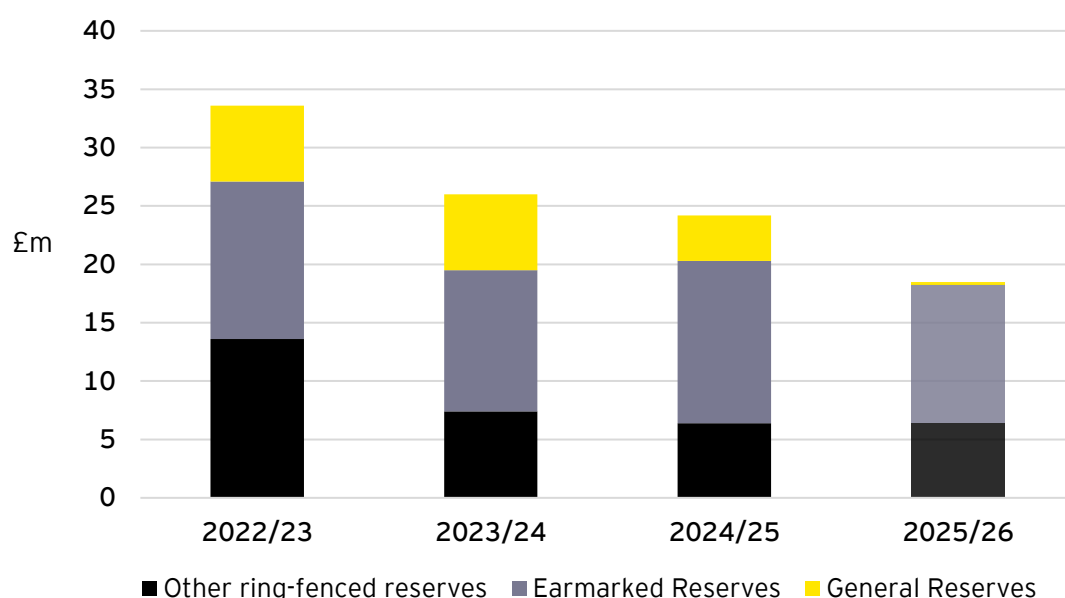
- Recurring unfunded pressures including overspends of £9.7 million;
- Pay pressures of £5.6 million;
- Living wage and NCHC costs of £4.7 million; and
- Prescribing pressures of £4.2 million

The IJB's General Reserves are projected to fall to 0.05% in 2025/26, significantly below the 2% target

Exhibit 7 highlights that overall, the IJB's reserves fell by £1.9 million in 2024/25, including the use of £2.7 million of General Reserves to meet additional costs of a Care at Home staff regrade. To deliver a balanced budget in 2025/26, the IJB is again reliant on non-recurring measures including a further drawdown from reserves of £5.6 million (£2 million from earmarked reserves and £3.6 million from General Reserves).

This would result in a General Reserves balance of just £0.2 million by 31 March 2026, which represents 0.05% of the IJB's net budget for 2025/26 and is in breach of the IJB's reserve policy to maintain 2% of the net budget in general reserves. While there is scope to identify and deliver savings to protect the reserves balance, significant financial risks remain, including demand pressures such as prescribing, which are difficult to predict or control.

Exhibit 7: Overall reserves fell by £1.9 million in 2024/25 and are projected to fall by another £5.6 million in 2025/26



Source: Renfrewshire IJB Delegated Health and Social Care Budgets

The IJB has not yet approved a sustainable programme of savings

The IJB adopted the Sustainable Futures programme in June 2023 to identify and deliver savings options to address the projected budget gap, through effective engagement with services users, staff, partners and the wider community.

While Phases 1 and 2 of the programme has delivered approximately £6 million of recurring savings for the IJB, the IJB has faced increasingly difficult decisions about the prioritisation and delivery of services. As a result, in September 2024, the IJB approved an equal application of savings to each of the influenceable budget categories.

In December 2024, the IJB agreed a proposed approach to identifying future savings through Phase 3 which approved a further £14.5 million of savings for delivery over the next three financial years including increased income arising from Renfrewshire Council's approval of changes to the non-residential charging policy from 1 April 2025.

As a result of the complexity of savings activity, the Health and Social Care Partnership (HSCP) has implemented a refreshed Programme Board which will meet regularly to approve internal service model redesigns and the detail within Integrated Impact Assessments for the proposals the IJB have agreed should be further developed. A Design Authority group has also been implemented which meets regularly to review emerging detail and bring together expertise across the IJB prior to consideration of service models by the Programme Board and the IJB.

The HSCP has continued to develop a range of Integrated Impact Assessments, considering the impact of savings proposals where further service model design and engagement is required, which were subject to a programme of public engagement in June 2025 to inform IJB decision making in September 2025.

Our conclusions:

- The IJB's General Reserves balance continued to fall significantly in 2024/25. Current projections highlight that General Reserves could fall to 0.05% of the IJB's net budget in 2025/26, and are likely to be exhausted in 2026/27. This is in breach of the IJB's policy to hold 2% of net budget in General Reserves and presents a risk to the IJB's ability to set a balanced budget in future years.
- The IJB's Medium Term Financial Plan outlines a cumulative budget gap of £36.6 million in the period to 2027/28. As a result there is now a critical need to identify recurring savings or reductions in services to remain financially sustainable.

Vision, Leadership and Governance

This considers the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.

The Annual Governance Statement demonstrates that the IJB has the key requirements for good governance in place

The key aspects of the IJB's governance arrangements are required to be disclosed in the Annual Governance Statement within the financial statements. The IJB concluded that they have obtained assurance that the system of internal control was operating effectively during the year.

We reviewed the governance statement against the requirements outlined in the CIPFA framework for Delivering Good Governance in Local Government, and against our understanding of the IJB's arrangements in the period to 31 March 2025. We were satisfied that it was consistent with both the governance framework, key findings from relevant audit activity and management's assessment of its own compliance with the CIPFA framework.

We have attended each of the Audit, Risk and Scrutiny Committees during the year and we were satisfied that there was an appropriate level of challenge and scrutiny at meetings, and that management's assessment of compliance is consistent with matters arising at the committee.

A new Chief Officer was appointed in June 2025 with the appointment effective from August 2025

The Accounts Commission's Integration Joint Board Financial Bulletin 2023/24 (March 2025) notes that instability of leadership continues to be a challenge for many IJBs. Over half of IJBs reported a change of Chief Officer or Chief Finance Officer in 2023/24 alone. High turnover rates among chief officers and finance officers pose risks to effective strategic planning.

The former Chief Officer of Renfrewshire IJB left to take up a new post in March 2025. Interim arrangements were put in place, with the Head of Health and Social Care for Renfrewshire HSCP being appointed for an initial period of six months to allow the recruitment process to take place for a permanent appointment. A new permanent Chief Officer was appointed following a recruitment process, and became effective in August 2025.

The IJB approved a Refreshed Strategic Plan in June 2025 which covers the period 2025-27

A Refreshed Strategic Plan 2025-27 was approved in June 2025 by the IJB following formal consultation in March and April 2025. Each element of feedback received through the consultation period was reviewed, categorised and, where appropriate, reflected in the final Refreshed Strategic Plan.

The HSCP will also develop an Annual Delivery Plan for Year 1 of the refreshed plan and will be considered by the IJB in September 2025 for approval.

The Audit, Risk and Scrutiny Committee considered its own effectiveness during the year

In the prior year, we noted that the Audit, Risk and Scrutiny Committee has performed a self-assessment against updated CIPFA guidance on good practice for local authority committees, and that the IJB's internal auditors have created a training programme for members of the Committee.

An Annual Report on the Committee's work during 2024/25 was subsequently developed in response to recommendations arising from the completion of the CIPFA self-assessment. The report provides a retrospective overview of the Committee's activity over the period 1 April 2024 to 31 March 2025 and forms part of the IJB's wider corporate governance framework, supporting transparency, accountability, and continuous improvement in the governance arrangements of the IJB.

The Annual Report notes that the Committee has considered a wide range of reports throughout the 2024/25 period including: standing items, items relating to year-end assurance/annual accounts, reports in respect of internal and external audit reviews, as well as key publications including reports from Audit Scotland and regulatory bodies in relation to planned and unplanned inspections.

We noted other key areas of progress in response to the Action Plan including:

- Verbal updates have been provided to each of the IJB meetings over the last year by the Chair of the IJB Audit, Risk and Scrutiny Committee;
- The Terms of Reference was reviewed and updated in November 2023 and formally approved by the IJB in January 2024 and remain active; and
- A Training Needs Analysis (TNA) was undertaken with the membership of the Audit, Risk and Scrutiny Committee. The output from this informed the training programme that was undertaken over the course of 2024/25 including governance arrangements and the value of good governance, internal audit and counter fraud.

The Chief Internal Auditor identified no unsatisfactory or limited assurance opinions in IJB reviews during 2024/25

Internal Audit's Annual Report was presented to the Audit, Risk and Scrutiny Committee in June 2025. The report noted that the two reviews planned for 2024/25 were complete.

In 2024/25 there were no unsatisfactory audit opinions issued in relation to the IJB and as a result, the Chief Internal Auditor concluded that "a reasonable level of assurance can be placed upon the adequacy and effectiveness of the Integration Joint Board's internal control, risk management and governance arrangements."

The approval of the Integration Scheme was further delayed as a result of changes identified through wider engagement

Councils and their partner health boards have a statutory duty under the Public Bodies (Joint Working) (Scotland) Act 2014 to review the integration scheme every five years. The IJB is responsible for making any required changes to the Scheme, which is then submitted to the partner bodies for approval and final approval from Scottish Ministers is then required.

Renfrewshire IJB's Integration Scheme was last updated in 2018, and the review is therefore overdue. Following joint review of the Renfrewshire Integration Scheme, undertaken by a pan-Greater Glasgow and Clyde HSCP working group, a consultation draft of the revised Scheme was approved by Renfrewshire Council Leadership Board in February 2024, following a period of consultation from November 2023 to January 2024 which led to the identification of further recommended changes, which have been incorporated into an updated version of the draft Integration Scheme.

We note the review of the Integration Scheme is disclosed as an ongoing action in the Annual Governance Statement with no agreed timeline for approval due to pan-GGC HSCP issues to be resolved before Integration Schemes can be finalised for review and approval.

The revised Integration Scheme will be reconsidered by local governance processes at the partner bodies. The changes proposed include:

- Sections that referred to actions that have been completed since they were committed to in the original Scheme, or outdated terminology, such as the name of specific groups or structures
- Changes in legislation since the original Scheme, including the Carers Act and General Data Protection Regulation (GDPR); and
- Revised arrangements for services that are hosted by one IJB on behalf of one or more of the six within the Greater Glasgow and Clyde area.

Any changes to hosted services will be subject to detailed operational planning, and it is likely that a shadow year will be required. As a result, there are no imminent changes to arrangements that are required to be disclosed within the financial statements.

IJB members are required to manage conflicts of interest to ensure that they meet their responsibilities to the IJB

In 2023/24, we noted that the IJB found it difficult to build the consensus needed to make significant decisions on savings. Consultation with key stakeholders on savings options resulted in emotive and legal challenges that make decision-making increasingly difficult.

During 2024/25, the IJB faced several significant challenges as savings options identified through the Sustainable Futures programme were subject to consultation with the public, and in some cases brought to judicial review.

The governance arrangements of the IJB are established to balance the membership and interests of the respective partner bodies. Each IJB member is required to set aside the interests of their own organisation to perform their role effectively on the IJB.

The IJB has requested officers to develop a range of options appraisals and impact assessments to support proposals to mitigate the financial gap, but have subsequently been unable to support officer recommendations. The level of reserves remaining has now reached an unsustainable level, meaning that there is an increased likelihood of reactive cuts, or the IJB being required to seek unplanned and unaffordable support from Partner bodies.

Our conclusions:

- Governance arrangements functioned in line with expectations throughout 2024/25 despite the departure of the Chief Officer.
- The IJB's partners continued to make progress to update the Integration Scheme, following a period of mandatory consultation but the approval has been further delayed as a result of significant changes by partner bodies.
- IJB members need to work collectively with officers to ensure resources and capacity used by developing savings is sufficient to reduce the level of financial challenge facing the IJB.

Use of Resources

We consider the IJB's approach to demonstrating economy, efficiency, and effectiveness through the use of resources and reporting outcomes.

The IJB continues to report regularly on performance, including the publication of the Annual Performance Report in July each year

A comprehensive Performance Framework is in place to scrutinise performance both operationally by the Strategic Planning Group, and at the IJB on a 6-monthly basis. A Performance Scorecard, is in place to report on performance against the five key themes within the Strategic Plan 2022-25:

- Healthier futures;
- Connected futures;
- Enabled futures;
- Empowered futures; and
- Sustainable futures

In June 2025, the IJB approved their refreshed Strategic Plan to cover the period 2025-27. As part of the Strategic Plan refresh, the five key themes will be condensed to four with Healthier futures and Connected futures combining to form one key theme. Enabled futures will also become Supported futures to articulate adult protection more clearly.

The Scorecard includes a range of local and national Key Performance Indicators (KPIs). We also note that the Audit, Risk and Scrutiny Committee also consider regular reporting from individual service areas including Health and Safety and Quality, Care and Professional Governance updates. The Committee also consider the results of Care Inspectorate activity and reports from the Mental Welfare Commission. The reports include details of any action plans to respond to areas for improvement. The Committee also receive regular reports on the IJB's risk management arrangements.

The IJB considered its Annual Performance Report on 27 June 2025, in line with statutory requirements. The report is published on the IJB's website and highlights several key achievements, including:

Area of good practice:

Renfrewshire HSCP has maintained its position as the highest performing HSCP in Scotland for Standard Delayed Discharges for a third year in a row.

- Renfrewshire maintained its position as the highest performing HSCP in Scotland for Standard Delayed Discharges for a third year;
- Primary Care Mental Health waiting times achieved green status with 100% of patients referred to first appointment within 4 weeks in March 2025
- 2024/25 saw a 22% increase in the number of Adult Carer Support Plans completed by the HSCP and Renfrewshire Carers Centre;
- The Thrive Under 5 pilot took place in Johnstone from May 2024 to March 2025. 42 families, including 75 children, took part in the programme to reduce child poverty and increase healthy eating and physical activity; and
- Alcohol and Drug Recovery Services provided 1,023 Take Home Naloxone kits, a life-saving medicine that reverses an opioid overdose, to people in Renfrewshire communities in 2024/25 to help prevent drug deaths

The Annual Performance Report highlights key achievements and challenges across each Strategic Priority area

Exhibit 8 highlights that reporting on year 3 of the Plan shows steady progress across the strategic objectives with 76% of deliverables on target or fully complete. Where deliverables have not been delivered as anticipated, this has been due to a combination of resource and capacity issues, to prioritise service performance alongside financial planning and deliver the ongoing Sustainable Futures Programme. There are also some deliverables that are out with the IJB's control such as the National Care Service and Alcohol and Drug Partnership Strategy, other areas behind schedule include the Dementia Action Plan and Sensitive Routine Enquiry audits to address gender-based violence. The 23 deliverables incomplete will be carried forward into the refreshed Strategic Plan 2025-27, and others will be delivered as part of core business for services.

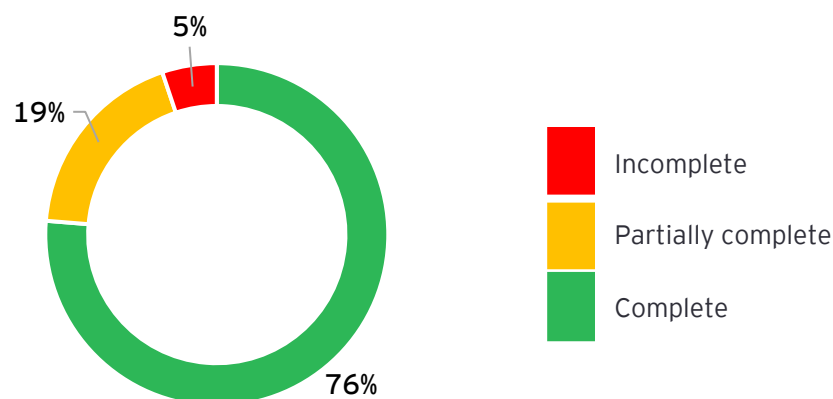
Alongside the Strategic Plan, the IJB monitors progress against Renfrewshire's Performance Scorecard. The Scorecard considers performance against national, NHS Board and local key performance indicators, and the National Core Integration Indicator.

The Performance Scorecard highlights 4 red indicators where performance is more than 10% from target. These include:

- Sickness absence rates for social work staff (22.05 days against a target of 15.3 days);
- Sickness absence rates for NHS staff (7.02% against a target of 4%)
- A&E wait times of less than 4 hours (66.6% against a target of 95%); and
- The number of adult support plans completed for carers (18+) by the HSCP (151 against a target of 192). This is the first year a target has been assigned, which was based on 2023/24 performance and further analysis is underway to understand more about the data, given the number of support plans completed by the Renfrewshire Carers Centre.

Overall, performance was on track for 16 (55%) of the 29 Performance Scorecard indicators.

Exhibit 8: The IJB achieved 76% of its targets in 2024/25



Source: Renfrewshire IJB Annual Performance Report July 2025

The Accounts Commission highlighted IJBs need to be working with their partners to transform services

The Audit, Risk and Scrutiny Committee considered Audit Scotland's Finance Bulletin 2023/24 on Integration Joint Boards in March 2025. The report highlighted the need for IJBs to work collaboratively with each other and with their NHS and Council partners to find ways to transform services so that they are affordable, with investment in prevention and early intervention required to help slow the increasing demand for services and the cost of more complex care to improve the experience and outcomes for people.

The Commission have previously highlighted that a whole system approach is needed to meet the scale of the challenges facing IJBs, noting uncertainty in the direction of plans for a National Care Service contributed to the difficult context for planning and delivering effective services. This has been reflected within the Refreshed Strategic Plan which highlights Scottish Government focus on health and social care reform as an external factor influencing the Strategic Plan. The Strategic Plan states Renfrewshire IJB will seek to contribute to reform and digital transformation at a national level, alongside the IJB's own focus on identifying opportunities to modernise services.

The IJB was subject to several inspections by the Care Inspectorate in 2024/25 with improvements noted in comparison to previous inspections

Several external inspections were performed throughout 2024-25. The IJB were advised in December 2024 that the Care Inspectorate would undertake a joint inspection of adult support and protection arrangements in the Renfrewshire partnership area. The final report was considered by the Audit, Risk and Scrutiny Committee in June 2025 and notes that Renfrewshire is one of only two partnerships in Scotland to achieve two 'very effective' progress statements and concluding "clear strengths in ensuring adults at risk of harm are safe, protected and supported" were found. The following priority areas for improvement were highlighted which will be included in the Adult Protection Committee Improvement Plan:

- The partnership should continue its work to improve the quality of chronologies and risk assessments for adults at risk of harm;
- The partnership should make progress with adults at risk of harm attending their adult protection case conference; and
- The partnership should continue its endeavours to improve representation of adults with lived experience of adult support and protection at strategic level in the partnership

The Care Inspectorate also performed an inspection of Care at Home Services, which was a full unannounced inspection concluding in August 2024. The final report was published in October 2024, evaluating the service as good in three areas and very good in one area with significant improvements and developments made across the service since the last inspection in 2022.

In addition to the Care Inspectorate inspections, the Mental Welfare Commission (MWC) visited several locations as part of their inspection of Mental Health Services including:

- North and East Wards, Dykebar Hospital;
- Rehab and Recovery Unit (Arran Ward), Dykebar Hospital;
- Nairn Ward, Stobhill Hospital; and
- Wards 37 and 39, Royal Alexandra Hospital

The Mental Welfare Commission made several recommendations following these visits, action plans were completed based on these recommendations and returned to the MWC.

The IJB continue to highlight significant and ongoing financial risks within its risk registers

The Audit, Risk and Scrutiny Committee receives a quarterly update on the key strategic risks facing the IJB. Three risks are scored as the highest rating available ("Extreme") relating to issues regarding attracting and retaining staff, IJB budgetary position and constrained capacity to deliver Sustainable Futures and transformational plans alongside service delivery.

A further eleven risks are assessed as "High" including five areas directly relating to the financial position:

- Changing financial and demographic pressures affecting service provision
- Financial challenges causing financial instability for the IJB
- Capital funding and complexities of property planning in an integrated setting
- Potential challenges to savings proposals or decision-making
- Potential impacts of financial recovery

Our conclusions:

- The IJB has a well-developed approach in place to monitor and report on progress against strategic priorities and was able to demonstrate key achievements in 2024/25.
- The IJB continues to highlight significant and ongoing financial risks within its risk registers that may undermine the delivery of the Strategic Plan.
- The IJB was subject to several external inspections in 2024/25 with positive findings published in Care Inspectorate reports and significant improvements noted from previous inspections.

Best Value considerations

As auditor to the IJB, we are required to comment on how effectively, in our view, the IJB demonstrates that it meets its Best Value responsibilities. As we noted in our Annual Audit Plan, the conclusions that we reach on the wider scope areas contribute to this consideration. We expect to develop our understanding of how the IJB meets its Best Value responsibilities over the course of our appointment.

Our assessment in 2024/25 therefore reflects the work conducted to support our wider scope responsibilities, developed throughout our appointment. Our consideration includes:

- Documentation review and discussions with senior officers;
- Updating our understanding of key sector developments and reporting;
- Our consideration of the IJB's financial planning processes including the most recent Medium Term Financial Plan 2025-2028 (approved in March 2025);
- Governance arrangements, including monitoring and scrutiny reports and the IJB's review of its own effectiveness;
- Our assessment of financial monitoring reports and performance reporting to the IJB; and
- The IJB's reporting against its priorities within the Annual Performance Report 2024/25.

The IJB can demonstrate that it has the key elements needed to deliver Best Value in place

The IJB reported on progress against its Strategic Plan 2025-27 within the Annual Performance Report. Performance against key performance indicators has remained strong despite the delays to recruitment that were necessary to respond to significant projected overspends. Overall, we noted that 76% of deliverables were on target or fully complete, and a further 19% were partially complete. Key areas where performance is significantly behind expectation include sickness absences in both health and social care services.

The financial outlook for the IJB remains very challenging. The level of reserves available to the IJB continued to fall in 2024/25, and General Reserves are now projected to fall to 0.05% of net expenditure in 2025/26. This is unsustainable and presents real risk that services will have to be scaled back in an unplanned and reactive basis. IJB members need to work at pace with officers to ensure that adequate savings and transformation can be developed to reduce the level of financial challenge facing the IJB. Very difficult decisions therefore lie ahead for IJB members at a time of significant uncertainty.

Overall, we concluded that the IJB's performance management and financial reporting arrangements allow the IJB to demonstrate the delivery of Best Value.

A photograph of a Black female nurse with short curly hair and glasses, wearing pink scrubs and a stethoscope. She is standing in a hospital room, looking towards the left. In the background, there is a computer monitor, a clock on the wall, and a poster with various charts and graphs.

Appendices

A

Code of audit practice:
Responsibilities

B

Independence report

C

Required communications with the Audit,
Risk and Scrutiny Committee

D

Timeline of communications and
deliverables

E

Follow up of prior year
recommendations

F

Adjusted and unadjusted audit
differences

G

Additional audit information

Audited body responsibilities

Audited bodies have the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives. The features of proper financial stewardship include the following:

Corporate governance

Each body, through its chief executive or accountable officer, is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies should involve those charged with governance (including audit committees or equivalent) in monitoring these arrangements.

Financial statements and related reports

Audited bodies must prepare annual accounts comprising financial statements and other related reports. They have responsibility for:

- Preparing financial statements which give a true and fair view of their financial position and their expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation.
- Maintaining accounting records and working papers that have been prepared to an acceptable professional standard and that support their accounts and related reports disclosures.
- Ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority.
- Preparing and publishing, along with their financial statements, related reports such as an annual governance statement, management commentary (or equivalent) and a remuneration report in accordance with prescribed requirements.

- Ensuring that the management commentary (or equivalent) is fair, balanced and understandable.

It is the responsibility of management of an audited body, with the oversight of those charged with governance, to communicate relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework. The relevant information should be communicated clearly and concisely.

Audited bodies are responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of their objectives and safeguard and secure value for money from the public funds at their disposal. They are also responsible for establishing effective and appropriate internal audit and risk-management functions.

Standards of conduct for prevention and detection of fraud and error

Audited bodies are responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption and to ensure that their affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.

Internal audit

Public sector bodies are required to establish an internal audit function as a support to management in maintaining effective systems of control and performance. With the exception of less complex public bodies the internal audit programme of work is expected to comply with the Public Sector Internal Audit Standards.

Internal audit and external audit have differing roles and responsibilities. External auditors may seek to rely on the work of internal audit as appropriate.



Code of audit practice: Responsibilities continued

Maintaining a sound financial position

Audited bodies are responsible for putting in place proper arrangements to ensure that their financial position is soundly based having regard to:

- Such financial monitoring and reporting arrangements as may be specified.
- Compliance with any statutory financial requirements and achievement of financial targets.
- Balances and reserves, including strategies about levels and their future use.
- How they plan to deal with uncertainty in the medium and longer term.
- The impact of reporting future policies and foreseeable developments on their financial position.

Responsibilities for best value, community reporting and performance

Local government bodies have a duty to make arrangements to secure best value. best value is defined as continuous improvement in the performance of the body's functions. In securing best value, the local government body is required to maintain an appropriate balance among:

- The quality of its performance of its functions.
- The cost to the body of that performance.
- The cost to persons of any service provided by it for them on a wholly or partly rechargeable basis.

In maintaining that balance, the local government body shall have regard to:

- Efficiency.
- Effectiveness.
- Economy.
- The need to meet the equal opportunity requirements.

The local government body shall discharge its duties under this section in a way which contributes to the achievement of sustainable development.

In measuring the improvement of the performance of a local government body's functions for the purposes of this section, regard shall be had to the extent to which the outcomes of that performance have improved.

The Scottish Government's Statutory Guidance on best value (2020) requires bodies to demonstrate that they are delivering best value in respect of seven themes:

1. Vision and leadership
2. Governance and accountability
3. Effective use of resources
4. Partnerships and collaborative working
5. Working with communities
6. Sustainability
7. Fairness and equality

The Community Empowerment (Scotland) Act 2015 is designed to help empower community bodies through the ownership or control of land and buildings, and by strengthening their voices in decisions about public services.

Specified audited bodies are required to prepare and publish performance information in accordance with Directions issued by the Accounts Commission.



Code of audit practice: Responsibilities continued

Appointed auditors' responsibilities

Appointed auditors' statutory duties for local government bodies are contained within Part VII of the Local Government (Scotland) Act 1973, as amended.

These are to audit the accounts and place a certificate (i.e., an independent auditor's report) on the accounts stating that the audit has been conducted in accordance with Part VII of the Act.

Satisfy themselves, by examination of the accounts and otherwise, that:

- The accounts have been prepared in accordance with all applicable statutory requirements.
- Proper accounting practices have been observed in the preparation of the accounts.
- The body has made proper arrangements for securing best value and is complying with its community reporting duties.

Hear any objection to the financial statements lodged by an interested person.

Appointed auditors should also be familiar with the statutory reporting responsibilities in section 102 of the Local Government (Scotland) Act 1973, including those relating to the audit of the accounts of a local government body.

2024/25 Fees

The IJB's audit fee is determined in line with Audit Scotland's fee setting arrangements. Audit Scotland will notify auditors about the expected fees each year following submission of Audit Scotland's budget to the Scottish Commission for Public Audit, normally in December. The remuneration rate used to calculate fees is increased annually based on Audit Scotland's scale uplift.

As we outlined in our audit planning report, the expected fee for auditor remuneration, set by Audit Scotland, is based on a risk assessment of publicly available information from the 2021 tender exercise. As set out in our Audit Planning Report the agreed fee is based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our financial statements opinion being unqualified;
- Appropriate quality of documentation is provided by the IJB;
- The IJB has an effective control environment, including internal audit function and an average risk profile for its sector; and
- The IJB complies with its responsibilities under the Code of Audit Practice (refer to Appendix A).

This is the basis for the estimated level of time and skill mix involvement by auditors.

If any of the above assumptions prove to be unfounded, we would seek a variation to the agreed fee.

	2024/25	2023/24
Component of fee:		
▪ Auditor remuneration - expected fee	£36,660	£35,420
Audit Scotland fixed charges:		
▪ Performance audit and best value	£7,040	£7,560
▪ Audit support costs	£920	£1,290
Sectoral price cap	(£10,620)	(£10,910)
Total fee	£34,000	£33,360

Throughout the course of their work, auditors may identify new, developing or otherwise enhanced areas of risk that are required to be addressed to deliver an audit to the quality standards expected, and in line with the requirements of the Audit Scotland Code of Practice.



Required communications

We have detailed below the communications that we must provide to the IJB.

Our reporting to you

Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the Audit, Risk and Scrutiny Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	Audit Scotland Terms of Appointment letter (December 2022) - audit to be undertaken in accordance with the Code of Audit Practice.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Annual Audit Plan - March 2025
Reporting and audit approach	Communication of the reporting scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Annual Audit Plan - March 2025
Significant findings from the audit	▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures. ▶ Significant difficulties, if any, encountered during the audit. ▶ Significant matters, if any, arising from the audit that were discussed with management. ▶ Written representations that we are seeking. ▶ Expected modifications to the audit report. ▶ Other matters if any, significant to the oversight of the financial reporting process. ▶ Findings and issues regarding the opening balance on initial audits.	This Annual Audit Report - September 2025.



Required communications

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		Our reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by Audit, Risk and Scrutiny Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	Audit Scotland Terms of Appointment letter (December 2022) - audit to be undertaken in accordance with the Code of Audit Practice.
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Reporting and audit approach	Communication of the reporting scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Annual Audit Plan - February 2025
Significant findings from the audit	▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures. ▶ Significant difficulties, if any, encountered during the audit. ▶ Significant matters, if any, arising from the audit that were discussed with management. ▶ Written representations that we are seeking. ▶ Expected modifications to the audit report. ▶ Other matters if any, significant to the oversight of the financial reporting process. ▶ Findings and issues regarding the opening balance on initial audits.	This Annual Audit Report - September 2025.
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements.	This Annual Audit Report - September 2025.



Required communications (cont.)

Our reporting to you

Required communications	What is reported?	When and where
Misstatements	▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation. ▶ The effect of uncorrected misstatements related to prior periods. ▶ A request that any uncorrected misstatement be corrected. ▶ Corrected misstatements that are significant. ▶ Material misstatements corrected by management.	This Annual Audit Report - September 2025.
Fraud	▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity. ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist. ▶ A discussion of any other matters related to fraud.	This Annual Audit Report - September 2025.
Internal controls	Significant deficiencies in internal controls identified during the audit.	This Annual Audit Report - September 2025.
Related parties	Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity	This Annual Audit Report - September 2025.
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence. Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence	Annual Audit Plan and this Annual Audit Report.

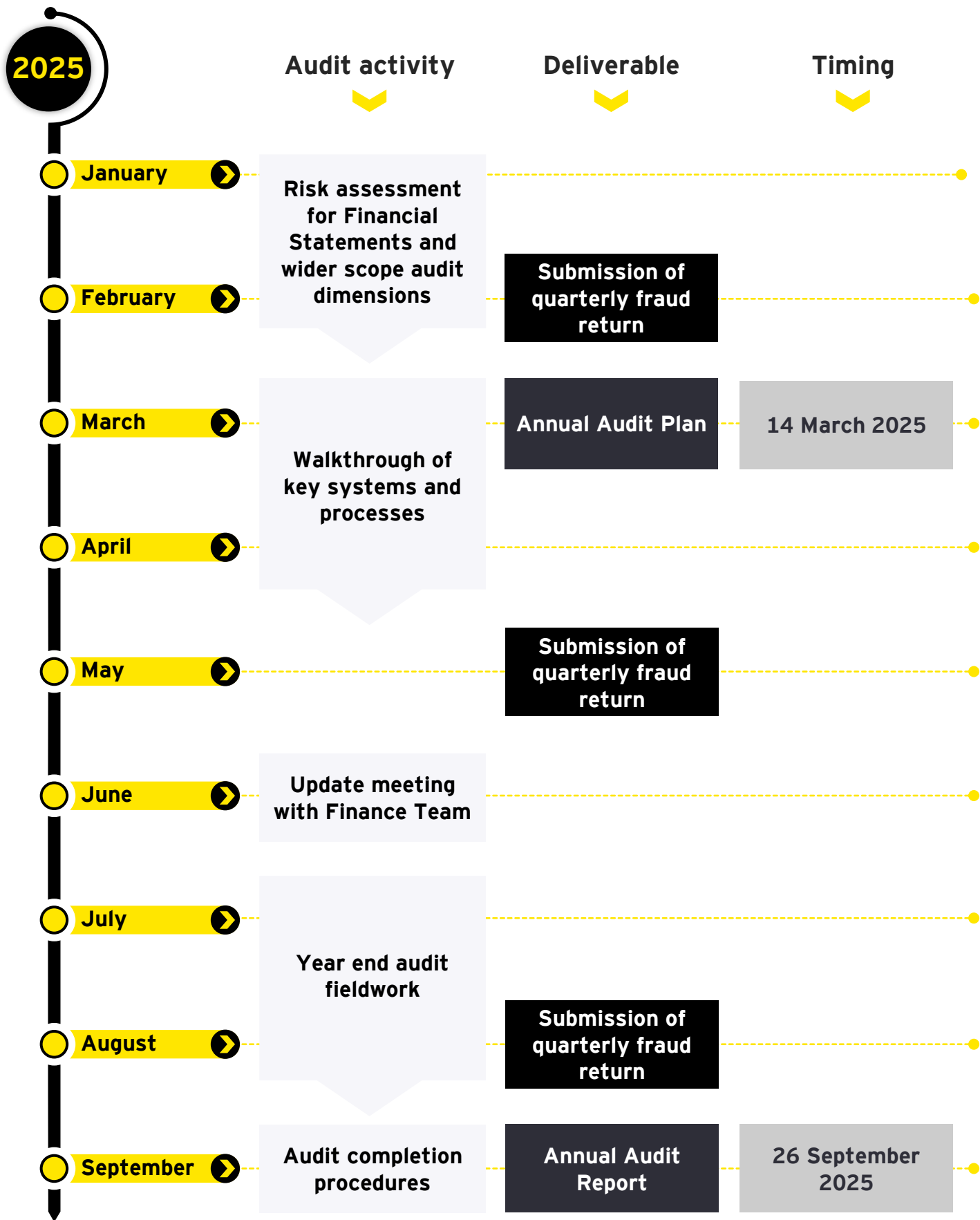


Required communications (cont.)

		Our reporting to you
Required communications	What is reported?	When and where
External confirmations	▶ Management's refusal for us to request confirmations. ▶ Inability to obtain relevant and reliable audit evidence from other procedures.	This Annual Audit Report - September 2025.
Representations	Written representations we are requesting from management and/or those charged with governance.	This Annual Audit Report - September 2025.
Consideration of laws and regulations	▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off. ▶ Enquiry of the Audit, Risk and Scrutiny Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit, Risk and Scrutiny Committee may be aware of.	This Annual Audit Report - September 2025.
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise.	This Annual Audit Report - September 2025.
Auditors report	Any circumstances identified that affect the form and content of our auditor's report.	This Annual Audit Report - September 2025.
Best value and wider scope judgements and conclusions	Our reporting will include a clear narrative that explains what we found and the auditor's judgement in respect of the effectiveness and appropriateness of the arrangements that audited bodies have in place regarding the wider-scope audit.	This Annual Audit Report - September 2025.
Key audit matters	The requirement for auditors to communicate key audit matters, which apply to listed companies and entities which have adopted the UK Corporate Governance Code in the private sector, applies to annual audit reports prepared under the Code.	This Annual Audit Report - September 2025.



Timeline of communication and deliverables





Follow up of prior year recommendations

This appendix sets out the recommendations that were made in 2023/24, along with our assessment of progress.

Prior year recommendations			
No.	Recommendation	Management response	Our assessment of progress
1.	Financial sustainability In March 2024, the IJB considered an update to the Medium Term Financial Plan as part of the arrangements to set the 2024/25 budget. This identifies a funding gap of £34.98 million in the period to 2026/27. The IJB currently plan to fund part of the 2025/26 gap on a non-recurring basis, using the one off pension contribution and by drawing down all remaining reserves. This is insufficient to bridge the gap, and a funding gap of £11.8 million will remain in 2025/26, growing to £35 million in 2026/27. As a result there is now a critical need to identify recurring savings or reductions in services to remain financially sustainable. There is an urgent need to develop a sustainable financial plan in advance of the 2025/26 budget process Grade 1	Response: HSCP Officers will continue to support the IJB to address financial challenges through progression of the next phase of Sustainable Futures programme. Updates on the programme are considered at each IJB meeting. Additional savings proposals will be prepared to be considered by the IJB in March 2025, alongside (i) a draft budget for 2025/26 and (ii) an updated Medium-Term Financial Plan. A proposal on the approach for the next phase of savings development, including supporting engagement, is scheduled to be considered by the IJB in September 2024. These proposals are underpinned by a detailed activity engagement plan. Responsible officer: Chief Officer and SMT Implementation date: 31/3/25	In progress: While the Sustainable Futures programme has led to the identification of significant savings, the IJB is not yet able to demonstrate a sustainable future in the medium term. The IJB has requested officers to develop a range of options appraisals and impact assessments to support proposals to mitigate the financial gap, but in a number of cases have subsequently been unable to support officer recommendations. Difficult decisions require to be taken to support the agreement of a balanced budget in March 2026.

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Adjusted and unadjusted audit differences

Adjusted disclosure differences

This appendix sets out the adjustments that were processed as part of finalisation of the financial statements.

- There was one adjustment to the presentation of the Comprehensive Income and Expenditure Statement. As a result of a change in accounting policy, management had restated the comparator figures within 2023/24. A separate Note to the Financial Statements (Note 15) was added to provide information about the change in accounting policy and provide the comparator figures for 2023/24. No other information in the CIES was impacted.

There were no unadjusted differences.



Additional audit information

Introduction

In addition to the key areas of audit focus outlined within the plan, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities under auditing standards

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the IJB's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the going concern basis of accounting.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Read other information contained in the financial statements, the Audit, Risk and Scrutiny Committee reporting appropriately addresses matters communicated by us to the Committee and reporting whether it is materially inconsistent with our understanding and the financial statements.
- Maintaining auditor independence.
- communicated by us to the Committee and reporting whether it is materially inconsistent with our understanding and the financial statements.
- Maintaining auditor independence.

Purpose and evaluation of materiality

- For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.
- Materiality determines the locations at which we conduct audit procedures, and the level of work performed on individual account balances and financial statement disclosures.
- The amount we consider material at the end of the audit may differ from our initial determination. At this stage it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit, we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.



Additional audit information (cont.)

Audit Quality Framework/Annual Audit Quality Report

- Audit Scotland are responsible for applying the Audit Quality Framework across all audits. This covers the quality of audit work undertaken by Audit Scotland staff and appointed firms. The team responsible are independent of audit delivery and provide assurance on audit quality to the Auditor General and the Accounts Commission.
- We support reporting on audit quality by providing additional information including the results of internal quality reviews undertaken on our public sector audits. The most recent audit quality report can be found at: [Quality of public audit in Scotland: Annual report 2024/25 | Audit Scotland](#)
- EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details can be found in our annual Transparency Report: https://www.ey.com/en_uk/about-us/transparency-report

This report

This report has been prepared in accordance with Terms of Appointment Letter from Audit Scotland through which the Accounts Commission has appointed us as external auditor of Renfrewshire Integration Joint Board for financial years 2022/23 to 2026/27.

This report is for the benefit of the IJB and is made available to the Accounts Commission and Audit Scotland (together “the Recipients”).

This report has not been designed to be of benefit to anyone except the Recipients. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Recipients, even though we may have been aware that others might read this report.

Any party other than the Recipients that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Recipient's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, Ernst & Young LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Recipients.

Complaints

If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with Stephen Reid who is our partner responsible for services under appointment by Audit Scotland, telephone 0131 777 2839, email sreid2@uk.ey.com. If you prefer an alternative route, please contact Anna Anthony, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you.

Should you remain dissatisfied with any aspect of our service, or with how your complaint has been handled, you can refer the matter to Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN. Alternatively you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

EY | Building a better working world

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