

# Integration Joint Boards

Financial bulletin 2024/25



ACCOUNTS COMMISSION 

Prepared by Audit Scotland  
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## Accessibility

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## Audit team

The core audit team consisted of: Christopher McClelland, Christopher Holgate and Kathrine Sibbald, under the direction of Blyth Deans.

# Key facts



**2.3%**

Real-terms increase in IJB funding between 2023/24 and 2024/25



**£12.5 billion**

Net cost of services for IJBs in 2024/25



**78%**

Proportion of planned savings achieved by IJBs in 2024/25



**12%**

Reduction in total reserves since 2023/24



**£404 million**

Total IJB reserves remaining at the end of 2024/25, £316 million of which is earmarked



**£449 million**

The budget gap at the time of budget setting for 2025/26

# Key messages

**Despite a real-terms increase in funding, Scotland's Integration Joint Boards (IJBs) are in a critical financial position. With increasing cost pressures and the total level of reserves now lower than the budget gap forecast, IJBs need to take decisive action and make difficult decisions about services.**

- 1** Despite a real-terms increase in funding between 2023/24 and 2024/25 of 2.3 per cent, the financial position of IJBs has become increasingly concerning. Financial pressures and demands on services continue to grow, outstripping increased funding and savings made, raising concerns around IJBs' financial sustainability. IJBs must make difficult decisions about how services are delivered, determine the appropriate level of services, and decide where to redesign, reduce or discontinue services. They must be transparent with service users and the public about the potential impact of these changes on service performance and outcomes.
- 2** Total reserve levels continue to fall across IJBs. Almost half of IJBs no longer hold any contingency reserves. The total level of reserves held by IJBs is now lower than the budget gap forecast for the year ahead.
- 3** The majority of IJBs reported operational overspends in-year, continuing the trend from previous years. While unplanned use of reserves decreased in 2024/25, as expected given the significant reduction in reserve levels in recent years, this was offset by a large increase in additional contributions from

partners. The partners, NHS boards and councils, also face significant financial challenges and will find it increasingly difficult to allocate further funding to IJBs during the year.

- 4** The funding gap in 2025/26 remains significant at £449 million, a slight decrease from £457 million in 2024/25. IJBs must work closely with partners to ensure budgets and savings plans are realistic and to identify solutions that will ensure services remain financially sustainable over the medium to long term.
  - 5** Although the majority of planned savings were achieved in 2024/25, it is unclear what proportion of these savings are recurring. There continues to be a lack of transparency and detail in public reporting on savings performance.
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# Recommendations

## **Over the next year, IJBs and their partner council and NHS boards need to work more collaboratively to:**

- set realistic budgets before the start of the financial year that minimise the need for additional in-year contributions
- consult and communicate with service users, carers and the wider public on plans for changes to services and ensure appropriate impact assessments are undertaken
- set out in strategic plans how services will be made financially sustainable and how future demand can be managed through investment in prevention in the medium and long term, including consideration, for example, what services are delivered, how and to whom those services are delivered, and charges for services.

## **Over the next year, IJBs should:**

- improve the clarity and comprehensiveness of their public reporting on savings performance, including comparisons to targets agreed during budget-setting, and whether savings made were recurring or non-recurring.

# Introduction

## About health and social care integration

**1.** The Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) requires councils and territorial NHS boards to work together in partnerships, known as Integration Authorities (IAs). As part of the Act, new bodies were created – Integration Joint Boards (IJBs). An IJB is a separate legal entity, responsible for the strategic planning and commissioning of a wide range of health and social care services across a partnership area. NHS board and council partner organisations are responsible for the delivery of services as directed by the IJB.

**2.** Of the 31 IAs in Scotland, 30 are IJBs. Stirling and Clackmannanshire councils have formed a single partnership with NHS Forth Valley. Highland currently follows a Lead Agency model where a Joint Monitoring Committee takes a similar strategic oversight role of adult community health and social care. Each IA is supported by an operational delivery partnership – the Health and Social Care Partnership (HSCP) – that manages the delivery of the services. The HSCP staff remain employees of the NHS or the council, depending on their role. More detail about integration can be found in our short guide – [What is integration?](#)

## Financial bulletin 2024/25

**3.** On behalf of the Accounts Commission, Audit Scotland has undertaken an analysis of the IJB annual accounts for 2024/25 and the annual audit reports produced by external auditors. The data and analysis are published on the Audit Scotland website as an interactive online tool – The IJB finance bulletin 2024/25. This interactive tool is supported by this bulletin.

### Data tool

**4.** In March 2025, we published a data tool that sets out financial data in an interactive way so that members of the public and in particular IJB members and other stakeholders could view the data and compare financial performance across the 30 IJBs in one location. This has been updated with data from the 2024/25 annual accounts.

**5.** We anticipate this will be a useful resource again for IJBs, their stakeholders and members of the public. It includes data on the funding and income and reserves position, outturn budget position, savings performance and financial outlook. The tool also includes local and national contextual data from the 2022 census that illustrates the increasing population pressures nationally and the significant variation across Scotland.

### **Bulletin**

**6.** This bulletin accompanies the interactive online data tool and provides a summary of the national level messages along with identified recommendations for improvement.

**7.** Our findings are based on the 2024/25 annual accounts for 30 IJBs (27 audited and three unaudited), 2024/25 annual audit reports, as well as IJB budget documentation for 2025/26. In addition, to assist understanding of the issues behind the data, a roundtable discussion was held with a group of IJB chief officers and chief finance officers in January 2026.

**8.** In the bulletin and data tool we convert some figures to real terms. This adjusts financial information from past and future years to prices for the year under review (2024/25). This is to take account of inflation so that trend information is comparable. To adjust for inflation, we use gross domestic product (GDP) deflators, which are published quarterly by HM Treasury. GDP deflators are the standard approach adopted by both the UK Government and Scottish Government when analysing public expenditure.

# Context

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

**9.** The pressures on Scotland's community health and social care services are escalating. There are increased public expectations of services and as we live longer and the proportion of the population over 65 continues to rise, the demand for the care and support that this positive outcome brings also increases. Positive progress with improving the life expectancy in people of all ages with complex needs also brings associated additional costs. The increasing financial pressures the sector is experiencing are further aggravated by inflationary cost pressures.

**10.** Our roundtable discussions with IJB chief officers and chief finance officers raised several key challenges for the sector including some of the main drivers of cost pressures. These include prescribing costs, individually complex care packages, impacts of increased life expectancies and reduction in the working week for NHS and council staff.

**11.** Scotland's wide-ranging population density from remote rural setting to urban populations in our towns and cities, presents different logistical challenges for providing community health and social care services to communities. This brings different associated cost pressures. Our interactive data tool provides information on the contextual profile of each IJB alongside the 2024/25 and 2023/24 financial data.

**12.** The 2022 Census sets out how the underlying factors impacting on the demand for social care and healthcare services have changed since 2011, [Exhibit 1 \(page 10\)](#).

## Exhibit 1.

### 2022 Census data with comparison to 2011 Census

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

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

Source: Scotland's Census 2022

# Financial performance

The financial position of IJBs continues to deteriorate, with increasing cost pressures meaning difficult decisions must be made

## IJB funding has increased in real terms since 2023/24

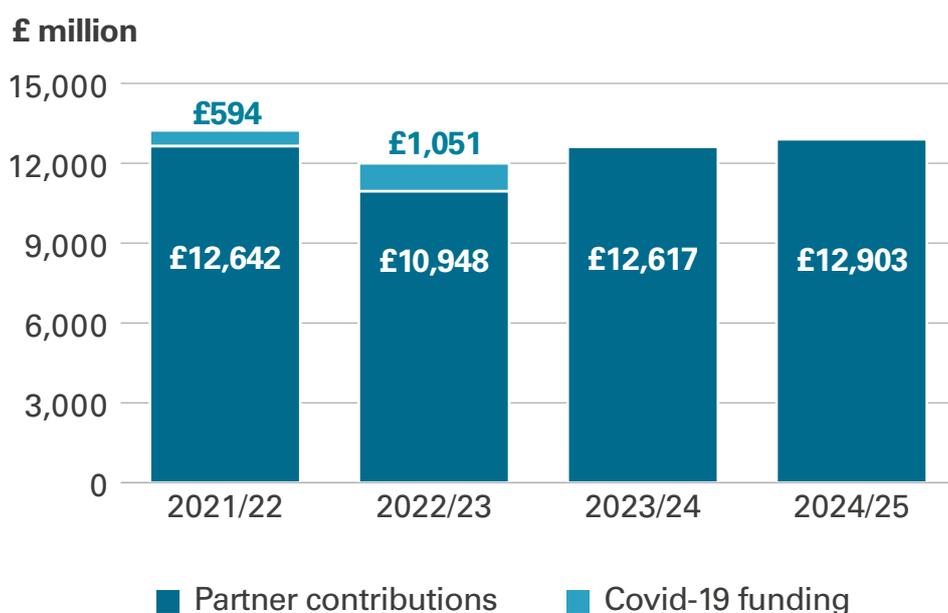
**13.** IJBs receive their funding as annually agreed contributions from their council and NHS board partners. Funding is largely provided to cover in-year expenditure on general services but can also be ring-fenced for specific services and national initiatives to be funded in future years. The funding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

**14.** There has been a 2.3 per cent real terms increase in funding between 2023/24 and 2024/25 as shown in [Exhibit 2](#).

## Exhibit 2.

### IJB funding and income 2021/22 – 2024/25

Funding increased by 2.3 per cent in real terms in the past year.



Source: IJB annual accounts

**15.** The real-terms increase in funding helps cover inflationary cost pressures and increases in the living wage, however it does not necessarily result in additional funding for **baseline services** as the costs incurred by IJBs are increasing at a faster rate than funding.

## Most IJBs reported operational overspends in-year, requiring a notable increase in additional contributions from partner bodies as well as the unplanned use of reserves

**16.** Total net cost of services across all IJBs totalled £12.486 billion, an increase of five per cent on 2023/24.

**17.** Twenty-two IJBs reported a deficit on the cost of providing services with the majority (14) reporting a deficit of up to three per cent of their net cost of services. Eight IJBs reported a deficit of over three per cent, with the largest deficit being 5.1 per cent ([Exhibit 3, page 13](#)).

**There was a reduction in unplanned use of reserves, reflecting the falling reserve levels across the sector, however this was offset by a significant increase in additional partner contributions**

**18.** Of the 22 IJBs reporting an operating deficit, ten IJBs made an unplanned drawdown from reserves to fund these deficits compared with 16 in the prior year. This reduction in unplanned drawdowns from reserves is in line with expectations as reserve levels fall across the sector ([paragraphs 29–32](#)).

**19.** Nineteen IJBs received additional contributions from partner bodies to cover the year-end overspend, a 73 per cent increase on 2023/24. The level of additional contributions from partners rose by 79 per cent, from £91 million in 2023/24 to £163 million in 2024/25.

**20.** Given the financial challenges faced by NHS boards and councils this continued level of additional contribution is unsustainable. The Local government financial bulletin 2024/25 and the Auditor General for Scotland's [NHS in Scotland 2025](#) report, both note the financial sustainability risks in these bodies.

**21.** A number of IJBs will have received additional partner contributions during the year that will not be captured by this analysis. These additional in-year contributions can arise for a variety of reasons, including specific one-off cost pressures not anticipated during budget-setting. Greater collaboration with partner NHS boards and councils in budget-setting could help ensure realistic budgets are set, minimising the need for additional contributions.



### Baseline services

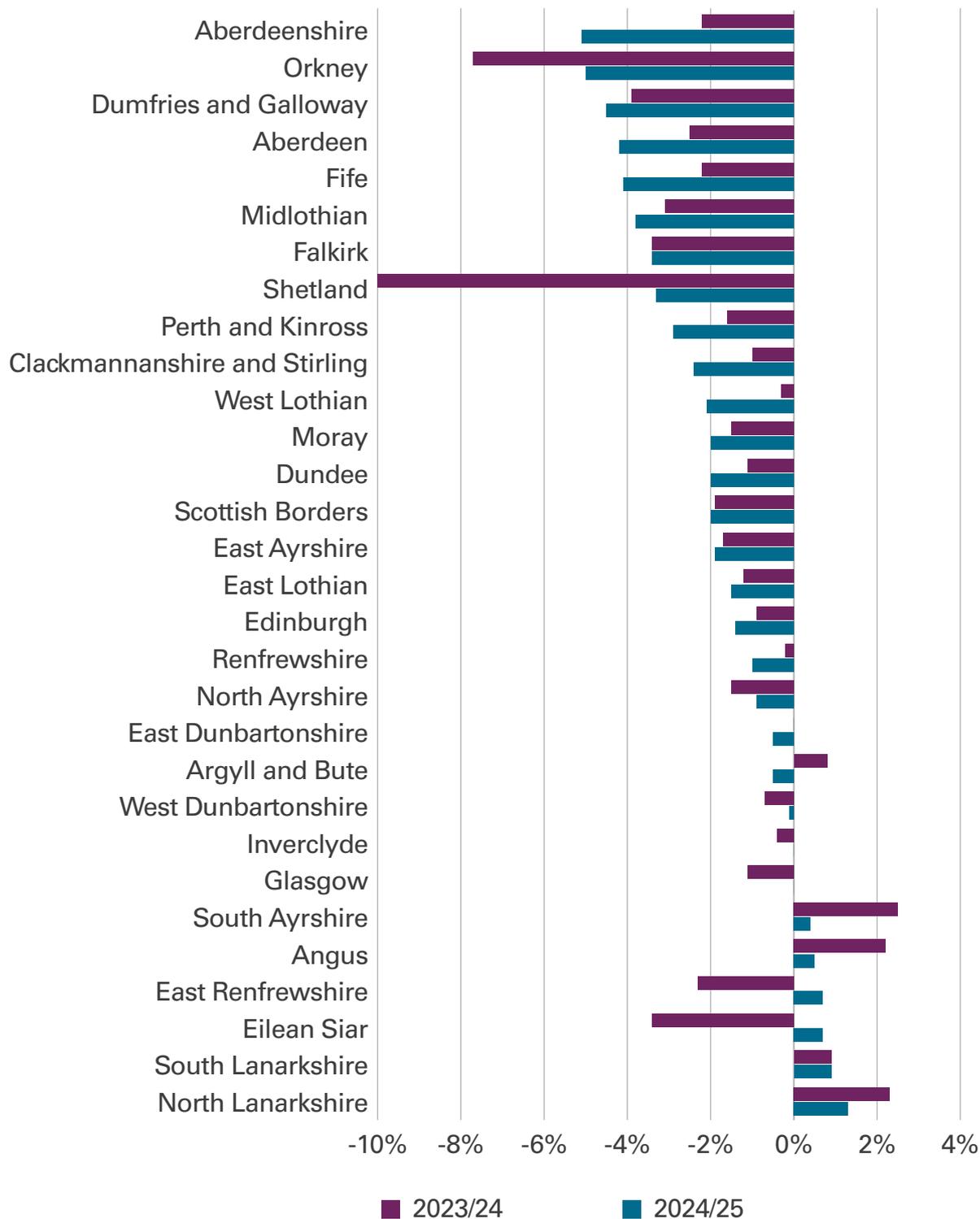
are the essential, minimum level of care and support to make sure everyone's basic needs are met. These usually include things like:

- access to a GP
- help with daily living (such as washing, dressing, or eating) for those who need it
- support to keep people safe and well in their homes
- essential safeguarding and protection for vulnerable people.

## Exhibit 3.

### Operational surplus/deficit as a proportion of the 2024/25 net cost of service

The majority of IJBs reported a deficit on the cost of providing services in 2024/25 requiring additional contributions from partner bodies and the unplanned use of reserves.



Source: IJB audited and unaudited annual accounts

## Staff vacancies continue to affect the level of spend, but cost pressures continue to rise

**22.** Eight IJBs reported a surplus on the cost of delivering services in 2024/25, up from five in 2023/24. The surplus in all IJBs was mainly due to ongoing recruitment challenges and staff vacancies across the sector. It is likely that these recruitment issues are contributing to the picture of general decline in performance and satisfaction across the health and social care sector as we reported in our [Community Health and Social Care: Performance 2025](#) report.

**23.** There are several significant cost pressures impacting on the level of deficits being faced by IJBs. Most notable among these are:

- inflationary pressures
- rising wage costs
- prescribing costs
- changing demographics and complexity of care, especially the cost of individual adult social care packages and care for people with learning disabilities.

**24.** We have produced **several reports** in recent years highlighting the challenges facing the health and social care sector.

## Most of the savings planned by IJBs were achieved; however, there is a lack of transparency around whether savings made were recurring in nature

**25.** There was a 71 per cent increase in the total savings target set by IJBs between 2023/24 and 2024/25, increasing from £214 million to £364 million. Overall, IJBs achieved 78 per cent (£276 million) of their planned savings in 2024/25, which is in line with the prior year performance.

**26.** Of the 28 IJBs where we could identify overall savings performance for the year, only four IJBs met or exceeded their savings target, with two achieving less than half of their target.

**27.** We could identify publicly reported information for only 15 of the 28 IJBs (54 per cent) regarding the split of savings between recurring and non-recurring. Based on the information available, 79 per cent of the achieved savings were recurring in nature. Examples of recurring savings include deletion of long-term vacant posts, efficiency savings and reduction in services.

**28.** The majority of IJBs have noted savings or operational underspends from unfilled vacancies due to issues with recruitment, which is in some cases offset by the additional costs of hiring agency staff. Savings of this nature are non-recurring and will need to be carried forward to be



**Some of the many reports** where we have set out the range of pressures and challenges for the health and social care sector include:

- [IJB Finance and performance 2024 and IJBs' Finance bulletin 2023/24](#)
- [NHS in Scotland 2024 and NHS in Scotland 2025](#)
- [Adult mental health, 2023](#)
- [General practice: Progress since the 2018 General Medical Services, 2025](#)
- [Improving care experience – delivering The Promise, 2025](#)
- [Community health and social care: Performance, 2025](#)
- [Delayed discharges, 2026](#)
- [Local Government Finance bulletin 2024/25.](#)

found again in future years. It is essential that IJBs identify and achieve recurring savings as part of their budgeting and financial planning processes. Reporting around the nature of these savings and progress against these targets should be transparent.

## Total reserve levels continue to fall across IJBs. Almost half of IJBs no longer hold any contingency reserves

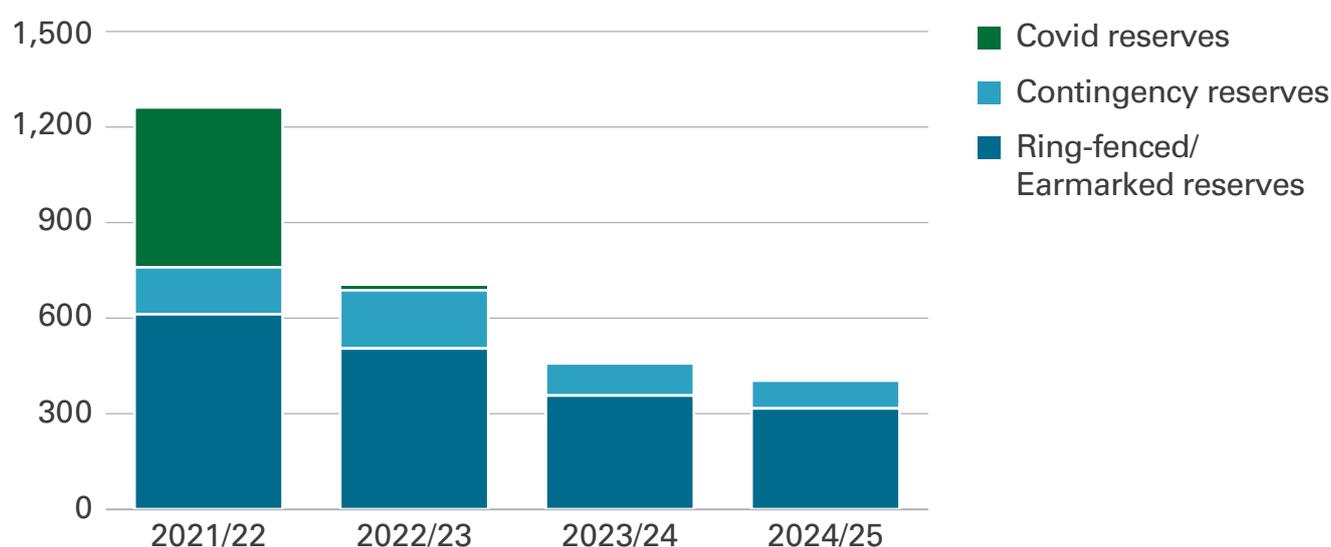
**29.** Total reserve levels across all IJBs have fallen by 12 per cent between 2023/24 and 2024/25 as shown in [Exhibit 4](#). Contingency reserves have fallen by 13 per cent in the same timeframe and now represent only 0.7 per cent of the total net cost of services from IJBs. Contingency reserves are reserves that have not been earmarked for specific purposes and are used to mitigate the impact on ongoing financial pressures. The five IJBs with the highest total reserve balance hold 54 per cent of the total IJB reserves and 71 per cent of the contingency reserves, highlighting the generally low level of reserves across the sector.

### Exhibit 4.

#### Total reserves level by year from 2021/22 to 2024/25

Total reserves held by IJBs have fallen by 12 per cent since 2023/24.

£ million



Source: IJB audited and unaudited annual accounts

**30.** Two IJBs have utilised all of their reserves and a further 11 have utilised all of their contingency reserves, meaning 13 out of 30 IJBs (43 per cent) do not have reserves to drawdown to meet unforeseen financial challenges.

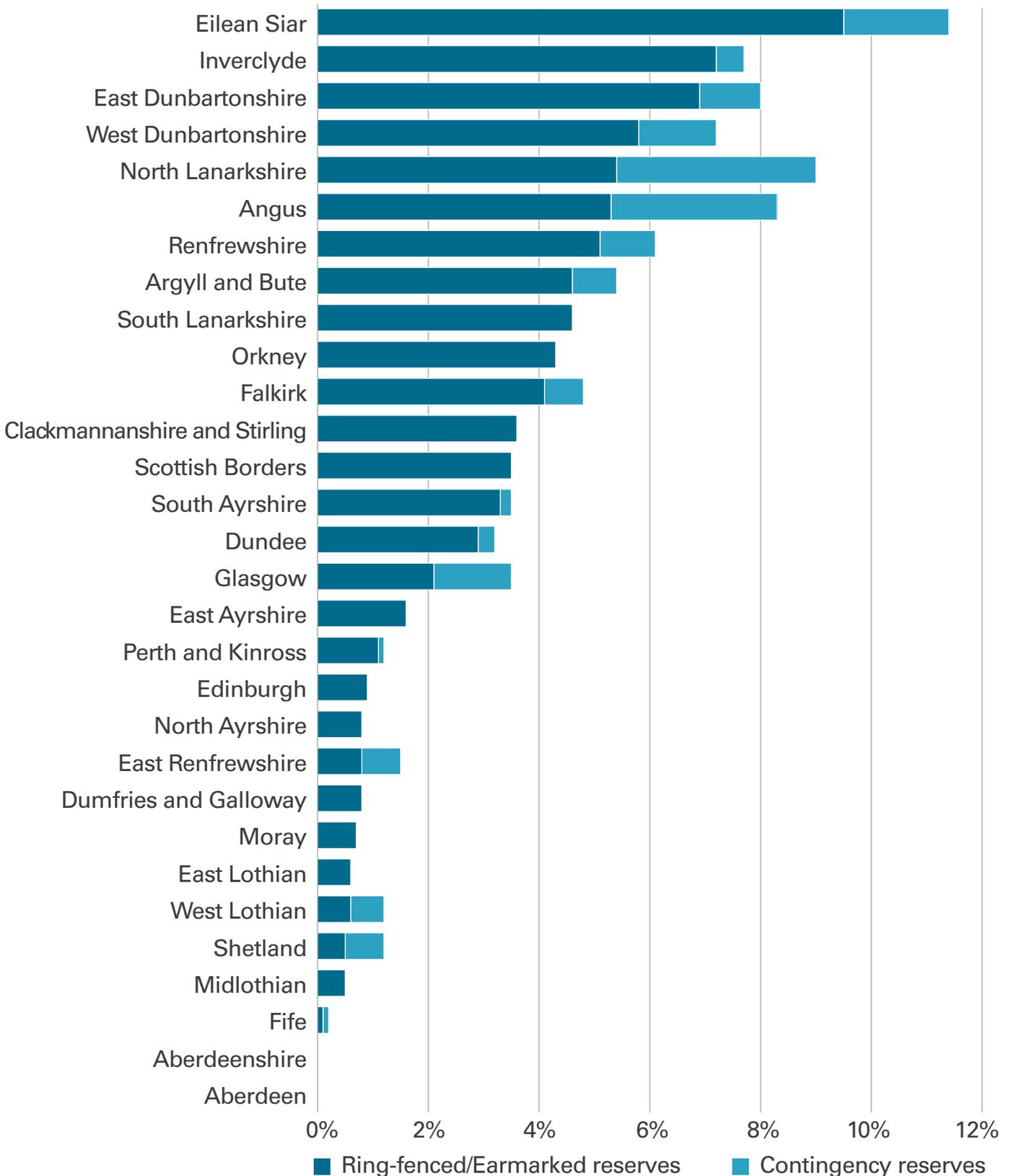
**31.** Of the 17 IJBs that currently hold contingency reserves, only two of these maintain this reserve at the level of two per cent of their net cost of services, which is a common threshold used in IJB reserve policies. The average funding gap for 2025/26 is 3.6 per cent of net cost of services ([paragraph 36](#)) meaning even for IJBs who still maintain a level of contingency reserve, this would not be sufficient to meet the current level of financial challenge they are facing.

**32.** IJB reserve levels as a proportion of the net cost of services of each IJB are shown in [Exhibit 5 \(page 17\)](#).

## Exhibit 5.

### 2024/25 IJB year-end reserves as a proportion of net cost of services

Almost half of IJBs have no contingency reserves and only two have contingency reserves above two percent of net cost of services.



Source: IJB audited and unaudited annual accounts

## Financial sustainability risks were raised in the majority of IJBs by appointed auditors

**33.** The majority of auditors raised financial sustainability risks in their reporting on the annual audit of IJBs. The risks identified included falling reserve levels, significant budget gaps and underdeveloped plans for the achievement of recurring savings. Based on a review of 27 annual audit reports, there were no modified opinions raised in any of the audits of IJBs in 2024/25 ([Exhibit 6](#)).

### Exhibit 6.

#### 2024/25 analysis of IJB annual audits

The majority of auditors raised financial sustainability risks in their reporting on the annual audit of IJBs.

2024/25 audit	
Financial management risks identified <sup>1</sup>	29%
Financial sustainability risks identified <sup>1</sup>	86%
Medium-term financial plan in place <sup>2</sup>	97%
IJBs reporting turnover in senior officer roles (CO/CFO) <sup>2</sup>	60%
IJBs who agreed a budget prior to the start of the financial year <sup>2</sup>	83%

Notes:

1. Based on 28 IJBs, where Annual Audit Plans were available

2. Based on all IJBs

Turnover figures include IJBs with interim chief officers (CO)/chief finance officers (CFO) in place.

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

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

**34.** Over half of IJBs experienced a change in senior leadership at either the chief finance officer or chief officer level in 2024/25. This continues a pattern that has been evident for several years.

**35.** The leadership and strategic vision of senior officers is crucial in the strategic planning and decision-making required to drive much-needed transformation. Instability in leadership teams has the potential to disrupt strategic planning and the leadership capacity to bring about the fundamental change required to address the growing scale of challenges facing IJBs. This also has the potential to impact on relationships between IJBs and their partner bodies. Effective partnerships rely on strong and trusting relationships which can take time to develop and can be undermined by frequent turnover in key individuals.



Throughout the report we refer to timescales in the short term as 1–2 years, medium term as 3–5 years and long term as over five years.

## The 2025/26 budget gap presents significant cause for concern, particularly given low levels of reserves

**36.** Budget setting in 2025/26 highlighted a gap of £449 million, a slight decrease from the prior year (£457 million) ([Exhibit 7, page 20](#)). The average budget gap for IJBs is 3.6 per cent of the 2024/25 net cost of services. IJB chief officers and chief finance officers in our roundtable discussion, acknowledged there remains scope for service redesign but IJBs are facing limited options for balancing budgets without reducing the services available and the eligibility of those who can access these services. Participants also recognised a need for improved data across the sector to give a stronger evidence base for planning and decision-making.

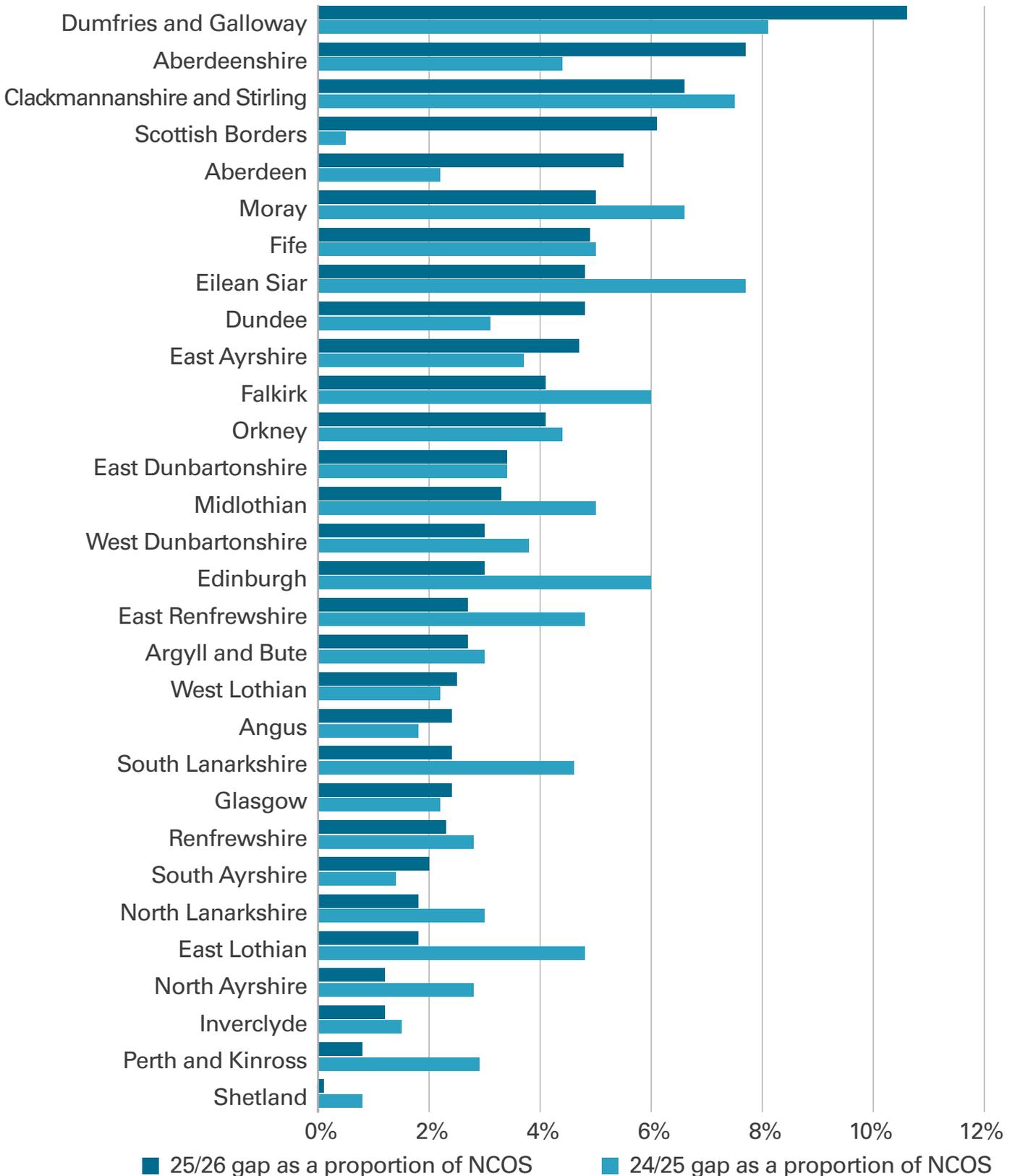
**37.** Twenty-one IJBs agreed a balanced budget before the start of the 2025/26 financial year. A further four agreed a budget that relied upon delivery of unidentified savings, which made up ten per cent of the budget gap. Five IJBs did not agree a budget before the start of the financial year. Delays in the agreement of savings plans and partner funding were the most common reasons for balanced budgets not being agreed at the start of the financial year. It is essential that IJBs and their partners work closely to ensure that savings plans are agreed and realistic.

**38.** We have not undertaken analysis of the draft 2026/27 Scottish Budget for this bulletin. In February 2026 the Accounts Commission published a [supplement](#) to the Local government financial bulletin that considers the impact on local government including social care services.

## Exhibit 7.

### IJB funding gaps for 2025/26 as a proportion of net cost of services

The average budget gap for IJBs in 2025/26 is 3.6 per cent of the 2024/25 net cost of services.



Source: IJB budget papers for 2025/26

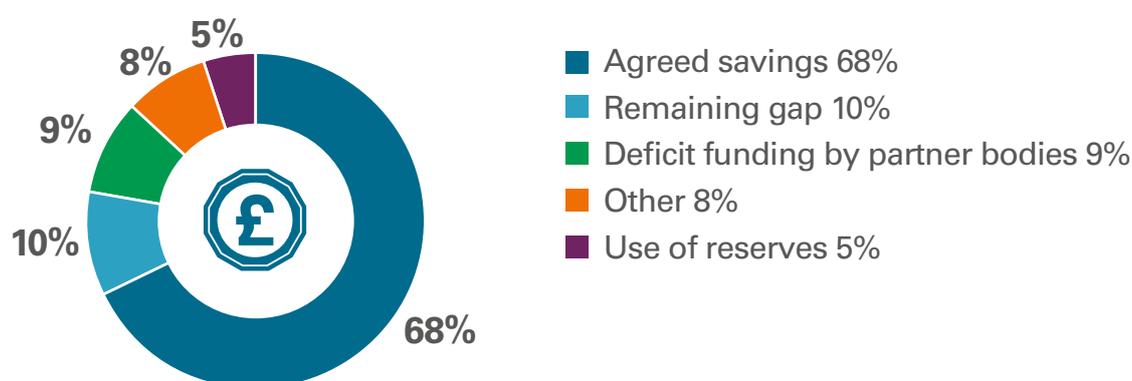
## Reliance on non-recurring savings and sources of income is unsustainable

**39.** When IJBs set the 2025/26 budgets, they planned to bridge five per cent of the budget gap by deploying reserves ([Exhibit 8](#)).

### Exhibit 8.

#### 2025/26 IJB funding gap planned actions

The use of non-recurring reserves makes up five per cent of plans to bridge the funding gap. A further 10 per cent is made up of unidentified savings.



Source: IJB budget papers for 2025/26

**40.** The agreed savings contain both recurring and non-recurring savings, however we were only able to determine this information for 11 out of 30 IJBs based on a review of their budget papers at the time the budget was set. This further highlights the need for greater transparency around the nature of planned savings. Reliance on non-recurring savings to produce a balanced budget and fund recurring budget pressures is unsustainable. Service redesign is essential to ensuring the sustainability of health and social care services; however, this alone may not be sufficient.

**41.** The majority of auditors noted the need for IJBs to consider how services can be delivered differently to ensure they remain sustainable in the future. Given the scale of the financial challenges facing the sector, it is unlikely that service redesign projects will be sufficient to bridge the financial gaps facing IJBs in the medium-term.

**42.** IJBs will need to make difficult decisions to secure their financial sustainability, including the possibility of service reductions, changes to eligibility criteria, charging for some services or stopping non-essential services. It is essential that IJBs and partner bodies work closely together to address underlying financial and service pressures. This should involve appropriate consultation with service users and the wider public. IJBs must be transparent about the potential implications for service performance and outcomes that service changes may bring.

# Integration Joint Boards

Financial bulletin 2024/25



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