

North Ayrshire Integration Joint Board

2022/23 Annual Audit Report



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Key messages

2022/23 Annual Accounts

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

Financial management and sustainability

- The IJB has appropriate and effective financial management arrangements in place.
- The IJB reported a £3.7 million underspend against the 2022/23 budget. The main factor for the underspend was the continued workforce challenges to recruit and maintain staff in the social care sector.
- The IJB has updated its medium-term financial outlook. This shows a cumulative estimated savings gap ranging from best case £1.1 million to worst case £22.7 million in the period to 2026/27.
- Work is currently ongoing to refresh the Transformation Plan to focus on the financial challenges ahead.

Visions, leadership and governance

- The IJB has a clear strategic vision that is supported by its partners.
- A review of the Integration Scheme is ongoing and a revised scheme is to be considered by the end of 2023/24 and submitted to the Scottish Government for approval.
- Governance arrangements are appropriate and generally operate effectively

Use of resources to improve outcomes

- Performance management arrangements are effective with indicators and targets kept under review. These arrangements contribute to the IJB's Best Value duty.
- Performance in relation to national measures related to in-patient services show an overall year on year decline in some areas, however despite this performance overall has improved from pre-pandemic levels in areas including overall unscheduled care and delayed discharge bed days.

Introduction

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

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

2. This report is addressed to the Board of the IJB and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

Responsibilities and reporting

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

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

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

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

Communication of fraud or suspected fraud

7. In line with ISA (UK) 240 (*The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*), in presenting this report to the Performance and Audit Committee we seek confirmation from those charged with governance of any instances of actual, suspected, or alleged fraud that should be brought to our attention. Should members have any such knowledge or concerns relating to the risk of fraud within the IJB, we invite them to communicate this to the appointed auditor for consideration prior to the Annual Accounts being certified.

Auditor Independence

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

9. We add value to the IJB by:

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

1. Audit of 2022/23 Annual Accounts

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

Main judgements

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

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

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

10. The IJB's Annual Accounts for the year ended 31 March 2023 were approved by the IJB on 16 November 2023. As reported in the independent auditor's report:

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

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

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

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

the audit and signing the accounts by 30 September, due to continuing audit resource pressures during our recovery period from the Covid-19 pandemic.

Our audit testing reflected the calculated materiality level

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

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

Exhibit 1 Materiality levels

Materiality level	Amount
Overall materiality: This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It has been set at 2% of gross expenditure as at 31 March 2023.	£6.661 million
Performance materiality: This acts as a trigger point. If the aggregate of errors identified during the financial statements' audit exceeds performance materiality this would indicate that further audit procedures should be considered. We have assessed performance materiality at 65% of overall materiality.	£4.330 million
Reporting threshold: We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount.	£0.250 million

Source: Audit Scotland

15. It is our responsibility to request that all misstatements are corrected, although the final decision on making the correction lies with those charged with governance.

Significant findings and key audit matters

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

17. The Code of Audit Practice also requires all auditors to communicate key audit matters within the Annual Audit Report under ISA (UK) 701 (*Communicating key audit matters in the Independent Auditor's Report*). These

are matters that we judged to be of most significance in our audit of the financial statements.

18. The significant findings and key audit matters are summarised in [Exhibit 2](#). Where a finding has resulted in a recommendation to management, a cross reference to the Action Plan in Appendix 1 has been included.

Exhibit 2

Significant findings and key audit matters from the audit of the annual report and accounts

Issue	Resolution
<p>1. Debtor balances due from partners</p> <p>A variance of £0.936 million exists between total IJB reserves (£17.664 million) and debtor balances due from partners audited accounts (£16.728 million). The IJB has accepted that there may be deficiencies with the approach to calculating balances due from partners that it will aim to address.</p>	<p>The board has decided not to adjust the 2022/23 accounts in relation to balances due from partner bodies. While we are satisfied this has not resulted in a material misstatement, we recommend that the board review its approach to the calculation of these debtors.</p> <p>Recommendation 1 (refer Appendix 1, action plan)</p>

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

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

There was one non-material misstatement identified within the financial statements

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

22. We identified one misstatement which was not corrected by management in the audited accounts. We considered the size, nature and circumstances leading to the uncorrected misstatement and concluded that it was not material. Further details of the uncorrected misstatement are included in [Appendix 2](#).

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

22. We have obtained audit assurances over the identified significant risk of material misstatement in the Annual Accounts. [Exhibit 3](#) sets out the significant risk of material misstatement to the financial statements we identified in our 2022/23 Annual Audit Plan. It also summarises the further audit procedures we

performed during the year to obtain assurances over this risk and the conclusions from the work completed.

Exhibit 3

Significant risk of material misstatement in the Annual Accounts

Audit risk	Assurance procedures planned	Results and conclusion
<p>1. Risk of material misstatement due to fraud caused by the management override of controls</p> <p>As stated in ISA (UK) 240 (The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements), management is in a unique position to perpetrate fraud because of their ability to override controls that otherwise appear to be operating effectively.</p>	<p>Assurances to be obtained from the auditors of NHS Ayrshire and Arran and North Ayrshire Council on the completeness, accuracy and allocation of income and expenditure.</p> <p>Evaluate any significant unusual transactions outside the normal course of business.</p>	<p>Results: We obtained assurances from the auditors of NHS Ayrshire and Arran and North Ayrshire Council over the completeness, accuracy and allocation of income and expenditure.</p> <p>We evaluated any significant unusual transactions outside the normal course of business.</p> <p>Conclusion: No incidents of management override of controls were identified through audit testing.</p>

Source: Audit Scotland

23. We also identified one “area of audit focus” in our 2022/23 Annual Audit Plan where we considered there to be a risk of material misstatement to the financial statements. The area of specific audit focus was;

- Repayment of Covid-19 funding from the North Ayrshire IJB to the Scottish Government:** In January 2023 the Scottish Government announced its intention to recover unspent IJB Covid-19 funding, held in the IJB’s earmarked reserves. The return of this funding was completed via the health board. As part of our audit, we considered the accounting treatment and disclosures for the repayment. We are satisfied that appropriate accounting treatment and disclosures have been made.

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

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

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

Some progress has been made on the prior year significant finding

26. The IJB's previous external auditor Deloitte, highlighted that there was no evidence of review of journals in NHS Ayrshire and Arran (reported for NHSAA 21/22 but also reported to the IJB for information). The assurance provided to us by the NHS Ayrshire and Arran auditor for 2022/23 recorded that members of the health board finance team continue to post journals to the financial ledger without secondary authorisation. They have recommended in their 2022/23 action plan that the board should introduce robust authorisation controls to mitigate the risk of accounting entry errors, and misstatements, in the annual report and accounts. Timescales for action have been agreed with health board management and are replicated in [Appendix 1](#). No material misstatements which could impact on the IJB's accounts were identified in NHS Ayrshire and Arran's accounts from this issue.

2. Financial management and sustainability

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

Main judgements

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

The IJB reported a £3.7 million underspend against the 2022/23 budget. The main factor for the underspend was the continued workforce challenges to recruit and maintain staff in the social care sector.

The IJB has updated its financial plan This shows a cumulative estimated savings gap ranging from best case £1.1 million to worst case £22.7 million in the period to 2026/27.

Work is currently ongoing to refresh the Transformation Plan to focus on the financial challenges ahead.

There remain significant workforce pressures within both partner organisations.

The IJB has appropriate and effective financial management arrangements in place

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

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

28. The IJB approved a balanced budget of £316.215 million (inclusive of the estimated set aside budget of £32.267 million) for 2022/23 on 17 March 2022. The budget included an overall savings requirement of £0.683 million.

29. The Annual Accounts show an underspend of £3.719 million for 2022/23 after adjusting for new earmarked reserves of £4.219 million. £3.170 million of the underspend relates to social care services and £0.549 million for health services. Main contributing factors were:

- Mental Health total underspend of £3.402m which relates primarily to the level of vacant posts in community mental health, and Lead Partnership arrangements for mental health (psychology, child and adolescent mental health services (CAMHS), Action 15 and psychiatry).
- Children, Families and Justice – total overspend of £2.214m related to overspends in services for care experienced children (residential care, respite care and employee costs) and services for children with a disability (residential care, respite care).
- Management and Support Costs – underspend of £6.285m relating mainly to over-recovery of payroll turnover due to the level of vacant posts being higher than assumed when setting the budget.

30. The final outturn was adjusted to reflect the impact of North Ayrshire’s Lead Partnership services for mental health. In the absence of detailed service activity information and alternative risk sharing arrangements, all Lead Partnership services are shared across the 3 partnerships on an NHS Resource Allocation Committee (NRAC) basis. This is pending completion of the ongoing work by the Ayrshire Finance Leads to establish the baseline resources for each partnership and how this compares to the fair share of resources.

Set aside budgets are to move to a model reflecting more on actual activity levels from 2023/24

31. The funding for large hospital services is referred to as the ‘set aside’ budget – it is excluded from the payment to the Integration Joint Boards but is ‘set aside’ for direction by the IJBs through the Strategic Plan. Legislation requires that the method for determining the amount to be set aside should be included in the Integration Scheme.

32. In most areas, set aside budgets are not being directed by IJBs, meaning that opportunities to use resources to prioritise prevention and deliver care in a community setting are not fully utilised. Work is currently underway by NHS Ayrshire and Arran and the three IJBs to set out what large hospital services will be commissioned by the IJBs.

33. Alongside this, Ayrshire Finance Leads are developing a set aside model to determine the cost of large hospital services which are being used by each of the IJBs. This will be based on actual activity and actual costs being incurred by the health board. NHS Ayrshire and Arran were able to calculate 2022/23 Set Aside with local activity data for 2022/23. However, whilst a proposed pricing methodology using budgetary information has been developed, Ayrshire Finance Leads agreed to use historic pricing for consistency with prior year’s annual accounts as detailed in [Exhibit 4](#) below. From 2023/24, the new model will be used to better reflect actual activity levels. North Ayrshire HSCP have also requested further work supported by Public Health colleagues and LIST analysts to understand the North Ayrshire population health impact on the use

of acute hospital services, to determine if a different approach to NRAC is a fairer methodology to establishing a base line fair share.

Exhibit 4: Comparison of National Resource Allocation Committee (NRAC) set aside allocation and historical allocation basis

	2022/23 NRAC Share %	2022/23 NRAC Share £	2022/23 Spend £	2022/23 Variance £
East	31.90%	28,543,045	26,555,104	1,987,941
North	36.80%	32,917,081	32,267,475	649,606
South	31.30%	27,988,464	30,626,010	(2,637,546)
Total	100.00%	89,448,590	89,448,590	0

Source: North Ayrshire IJB

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

34. The IJB holds a general fund and earmarked reserves. At 31 March 2023, the total reserve balance amounted to £17.664 million compared to £29.232 million at 31 March 2022.

35. In September 2022, the Scottish Government (SG) commenced discussions with IJBs regarding the possible clawback of Covid-19 reserves to meet future funding pressures. These discussions resulted in the IJB returning £13.089 million of its Covid-19 reserves to the SG in 2022/23. £2.321 million was also paid back to North Ayrshire Council, clearing the balances owed by NAIJB to the council. [Exhibit 5](#) below sets out the reserve balances of the IJB between 2020/21 to 2022/23.

Exhibit 5 IJB reserves 2020/21 to 2022/23

General Fund	2020/21 £m	2021/22 £m	2022/23 £m
Earmarked	7.413	24.305	11.216
Outstanding debt	(3.807)	(2.321)	0
Unallocated General Fund	4.151	7.248	6.448
Total reserves	7.757	29.232	17.664

Source: North Ayrshire IJB Annual Accounts

36. Given the level of funds held in reserve, it is essential that the IJB has a clear plan on how and when monies will be spent. The Medium-Term Financial Outlook (MTFO) 2023-2026 approved by the IJB in March 2023, led to the addition of £1.7 million to the Service Redesign/Challenge Fund within earmarked reserves. The purpose of this reserve is to set aside a specific sum of money from current uncommitted reserves to be used to improve services to ensure future financial sustainability. The funding will be allocated to specific projects and investments on a non-recurring basis and in line with IJB's current strategic objectives.

37. Other earmarked reserves include Care at Home Capacity (£1.1 million), Mental Health Recovery and Renewal (£1.2 million) and 2023/24 Budget Support (£2.0 million).

38. At the time of approval of the 2023/24 budget in March 2023, the IJB carried out its annual review of its reserves. Its Reserves Strategy recommends that the IJB will aspire to hold at least 2 to 4% of its annual budgeted expenditure as an uncommitted reserve. The uncommitted reserve balance as at 31 March 2023 of £6.448 million, represents 2.2% of the IJB'S 2023/24 budget of £288.072 million (excluding the set aside budget of £35.547 million).

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

39. The 2023/24 budget of £323.619 million (inclusive of the estimated set aside budget of £35.547 million) was approved by the IJB on 16 March 2023 and resulted in a budget gap of £6.2 million to be met by savings of £4.9 million and reserves of £1.3 million. The savings are RAG rated with £2.6 million rated as Amber and £2.3 million rated as Green. Savings include £1.0 million reduction in care home places (rated Amber) and £1.0 million payroll savings (rated Green).

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

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

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

42. The IJB should continue to explore and progress transformational change with its partners. This should identify where recurring savings, rather than temporary solutions, can be made. In particular, the lessons learned from delivering services during the pandemic should be used to advance new ways of working to improve the user experience. This, combined with its robust medium-term financial plan, will be key to maintaining financial sustainability. Progress on the IJB's Transformation Plan is discussed at [paragraphs 48 to 52](#).

The IJB has updated its Medium-Term Financial Outlook, with this providing a transparent forecast of its financial position over the period 2023-26. It shows a cumulative estimated

savings gap ranging from best case £1.128 million to worst case £22.730 million in the period to 2026

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

44. The IJB Chief Officer, Chief Financial Officer and both partners are committed to ensuring the IJB has a clear financial and operational strategy underpinning its service priorities. In March 2023, the IJB approved its Medium-Term Financial Outlook (MTFO) 2023-2026.

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

46. The plan outlined an anticipated financial position covering best, mid, and worst-case scenarios ([Exhibit 6](#)). Over the course of the 2 years, the budget gap is estimated at best case £1.128 million or worst case £22.730 million of savings to deliver.

Exhibit 6 MTFO - 2024/25 - 2025/26

Scenario	2024/25 £'million	2025/26 £'million	Cumulative total £'million
Best case	(1.140)	0.012	(1.128)
Mid case	(5.854)	(3.867)	(9.721)
Worst case	(11.699)	(11.031)	(22.730)

Source: North Ayrshire IJB MTFO 2023/24 - 2025/26

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

improvement and savings projects for the years ahead. The extent of the potential financial challenges means that services will need to change if they are to be sustainable in the future.

Work is currently ongoing to refresh the Transformation Plan to focus on the financial challenges ahead

48. As noted at [paragraph 28](#), the approved 2022/23 budget included £0.683 million of savings. These were to be achieved through payroll turnover (£0.301 million) mental health inpatients bed retraction from Ailsa (£0.321 million) and reduction of overspend on Adoption Allowances (£0.060 million). The first two projects were fully achieved however although the review of allowances is complete, the benefit will not be realised until future years.

49. The full Transformation Plan which has been agreed by the Transformation Board comprises 34 projects. Not all projects have savings attached to them but there is an expectation that they will lead to service improvements. The Plan is recognised by the Transformation Board as critical to the ongoing sustainability and safety of service delivery and to supporting the delivery of financial balance in future.

50. The Transformation Board provides oversight and governance to the programme of service change. A focus of the Board is to ensure plans are in place to deliver savings and service change, with a solution focussed approach to bringing programmes back on track. Progress against the Plan is reported regularly to the IJB and projects within the annual timetable given a RAG status.

51. Work is currently ongoing to refresh the Transformation Plan to focus on the financial challenges which the Partnership expects to face in 2024/25 and 2025/26. The plan is critical to the ongoing sustainability of service delivery. This will be brought to the IJB for approval alongside the budget plans for 2024/25.

52. Whilst we recognise that a range of improvement activity is taking place across the IJB, it needs to be clearer about how this activity makes a difference to the outcomes the IJB and its partners want to achieve. Clear alignment is required with the health board's Annual Delivery Plan and the council's Sustainable Change Programme. To support monitoring of progress against the overall Transformation Plan, timescales and milestones for each project should be included.

Recommendation 2

The IJB and its partners need to clearly set out what achieving its intended outcomes looks like in the short, medium and longer term.

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

53. There are significant workforce pressures in the NHS and social care systems. In its February 2022 [NHS in Scotland 2022](#) report, in the context of the scale and pace of remobilisation following the pandemic, Audit Scotland noted that workforce issues in the NHS remains the biggest risk to this recovery. This

included concerns about staff wellbeing, sustainability because of high sickness levels, recruitment challenges and the need to ensure the appropriate skills mix.

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

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

56. In October 2022, the Partnership published a three-year Workforce Plan. It highlighted a number of key challenges facing the HSCP Workforce, including:

- Widespread challenges in recruiting to vacant posts, experienced across all service and professional areas.
- Staff retention; likely as a result of the high level of vacancies and competition across the health and social care market.
- A lack of nationally available trained/qualified workers – particularly for professional roles (e.g., shortage of trained Mental Health Officers).
- High levels of staff absence, exacerbated by the high pressure of working through the pandemic.

57. To address these challenges and build the local HSCP workforce needed to meet future health and social care demand, a workforce action plan was developed built around local priorities. These priorities mapped to the Scottish Government's five pillars of Workforce Planning (Plan, Attract, Train, Employ, Nurture).

58. Specific actions include:

- create clear career pathways for potential and existing staff by March 2025;
- develop an online training portal for Community Care Staff by March 2025; and
- Review the role of Care at Home Assistant by October 2023.

Financial systems of internal control operated effectively

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

60. As part of our audit approach, we sought assurances from the external auditors of NHS Ayrshire and Arran and North Ayrshire Council. The assurance provided by the North Ayrshire Council auditor confirmed there were no significant weaknesses in the systems of internal control for the council that

could result in a risk of material misstatements to the Annual Accounts of the IJB.

61. As noted at [paragraph 27](#) the NHS Ayrshire and Arran auditor has recommended an improvement to the journal authorisation controls.

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

62. The IJB does not maintain its own policies relating to the prevention and detection of fraud and error but instead depends on those in place at its partner bodies. We reviewed the arrangements in place at NHS Ayrshire and Arran and North Ayrshire Council through consideration of the work by partner body auditors and found them to be adequate. The IJB has a Code of Conduct in place to which members subscribe and the Members' Registers of Interest are publicly available on the websites of the partner bodies.

63. Appropriate arrangements are in place for the prevention and detection of fraud and error. We are not aware of any specific issues we require to bring to your attention.

3. Vision, leadership and governance

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

Main Judgements

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

A review of the Integration Scheme is ongoing and a revised scheme is to be considered by the Health Board and Local Authority and submitted to the Scottish Government for approval.

Governance arrangements are appropriate and generally operate effectively.

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

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

65. To support the IJB in achieving these responsibilities, it has established a clear strategic vision as set out in its “Caring Together” Strategic Plan 2022-2030. The plan contains five strategic priorities.

- Enable communities.
- Develop and support workforce.
- Provide early and effective support.
- Improve mental and physical health and wellbeing.
- Tackle inequalities.

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

A review of the Integration Scheme is ongoing and a revised scheme is to be considered by the end of 2023-24 and submitted to the Scottish Government for approval

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

68. The IJB and its partners are working closely with colleagues in South and East Ayrshire Councils and with NHS Ayrshire and Arran to undertake a review of the current scheme. The review is ongoing and there is a desire from the NHS Board to review the balance of financial risk between the Health Board and Local Authorities in relation to primary care prescribing and overspends, and payments through set aside for acute beds occupied by delayed discharge patients.

69. The revised Integration Scheme will be considered by IJB and its partners by the end of 2023-24 and submitted to Scottish Government for approval.

Governance arrangements are appropriate and generally operate effectively.

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

71. All IJB meetings and committees took place mainly via remote conferencing in 2022/23. The meeting papers and minutes are available on the IJB's website. Members of the public are able to observe/attend the live online meetings of the IJB and request a recording. In recent months meetings have been hybrid (at IJB offices and on Teams). We consider that governance arrangements are appropriate and generally support effective scrutiny, challenge and decision making.

Development of a National Care Service

72. In September 2022, the North Ayrshire Integration Joint Board submitted a response to the Scottish Parliament's Health, Social Care and Sport Committee consultation on the publication of the National Care Service (Scotland) Bill. The Bill highlighted a number of key concern areas for the IJB and the Health and Social Care Partnership, including how the future health and social care workforce will be structured, how services will be aligned and integrated, and the impact the development of a National Care Service could have on local people, service users and patients.

4. Use of resources to improve outcomes

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

Main Judgements

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

- Performance in relation to national measures related to in-patient services show an overall year on year decline in some areas, however despite this performance overall has improved from pre-pandemic levels in areas including overall unscheduled care and delayed discharge bed days.
-

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

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

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

- a clear strategy (Strategic Plan 2022-30) and performance reporting, including its framework for continuous improvement.
- established governance and decision-making arrangements.
- recognition that strategic priorities must be delivered within the financial and workforce resources available.

75. The Public Bodies (Joint Working) (Scotland) Act 2014 requires the IJB to produce an annual performance report covering areas such as assessing performance in relation to national health and wellbeing outcomes, financial

performance, and best value, reporting on localities, and the inspection of services.

76. The Annual Performance Report 2022-23 was presented to the IJB in August 2023. The report is informative and transparent. It details in a balanced way the IJB's performance in the year, including its financial performance. It also includes a section on Best Value, including details of recent independent inspection report findings and the IJB's response.

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

Performance in relation to national measures shows an overall decline in performance and challenges remain with delayed transfers of care

78. There are 16 local indicators used for performance reporting by the IJB, however for comparability when assessing the performance of the IJB, we have considered the Ministerial Strategic Group for Health and Community Care measures that are also used to track performance in Integration Authorities. [Exhibit 7](#) sets out the IJB's results against these measures for 2022/23.

Exhibit 7 National performance measures (age 18+)

Measures	22/23 performance**	Improving from 21/22
Unplanned admissions	14.5% increase	No
Emergency department attendances	7.5% decrease	Yes
Unplanned bed days (acute)	22.0% decrease	Yes
Delayed transfers of care (all)	4.3% increase	No
End of life care	N/A*	N/A
The balance of spend across institutional and community services	N/A*	N/A

Source: North Ayrshire IJB

* Data for 2022/23 still to be confirmed.

** Column contents are the most up to date data information received from Scottish Government statisticians.

79. Performance in relation to the national measures shown above highlights both areas of improvement and areas of declining performance over the last year. Unplanned admissions and delayed discharge bed days have both increased but remain lower in 2022-23 than pre-pandemic levels. There have been year on year improvements in Emergency Department (ED) attendances and unplanned bed days in acute which are as a result of ongoing work to

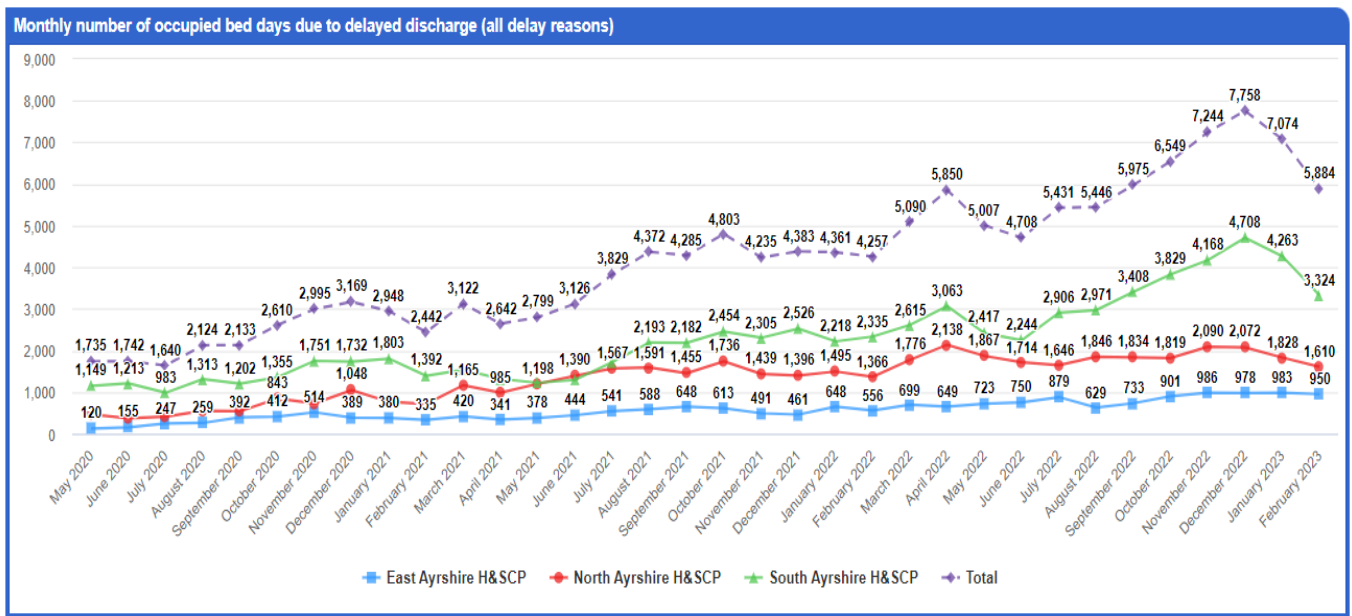
improve Unscheduled Care performance and flow through hospital, for example the Flow Navigation Centre which re-directs people from ED to other pathways where appropriate and the work taken forward jointly with HSCP and acute colleagues on Discharge without Delay which has seen improvements in discharge planning and flow through the acute hospitals.

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

80. The ongoing challenges with the number of delayed transfers of care are a focus for the IJB and its partners. NHS Ayrshire and Arran’s performance reporting notes that Delayed Discharge Occupied Bed Days (OBDs) for all delay reasons (see [Exhibit 8](#)) increased each month to a record high of 7,758 in December 2022, although subsequently fell to 5,884 in February 2023, a decrease of 24.2% since December 2022, and the lowest figure recorded since September 2022. It should also be noted that the overall performance for delayed discharge occupied bed days has improved in North Ayrshire from the position in 2019-20, i.e. pre-pandemic levels.

81. Within North Ayrshire Health and Social Care Partnership, the number of OBDs for all delay reasons dropped from 2,072 in December 2022 to 1,610 in February 2023.

**Exhibit 8
Number of bed days occupied by delayed transfers of care (all reasons)**



Source: NHS Ayrshire and Arran

82. In its January 2022 Social care briefing, Audit Scotland noted that current issues experienced by the social care sector, particularly regarding workforce pressures, are being felt nationally.

83. During 2022/23 the Partnership reviewed its systems for utilising interim beds for those who can be discharged for assessment to consider their needs

out with a hospital setting. Additional investment was also made in the Care at Home workforce. However the IJB recognises delayed transfers of care as an area that requires further action and that work is needed to:

- Reform acute services to reduce length of stay, close speedily all unfunded beds and thereafter close funded acute beds to release cash releasing efficiency savings.
- Take forward the work around the Acute Set-aside resource in Ayrshire and Arran, this work is being progressed by the Pan Ayrshire Directions Group together alongside the review of Integration Schemes.

84. During 2022 (in June and November) the IJB were presented with two comprehensive reports updating on the work in progress to improve Unscheduled Care performance across Ayrshire and Arran, an update on the use of resources allocated by Scottish Government during winter 2021, and the plans in place to improve North Ayrshire performance particularly in relation to delayed discharges.

85. As noted at [paragraph 68](#), work is ongoing between the health board and the IJBs around set aside services and the development of commissioning plans as the Integration Schemes are reviewed. We will continue to monitor developments in this area during 2023/24.

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

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

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

88. Scottish Government guidance was issued to IJBs in May 2017, setting out detail of the new duty to produce an annual climate change report. The report requires to be approved by the IJB, with returns to be submitted the Sustainable Scotland Network (SSN). The IJB has submitted an annual return each November to the SSN.

Appendix 1. Action Plan

2022/23 Audit Scotland recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>1. Debtor balances due from partners</p> <p>A variance of £0.936 million exists between total IJB reserves (£17.664 million) and debtor balances due from partners' audited accounts (£16.728 million). The IJB has accepted that there may be deficiencies with the approach to calculating balances due from partners that it will aim to address.</p> <p>Risk: There is a risk that IJB debtors are inaccurately disclosed in the financial statements.</p>	<p>The IJB has decided not to adjust the 2022/23 accounts in relation to balances due from partner bodies. While we are satisfied this has not resulted in a material misstatement, we recommend that the IJB review its approach to the calculation of these debtors.</p> <p>(Exhibit 2)</p>	<p>Action: Further work is required to explore the reasons behind the differences. Any corrections will be made during 2023/24 with a new process in place to ensure this does not reoccur.</p> <p>Officer: Paul Doak, Head of Service (Finance and Transformation)</p> <p>Target Date: 31/03/2024</p>
<p>2. Transformation Plan</p> <p>The IJB needs to be clearer about how the ongoing improvement activity makes a difference to the outcomes the IJB and its partners want to achieve. Clear alignment is also required with the health board's Annual Delivery Plan and the council's Sustainable Change Programme.</p> <p>Risk: It is not clear how the individual deliverables and milestones within the current Transformation Plan contribute to the achievement of the organisational priorities.</p>	<p>The IJB and its partners need to clearly set out what achieving its intended outcomes looks like in the short, medium and longer term.</p> <p>(Paragraph 52)</p>	<p>Action: The Transformation Plan is currently undergoing a thorough refresh to ensure it is focussed on the financial challenges ahead. This will include ensuring that there are clear links between the transformation projects and the IJB strategic priorities.</p> <p>Officer: Paul Doak, Head of Service (Finance and Transformation)</p> <p>Target Date: 31/03/2024</p>

Follow-up of prior year significant finding made by Deloitte

Recommendation	Update on agreed management action / timing
<p>b/f 1. Review of journals at NHSAA</p> <p>No evidence of review of journals in NHSAA audit in 2021/22</p>	<p>An updated position has been reported in 2022/23. The assurance provided by the NHS Ayrshire and Arran auditor recorded that members of the health board finance team can post journals to the financial ledger without secondary authorisation. They have recommended in their 2022/23 action plan that the board should introduce robust authorisation controls to mitigate the risk of accounting entry errors, and misstatements, in the annual report and accounts. This will be implemented by March 2024.</p>

Appendix 2. Summary of uncorrected misstatements

We report all uncorrected misstatements in the annual report and accounts that are individually greater than our reporting threshold of £250 thousand.

The table below summarises uncorrected misstatements that were noted during our audit testing and were not corrected in the financial statements. Cumulatively these errors are below our performance materiality level as explained in [Exhibit 1](#). We are satisfied that these errors do not have a material impact on the financial statements.

Narrative	Account areas	Comprehensive income and expenditure statement		Balance sheet	
		Dr	Cr	Dr	Cr
Accounting Misstatements		£000	£000	£000	£00
1. Debtor balances due from partners	Short term debtors				936
	Usable reserves			936	

North Ayrshire Integration Joint Board

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