

County Buildings
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28 April 2026

To: Councillors Dettbarn (Chair), Bell, Hogg, McGinley, Pollock, Ramsay and Weir.

All other Elected Members for information only.

Dear Councillors

AUDIT AND GOVERNANCE PANEL

You are requested to participate in the above Panel to be held on **Wednesday, 06 May 2026 at 10.00 a.m.** for the purpose of considering the undernoted business.

This meeting will be held on a hybrid basis in the Girvan Committee Room for Elected Members with a remote option, the webcast will be available to view following the meeting.

Yours sincerely

CATRIONA CAVES
Chief Governance Officer

B U S I N E S S

1. Declarations of Interest.
2. Call-ins from Cabinet.
3. Minutes of previous meeting of 25 March 2026 (copy herewith).
4. Action Log and Work Programme (copy herewith).

External Audit Report

5. Audit Scotland - IJB Financial Bulletin 2024/25 – Progress to 31 December 2025 – Submit Report by the Director of Health and Social Care (copy herewith).
6. External Audit Reports – Progress to 31 March 2026 - Submit Report by the Chief Financial Officer (copy herewith).
7. Best Value Action Plan – Progress Update - Submit Report by the Assistant Director – Corporate Policy, Strategy and Performance (copy herewith).

For more information on any of the items on this agenda, please telephone June Chapman,
Committee Services on 01292 272015, Wellington Square, Ayr or
e-mail: committeeservices@south-ayrshire.gov.uk
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AUDIT AND GOVERNANCE PANEL.

Minutes of a hybrid webcast meeting on 25 March 2026 at 10.00 a.m.

Present in
County Hall: Councillors Julie Dettbarn (Chair), Wullie Hogg, Brian McGinley and Cameron Ramsay.

Present
Remotely: Councillors Kenneth Bell and George Weir.

Apology: Councillor Bob Pollock.

Attending in
County Hall: K. Braidwood, Depute Chief Executive and Director of Housing, Operations and Development; C. Cox, Assistant Director, - Planning and Development; T. Baulk, Chief Financial Officer; W. Carlaw, Service Lead - Democratic Governance; T. Simpson, Service Lead – Corporate Accounting; S. McCardie, Service Lead - Performance, Community Planning and Sustainability; L. Jarvie, Co-ordinator - Sustainability, Climate Change and Nature; C. McGhee, Chief Internal Auditor; L. Duthie, Audit Scotland; P. Morrison, Audit Scotland; K. Hancox, Committee Services Officer and C. McCallum, Clerical Assistant.

Attending
Remotely: J. Chapman, Committee Services Officer.

Opening Remarks.

The Chair

- (1) welcomed everyone to the meeting;
- (2) outlined the procedures for conducting this meeting and advised that this meeting would be broadcast live.

1. Sederunt and Declarations of Interest.

The Chair called the Sederunt for the meeting and having called the roll, confirmed that there were no declarations of interest by Members in terms of Council Standing Order No. 17 and the Councillors' Code of Conduct.

2. Call-ins from Cabinet.

The Panel noted that there were no call-ins from Cabinet of 17 March 2026.

3. Minutes of Previous Meeting.

The Minutes of the meeting of 25 February 2026 ([issued](#)) were submitted and approved.

4. **Action Log and Work Programme.**

There was submitted an update of the Action Log and Work Programme for this Panel ([issued](#)).

The Chief Financial Officer advised there was one action from the previous Panel which was now complete.

The Panel

Decided: to note the current status of the Action Log and Work Programme.

Chairs Remarks.

The chair proposed to vary the order of business to consider agenda item 9 first. The Panel so agreed.

5. **Grey Fleet Miles**

There was submitted a report ([issued](#)) of 11 March 2026 by the Chief Executive presenting the findings of analysis on the comparison of grey fleet miles driven by staff between the period 2023/2024 and 2024/2025.

Following a question from a Member of the Panel in relation to an increase in reported mileage, it was noted that the increase in mileage was much smaller than initially reported.

Following a comment from a Member of the Panel on reducing the grey fleet mileage and ensuring that staff undertake essential journeys, the Service Lead, Transformation indicated that they would actively promote the Fleet Travel and Transport Policy through staff communications. This would specifically highlight the sustainable travel hierarchy that was established, which supported the necessity to minimize business travel while also enhancing employee awareness.

A Member of the Panel commented on the comparison of fleet mileage alongside grey fleet mileage shown on the second last page of the report at figure 2 and that it was considered advantageous to have a greater proportion of emissions coming through fleet and enquired if the strategy was to achieve that. The Co-ordinator advised that a new climate change strategy had been adopted at the end of last year and within that there would be the development of a more detailed action plan.

A Member of the Panel gave his view and enquired if the findings had been passed on to Directorates. The Co-ordinator - Sustainability, Climate Change and Nature advised that it was hoped this would be addressed in the development of the Action Plan that would accompany the Sustainable Development and Climate Change Strategy.

A Member of the Panel remarked that the Action Plan required to be implemented as a priority and enquired about timelines. The Co-ordinator for Sustainability, Climate Change, and Nature responded that this would occur within the next few months and mentioned that there was an annual emissions report as part of the Council's public body obligations to the Scottish Government, with the upcoming report set to be submitted in November.

A Member of the Panel gave his views on Section 13 of the report and advised that it was imperative that Sustainability remained a primary focus of the Council.

The Chief Financial Officer shared his views on the remarks made by Members, offering his perspective. He also stated that he would communicate the points raised to the Chief Executive.

A Member of the Panel commented that the Council's Health and Social Care Workforce travel over half a million miles annually to provide essential services to the residents of South Ayrshire; however, it was crucial to minimise the costs related to that service as much as possible.

Following a question from a Member of the Panel, it was noted that the Action Plan would be reported to the Service and Partnerships Performance Panel.

The Panel

Decided: to note the findings of the analysis on the comparison of grey fleet miles between the period 2023/2024 and 2024/2025.

6. **Annual Audit Plan 2025/26**

There was submitted a report ([issued](#)) of 11 March 2026 by the Chief Financial Officer providing a background to the presentation by Audit Scotland of their Annual Audit Plan 2025/26 (the Audit Plan).

The Panel welcomed the new Audit Scotland Engagement Lead for South Ayrshire Council and highlighted the positive collaborative relationship that existed between Audit Scotland and the Panel.

Following a question from a Member of the Panel with regards to borrowing against property, the Chief Financial Officer advised that the Council's finances differed from those of private entities and that borrowing was conducted as a Section 33 body.

In response to an enquiry from a Member of the Panel concerning Audit Processes, specifically regarding the testing of journal entries, the Engagement Lead from Audit Scotland offered a detailed explanation.

A Member of the Panel requested clarification on what the journal entailed; and the Chief Financial Officer offered a brief description and indicated his willingness to discuss the matter further with the Members after the meeting.

A Member of the Panel requested clarification regarding why the risk of material misstatement was not applicable to the Common Good and to South Ayrshire Council, as indicated in exhibit 3 on page 10 of the appendix. The Engagement Lead from Audit Scotland explained that the judgment made about whether there was a material misstatement did not imply that an Audit procedure would not be performed on the balances. Furthermore, it was acknowledged that there was a disclosure in the Annual Accounts, which would also be subjected to Audit.

The Panel

Decided: to agree the attached Annual Audit Plan 2025/26 (Appendix 1).

7. **Asset Management - Best Value Thematic Work in South Ayrshire Council**

There was submitted a report ([issued](#)) of 17 March 2026 by the Deputy Chief Executive and Director of Housing, Development and Operations presenting Members with Audit Scotland's thematic report Asset Management in South Ayrshire.

A discussion took place concerning the results of the report, the development of the plan, and the issues presented in section two.

A Member of the Panel commented on the performance of the sub-quartile of operational buildings being in a satisfactory condition and enquired about the collaboration of partners, if there was a strategic approach to the transfer of Community Assets and was there an overarching link to the corporate strategy. The Assistant Director - Planning and Development responded that an initial review had been conducted, during which they collaborated with various services to develop a clearer understanding. Over the next six months, they would continue to engage with services at the Corporate Senior Management level to pinpoint properties that they wished to invest in for the long term, as well as other properties for which alternative recommendations may be presented to Council. This would establish a strategic basis for where capital investments would be made in the long term, while also identifying properties that may be deemed suitable for surplus and for exploring potential Community Asset Transfers. Throughout this process, public consultation would be crucial, and Community Engagement would be integrated into the approach.

A Member of the Panel gave their views and commented on the urgency regarding Building Safety and Compliance Inspections Risk and enquired what action was being taken. The Assistant Director - Planning and Development advised that there were Building Safety procedures in place and was happy to provide Members with a briefing note regarding these. Furthermore, it was noted that there was a rigorous programme of Compliance Inspection for all properties but was happy to report back to Members in more depth. The Assistant Director, Planning and Development advised they would consult with the Monitoring Officer to determine the most suitable Panel for reporting.

Clarification was requested and provided regarding the transparency of Community Asset Transfers.

The Panel,

Decided:

- (1) to scrutinise the content of Audit Scotland's thematic report on Asset Management in South Ayrshire;
- (2) to note the improvement actions identified in Appendix 1 of the report; and

- (3) to agree for these actions to be incorporated within the existing Best Value Action Plan and reported quarterly to the Audit and Governance Panel and the Best Value Working Group.

8. **Proposed Internal Audit Plan 2026/27 (including Annual Review of Internal Audit Charter)**

There was submitted a report ([issued](#)) of 11 March 2026 by the Chief Internal Auditor seeking approval for the revised Internal Audit Charter and the proposed Internal Audit Strategy and Internal Audit Plan and the reserve list for 2026-27.

A Member of the Panel gave their view on the report and enquired if the Chief Internal Auditor was confident in anticipating major changes and able to allocate resources to these changes. The Chief Internal Auditor responded that she was indeed confident as the audit plans drilled down to items that may be a risk for the Council. The audits carried out concentrated on high risk areas and there was nothing to suggest that key risk areas were being missed.

A Member of the Panel enquired if departments were open to accepting any recommendations provided by Internal Audit. The Chief Internal Auditor advised that it was very unusual for an Audit recommendation not to be accepted and that more services were consulting on any proposed changes.

Following comments from a Member of the Panel in relation to GDPR featuring on the reserve plan, the Chief Internal Auditor stated that it was on the reserve list while they awaited guidance from the Information Commissioner concerning the changes made. However, as part of the planning process the reserve list was always the first place they looked when preparing the following year's plan.

A Member of the Panel enquired if there was a five-year plan aimed at encompassing all the various sectors within the Council and sought assurance that the data that Elected Members collected would be incorporated into the Information Management Audit during its preparation. The Chief Internal Auditor gave assurance that this would be included and stated that there was an Audit Universe, which was a three-year rolling strategic plan containing all the Audits that would be considered.

The Panel

Decided:

- (1) to approve the revised Internal Audit Charter (Appendix 1);
- (2) to approve the Internal Audit Strategy (Appendix 2); and
- (3) to approve the Annual Internal audit plan and reserve list for 2026-27 (Appendix 3).

9. Audit and Governance Panel – 2026/27 Training Programme

There was submitted a report ([issued](#)) of 2 March 2026 by the Chief Governance Officer updating the Panel on the proposed training programme for the Panel for 2026/27.

A Panel Member welcomed the report and highlighted point 4.5, noting that Members were always encouraged to request training and should not hesitate to do so.

The Panel

Decided: to note the training programme set out in Appendix 1 of the report and provides feedback to the Chief Governance Officer.

The meeting ended at 11:23 a.m.

DRAFT

Audit and Governance Panel

Agenda Item No. 4.

Action Log

No	Date of Meeting	Issue	Actions	Assigned/ Re-assigned to	Update	Completed
1	25/03/26		A Member of the Panel requested clarification on what the journals referred to in the Risk of Management Override of Controls section of Audit plan entailed, the Chief Financial Officer offered a brief description and indicated his willingness to discuss the matter further with Members after the meeting.	Chief Financial Officer	Chief Financial Officer met with Member on Friday 27 th March 2026.	YES
2	25/03/26		A Member of the Panel gave their views and commented on the urgency regarding Building Safety and Compliance Inspections Risk and enquired what action was being taken. The Assistant Director, Planning and Development advised that there were Building Safety procedures in place and was happy to provide Members with a briefing note regarding these. Furthermore, it was noted that there was a rigorous programme of Compliance Inspection for all properties but was happy to report back to Members in more depth. The Assistant Director, Planning and Development advised they would consult with the Monitoring Officer to determine the most suitable Panel for reporting.	Assistant Director, Planning and Development	Not yet progressed	NO

Audit and Governance Panel

Work Programme 2026

	Issue	Actions	Assigned To	Due Date to Panel	Latest update
1.	External Audit Reports – Progress to 31 March 2026	Report to Panel	Chief Financial Officer	May 2026 (Quarterly)	Report to this Panel
2.	Integration Joint Boards – Financial bulletin 2024/25	Report to Panel	HSCP Chief Officer	May 2026	Report to this Panel
3.	Best Value Action Plan – Progress Update	Report to Panel	Assistant Director, Corporate Policy, Strategy and Performance	May 2026 (Biannually)	Report to this Panel
4.	Strategic Risk Management	Report to Panel	Chief Governance Officer	3 June 2026 (Biannually)	Not yet started
5.	Internal Audit – Corporate Fraud Activity	Report to Panel	Chief Internal Auditor	3 June 2026 (Biannually)	Being drafted
6.	Audit and Governance Panel – 2025/26 Annual Report	Report to Panel	Chief Financial Officer/ Chief Governance Officer	3 June 2026 (Annually)	Not yet started
7.	Draft Annual Accounts 2025/26	Report to Panel	Chief Financial Officer	24 June 2026 (Annually)	Not yet started
8.	Delivering Good Governance – 2025/26 Assessment	Report to Panel	Assistant Director, Corporate Policy, Strategy and Performance	24 June 2026 (Annually)	Not yet started

Audit and Governance Panel

	Issue	Actions	Assigned To	Due Date to Panel	Latest update
9.	Internal Audit Annual Report 2025/26	Report to Panel	Chief Internal Auditor	24 June 2026 (Annually)	Not yet started
10.	Treasury Management Annual Report 2025/26	Report to Panel	Chief Financial Officer	24 June 2026 (Annually)	Not yet started
11.	Internal Audit – Progress Report Quarter 1	Report to Panel	Chief Internal Auditor	2 September 2026 (Quarterly)	Not yet started
12.	Corporate Lets	Report to Panel	Director of Communities and Transformation	2 September 2026 (Annually)	Not yet started
13.	Treasury Management and Investment Strategy Quarter 1 Report 2026/27	Report to Panel	Chief Financial Officer	2 September 2026 (Quarterly)	Not yet started
14.	Final Report on the 2025/26 Audit	Report to Panel	Chief Financial Officer	30 September 2026 (Annually)	Not yet started
15.	South Ayrshire IJB External Annual Audit Report 2025-26	Report to Panel	Director of Health & Social Care	November 2026 (Annually)	Not yet started
16.	Internal Audit – Progress Report Quarter 2	Report to Panel	Chief Internal Auditor	November 2026 (Quarterly)	Not yet started
17.	Internal Audit Plan 2026/27 – Mid-year review	Report to Panel	Chief Internal Auditor	November 2026 (Annually)	Not yet started
18.	Accounts Commission - Annual Report	Report to Panel	Chief Financial Officer	November 2026 (Annually)	Not yet started

Audit and Governance Panel

	Issue	Actions	Assigned To	Due Date to Panel	Latest update
19.	Internal Audit – Corporate Fraud Activity	Report to Panel	Chief Internal Auditor	November 2026 (Biannually)	Not yet started
20.	Strategic Risk Management	Report to Panel	Chief Governance Officer	² December 2026 (Biannually)	Not yet started
21.	Best Value Action Plan – Progress Update	Report to Panel	Assistant Director, Corporate Policy, Strategy and Performance	December 2026 (Biannually)	Not yet started

South Ayrshire Council

**Report by Director of Health and Social Care Partnership
to Audit and Governance Panel
of 6 May 2026**

**Subject: Audit Scotland: Integration Joint Boards – Finance
 Bulletin 2024/25**

1. Purpose

1.1 The purpose of this report is to present the findings of the Audit Scotland report entitled 'Integration Joint Boards – Finance Bulletin 2024/25', published in February 2026.

2. Recommendation

2.1 It is recommended that the Panel:

2.1.1 notes the findings of the Audit Scotland report (attached as Appendix 1); and

2.1.2 notes the local arrangements in place at paragraph 4.2.

3. Background

3.1 In February 2026, Audit Scotland published the Integration Joint Boards financial bulletin 2024-25, included in Appendix One. The bulletin is based on analysis of 2024-25 IJB Annual Accounts, as well as IJB documentation for 2025-26. A roundtable discussion was held with IJB Chief Officers and Chief Finance Officers in January 2026, to understand the issues behind the data. The key messages are summarised in the following sections

3.1.1 Despite a real terms increase in funding between 2023-24 and 2024-25 of 2.3%, the financial position of IJB's has become increasingly concerning. Financial pressures and demand on services continue to grow, outstripping increased funding and savings made, raising concerns around IJB's financial sustainability.

3.1.2 Total reserve levels continue to fall across IJB's. Almost half of IJBs no longer hold any contingency reserves.

3.1.3 The majority of IJB's reported operational overspends in year, continuing the trend from previous years. While use of unplanned reserves decreased in 2024-25, as expected given the significant reduction in reserves levels, this was offset by a large increase in 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.

3.1.4 The funding gap in 2025-26 remains significant at £449m, a slight decrease from £457m in 2024-25. IJB's 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 longer term.

3.1.5 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 in public reporting on savings performance.

3.1.6 Audit Scotland recommend that over the next year, IJB's and their partner Council and NHS Boards work 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 strategic plans for 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 for example, what services are delivered, how and to whom those services are delivered, and charges for services.

3.2 The attached Audit Scotland Report (Appendix 1) was considered at the Integration Joint Board's Performance and Audit meeting on 31 March 2026.

4. Proposals

4.1 It is proposed that Members consider and note the terms of the Audit Scotland report (Appendix 1).

South Ayrshire HSCP Projected Outturn 2025-26

4.2 Period 10 Budget monitoring report was presented to the IJB on the 11th of March 2026. The projected financial outturn for 2025-26 at month 10 – the 31st of January was an underspend of £0.283m.

4.3 The main areas of financial pressure are within Biggart Hospital, community care packages for adults with learning disabilities, community care packages for older people (age 65 years and over) and residential care homes supporting adults (age 65 years and under with learning disabilities, physical disabilities or mental health needs). Overspends have been offset with underspends in Children and Justice services including family placements (kinship, fostering and adoption), out with authority placements and children with disabilities community care packages.

4.4 Savings of £5.611m were anticipated to be achieved during the year, as at period 10 £4.225m savings were achieved or 75%. The remainder of savings have been reflected in the projected year end outturn.

South Ayrshire HSCP Reserves Position

- 4.5 The anticipated reserves remaining at the end of March 26, will be earmarked reserves relating to approved projects from the Improvement and Innovation Fund and any other ringfenced allocations that need to be earmarked including Primary Care Improvement Fund and Alcohol and Drug Partnership.
- 4.6 The period 10 budget monitoring report notes an uncommitted balance of £1.322m within the Improvement and Innovation Fund. This will be used to invest in projects where there is a future financial benefit and will enable realisation of savings to help bridge future budget gaps.
- 4.7 In the financial years 2023-24 to 2025-26 the IJB approved a total of £5.045m of uncommitted reserves to bridge the budget gap.

South Ayrshire HSCP Budget 2026-27

- 4.8 The IJB Budget was approved on the 11th of March 2026. The budget included Scottish Government allocations passed on via NHS and South Ayrshire Council. This included 2% uplift on NHS base recurring budgets and funding to pass onto adult and children commissioned social care services.
- 4.9 The budget was balanced by identifying savings of £5.465m. Savings were categorised into specific types, this included: -
- Workforce savings relating to posts that had been held vacant due to changes in service delivery and review of posts. Other savings will be achieved through prioritising service delivery and reducing capacity.
 - Reducing Demand through early intervention approaches, reviewing contracts and use of digital innovation.
 - Increase Charging income generation through increases to current charges.
 - Rebalancing Resources current in year underspends in children and families' budgets due to reduction in care packages, family and out with authority placements. Review of self-directed support policy and additional rigour over critical criteria in line with Fair Access to Care and Eligibility Criteria and Guidance.
- 4.10 The budget set for 2026-27 did not include any additional contributions from partners. However, on the 5th of March South Ayrshire Council set the Council Budget for 2026-27 and allocated additional funding to the IJB of £1.590m, of which £1.365m is a one-off contribution for 2026-27 and £0.225m recurring.
- 4.11 Detailed plans have still to be developed on how the funding will be utilised in year. As the funding is non-recurring it will help mitigate some of the financial risks in year and provide time to embed savings plans in 2026-27 and beyond.

South Ayrshire HSCP Medium Term Financial Forecast 2026-2031

- 4.12 The IJB Medium Term Financial Forecast 2026-2031 (MTFF) was presented to the IJB on 11th of February 2026. The forecast outlines the significant financial challenges over the five-year period, and the table below provides the budget gap over the next five years, based on various scenarios.

Budget Gap	FORECAST					
	2026-27	2027-28	2028-29	2029-30	2030-31	
	£'000's	£'000's	£'000's	£'000's	£'000's	TOTAL
Best Case	(5,988)	(6,041)	(5,634)	(5,184)	(5,854)	(29,331)
Mid Case	(7,276)	(7,085)	(6,293)	(6,489)	(6,545)	(33,487)
Worst Case	(12,190)	(11,562)	(10,955)	(11,347)	(11,611)	(57,665)

4.13 The MTFF funding was based on three scenarios: -

- Best case which aligned to prior year's funding allocations, assumption that NHS pay award and social care commissioned services contract uplift in line with real living wage is fully funded.
- Mid case assumed funding for social care commissioned services contract uplift in line with real living wage is fully funded and NHS funding based on Scottish Governments Medium Term Financial Strategy of June 25, which assumes a 3.3% increase alongside an expectation that NHS Boards will achieve 3% recurring savings targets.
- Worst case assumes flat cash settlement from both partners.

4.14 If no further funding allocations are provided by Scottish Government for health and social care this will have a detrimental effect on service delivery and achieving the objectives within the IJB's Strategic Plan. The IJB will need to review and reduce services commissioned from partners impacting the health and wellbeing of people living in South Ayrshire.

Next Steps

4.15 Develop plans detailing how the additional SAC contribution for 2026-27 will be utilised and ensure good governance and robust monitoring of the budget for the financial year to ensure the IJB delivers services within budget to the end of the financial year.

4.16 During 2026-27 the HSCP will consult and engage with stakeholders including staff, providers, partners, carers and the third sector in developing services for the future within the financial envelope available, this will be based on a reduction in funding as noted in the MTFF.

4.17 The HSCP will deliver on our statutory duties to consult with service users and affected groups to ensure and strive to mitigate against the impact of any budget decisions which impact upon protected groups through the Integrated Impact Assessment process.

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 Not applicable.

7. Human Resources Implications

7.1 Not applicable.

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

8.1.1 There are no risks associated with adopting the recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

8.2.1 Rejecting the recommendations may impact on the reputation of the Council.

9. Integrated Impact Assessment (incorporating Equalities)

9.1 The proposals in this report do not require to be assessed through an Integrated Impact Assessment.

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

12.1 The matters referred to in this report contribute to Priority 4 of the Council Plan: Efficient and effective enabling services and the report aligns with IJB Strategic Priority 'We are ambitious and effective partnership'.

13. Link to Shaping Our Future Council Yes No

13.1 Not applicable.

14. Results of Consultation

14.1 There has been no public consultation on the contents of this report.

14.2 Consultation has taken place with Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, and Councillor Hugh Hunter, Portfolio Holder for Health and Social Care, and the contents of this report reflect any feedback provided.

Background Papers **None**

Person to Contact **Lisa Duncan, Chief Finance Officer**
Elgin House, Ailsa Hospital, Dalmellington Road, Ayr
Phone 01292 612392
E-mail lisa.duncan2@south-ayrshire.gov.uk

Date: 25 March 2026

Integration Joint Boards

Financial bulletin 2024/25



ACCOUNTS COMMISSION 

Prepared by Audit Scotland
February 2026

Contents

Key facts	3
Key messages	4
Recommendations	6
Introduction	7
Context	9
Financial performance	11



Accessibility

You can find out more and read this report using assistive technology on our website www.audit.scot/accessibility.

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.
-

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

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

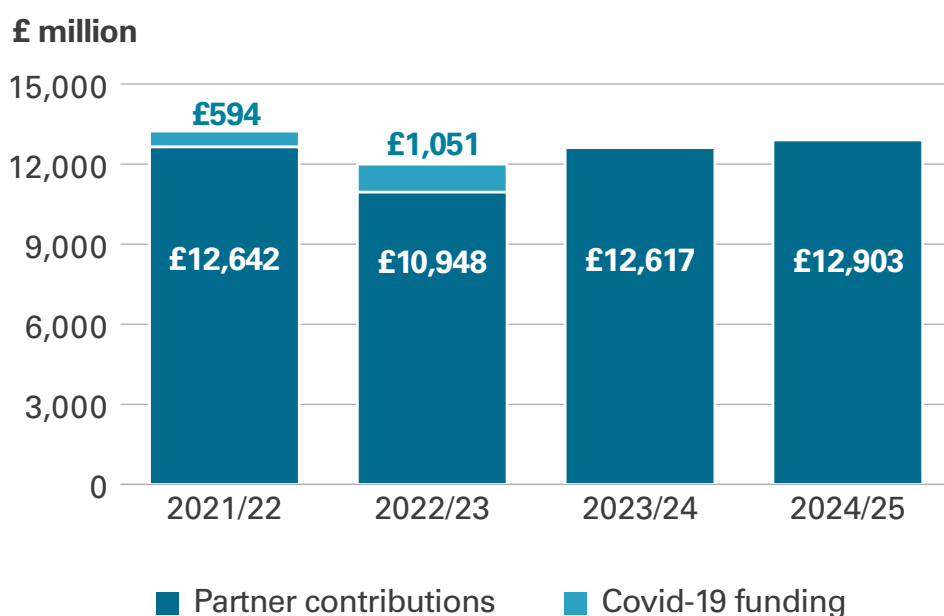
13. IJBs receive their funding as annually agreed contributions from their council and NHS board partners. Funding is largely provided to cover in-year expenditure on general services but can also be ring-fenced for specific services and national initiatives to be funded in future years. The funding 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

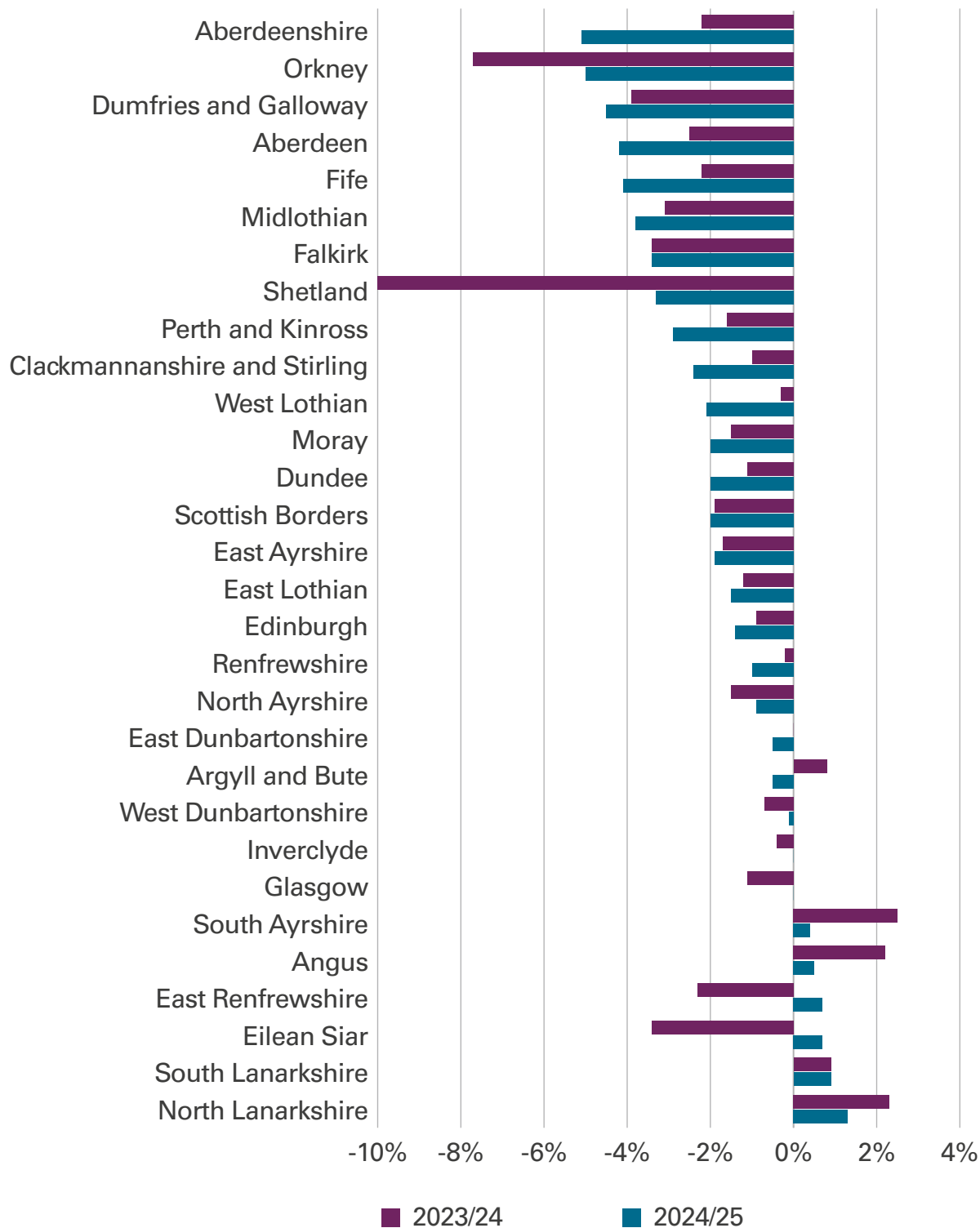
are the essential, minimum level of care and support to make sure everyone's basic needs are met. These usually include things like:

- 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

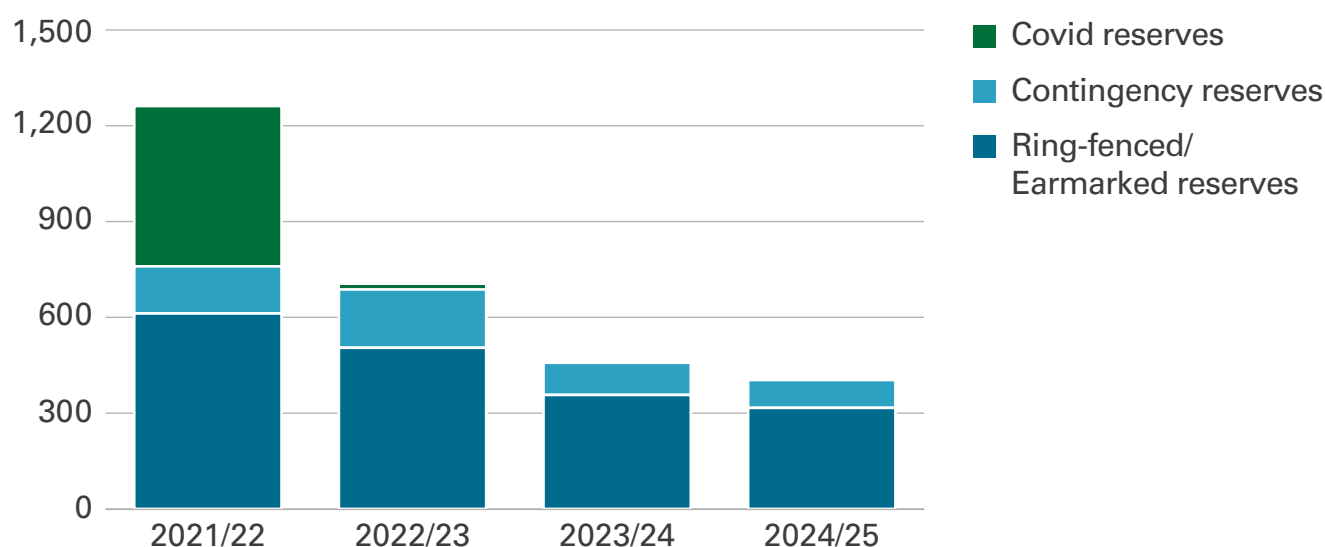
29. Total reserve levels across all IJBs have fallen by 12 per cent between 2023/24 and 2024/25 as shown in [Exhibit 4](#). Contingency reserves have fallen by 13 per cent in the same timeframe and now represent only 0.7 per cent of the total net cost of services from IJBs. Contingency reserves are reserves 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.

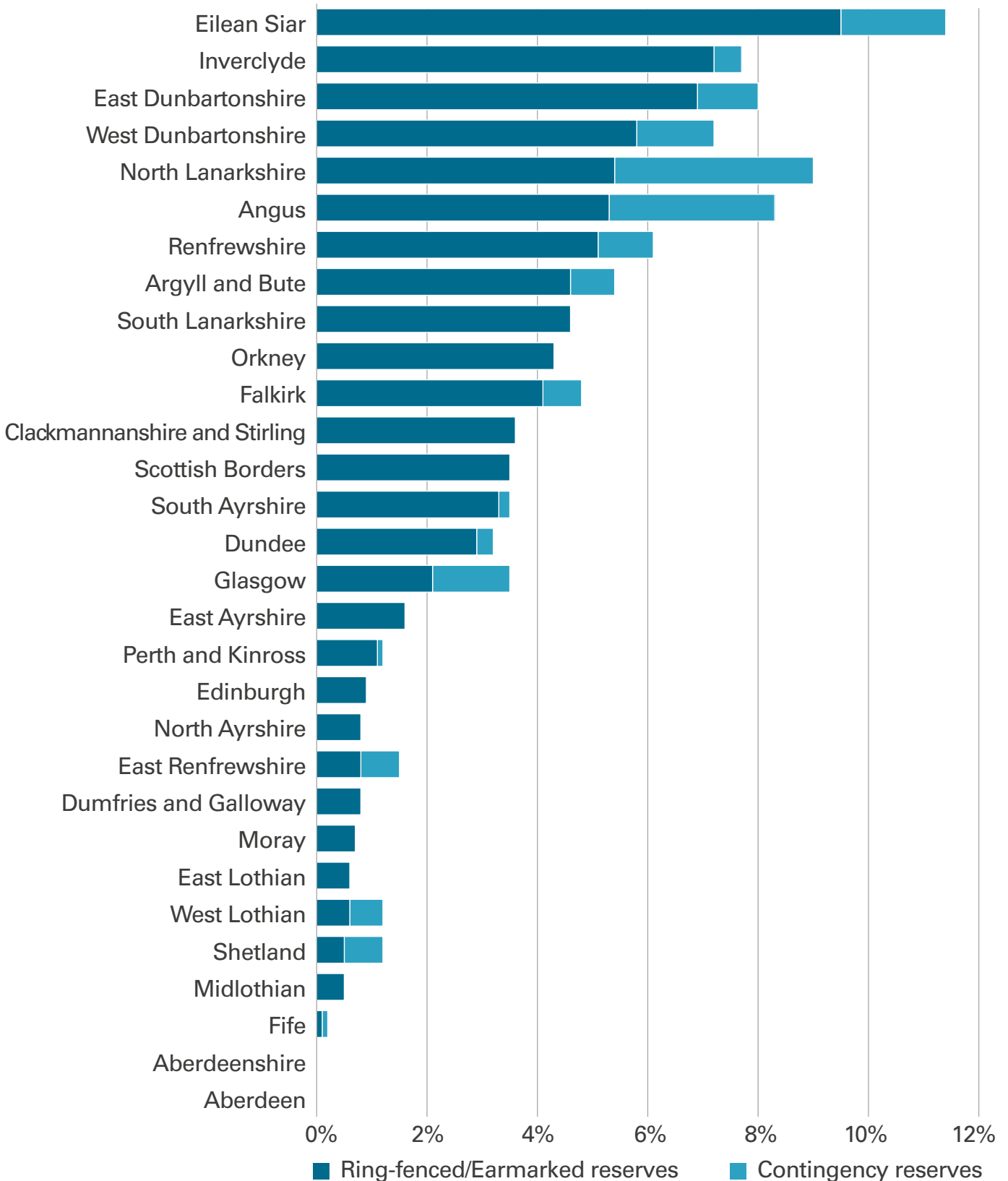
31. Of the 17 IJBs that currently hold contingency reserves, only two of these maintain this reserve at the level of two per cent of their net cost of services, which is a common threshold used in IJB reserve policies. The average funding gap for 2025/26 is 3.6 per cent of net cost of services ([paragraph 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 ¹	29%
Financial sustainability risks identified ¹	86%
Medium-term financial plan in place ²	97%
IJBs reporting turnover in senior officer roles (CO/CFO) ²	60%
IJBs who agreed a budget prior to the start of the financial year ²	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.

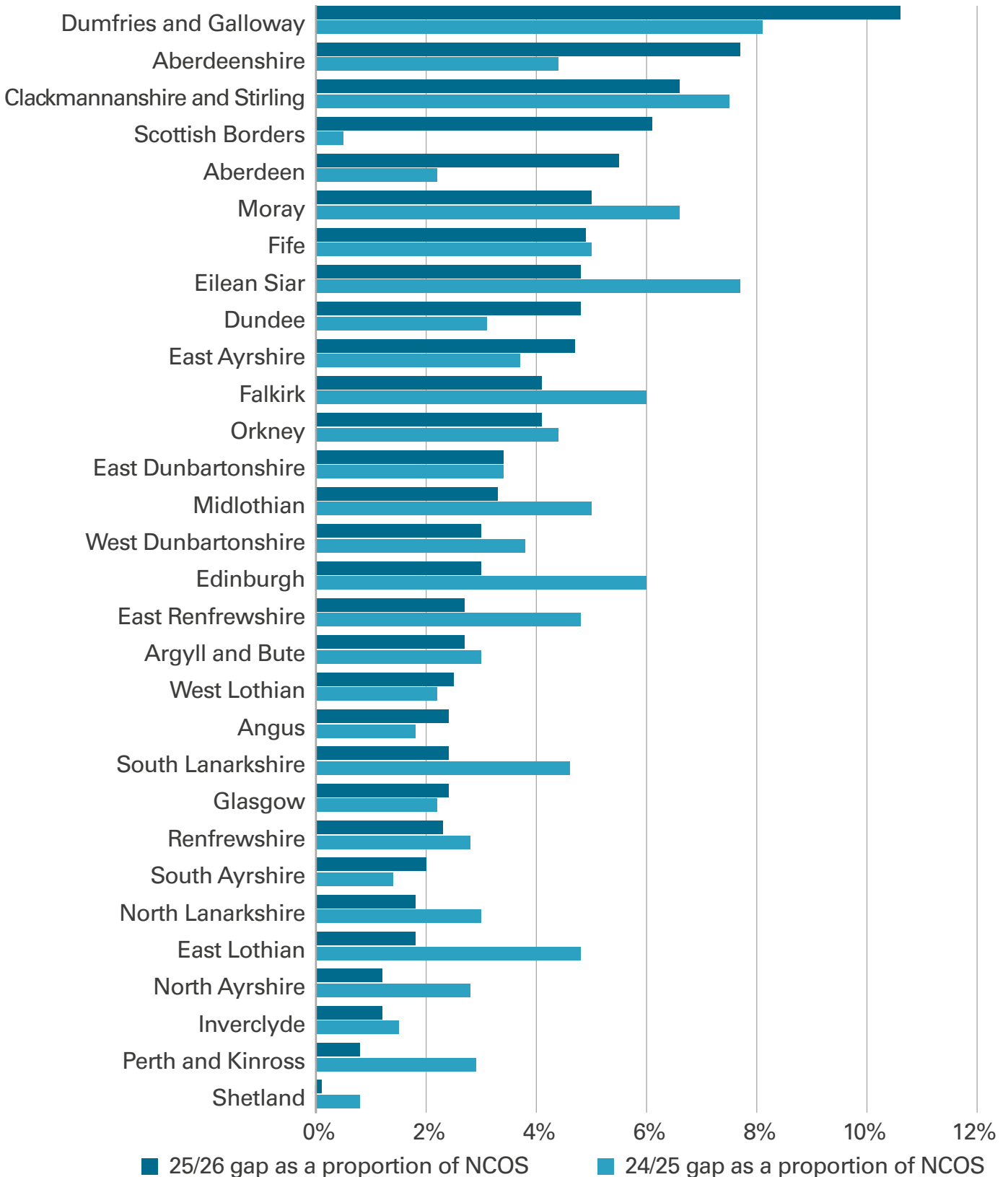
37. Twenty-one IJBs agreed a balanced budget before the start of the 2025/26 financial year. A further four agreed a budget that relied upon delivery of unidentified savings, which made up ten per cent of the budget gap. Five IJBs did not agree a budget before the start of the financial year. Delays 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

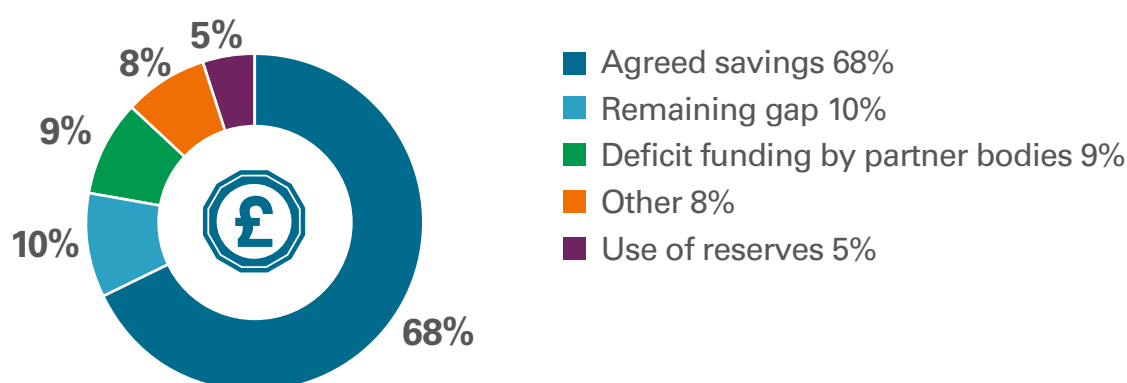
Reliance on non-recurring savings and sources of income is unsustainable

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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South Ayrshire Council

**Report by Chief Financial Officer
to Audit and Governance Panel
of 6 May 2026**

Subject: External Audit Reports – Progress to 31 March 2026

1. Purpose

1.1 The purpose of this report is to provide Members with an update on the progress that the Council is making in relation to external audit improvement actions.

2. Recommendation

2.1 It is recommended that the Panel scrutinises the progress against the Council’s external audit improvement actions as presented in this report.

3. Background

3.1 The Final Report on the 2024/25 Audit was presented to the Audit and Governance Panel (Special) of 24 September 2025. This report covers progress against the remaining five recommended improvement actions from that report.

4. Proposals

4.1 Progress to 31 March 2026 is summarised below:

Status of External Audit Actions as at 31 March 2026	Completed since 31 Dec 2025	On Target	Not on Target	Total
Annual Report on 2024/25 Audit – Sept 25	3	-	2	5
Overall	3	-	2	5

4.2 During the reporting period, three further actions from the 2024/25 External Audit report were completed as noted in [Appendix 1](#). At the time of writing two actions remain outstanding beyond the due date but are substantially complete. One of the actions will be fully completed as part of the 2025/26 Annual Accounts closedown process, due to conclude by the end of June and the other is due to complete following consideration of the scheduled Capital out-turn reports to Cabinet on 16 June 2026. An extension to the completion dates to 30 June 2026 is therefore required and noted in the appendix against both these outstanding actions.

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 None.

7. Human Resources Implications

7.1 None.

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

8.1.1 There are no risks associated with adopting the recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

8.2.1 Rejecting the recommendations may impact on the reputation of the Council.

9. Integrated Impact Assessment (incorporating Equalities)

9.1 The proposals in this report do not require to be assessed through an Integrated Impact Assessment.

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

12.1 The matters referred to in this report contribute to Priority 4 of the Council Plan: Efficient and effective enabling services.

13. Link to Shaping Our Future Council Yes No

13.1 Not applicable.

14. Results of Consultation

14.1 There has been no public consultation on the contents of this report.

14.2 Consultation has taken place with Councillor Brian Connolly, Portfolio Holder for Corporate and Strategic, and the contents of this report reflect any feedback provided.




Background Papers **Report to Audit and Governance Panel (Special) of 24 September 2025 – Final Report on the 2024/25 Audit**



Person to Contact **Tim Baulk, Chief Financial Officer**
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Date: 23 April 2026

External Audit Reports - Still to complete + completed

Generated on: 23 April 2026

Report Title	Action	Due Date	Managed By	Latest Note	SAC Status	Progress	Agreed Revisions	Completed Date
EA2024/25 Final Report on the 2024/25 Audit	<p>Recommendation Management should correct the useful lives of affected assets on the asset management system.</p> <p>Management Response Required amendments will be actioned in the asset management system in advance of the closure of FY 2025/26 to ensure asset values correctly stated.</p>	31-Mar-2026	Kevin Braidwood	22-Apr-2026 All appropriate updates have been identified and are scheduled to be implemented in the 2025/26 Asset Register update process that will take place during May 2026. (Extension to 30 June requested)		95%		
EA2024/25 Final Report on the 2024/25 Audit	<p>Recommendation Capital budget reports should include total spend against total budget for projects spanning multiple years.</p> <p>Management Response Revised reporting will be introduced as part of the December 2025 Capital quarterly reporting to Members (Cabinet Feb 2026) for material multi-year capital projects.</p>	31-Mar-2026	Kevin Braidwood	22-Apr-2026 New format for required additional information has been developed for implementation in the 2025/26 capital out-turn reports scheduled to be considered by Cabinet in June 26. (Extension to 30 June requested)		90%		
EA2024/25 Final Report on the 2024/25 Audit	<p>Recommendation The MTFP needs to show how the council priorities will be delivered without using reserves. Decisions need to be taken by councillors on which options will be taken to reduce costs as part of the next annual budget and review of the MTFP.</p> <p>Management Response A number of budget briefings have taken place in recent months regarding the significant anticipated budget deficits in future years with further member workshops planned for the autumn of 2025. These workshops are aimed at determining priorities and cost reduction measures in advance the formal budget setting for 2026/27. The considerations</p>	31-Mar-2026	Tim Baulk; Kevin Braidwood	21-Apr-2026 New Medium Term Financial Plan approved by Council on 19th February 2026.		100%		21-Apr-2026

	and outcomes from these workshops will form an integral part of the next planned update of the MTFP.							
EA2024/25 Final Report on the 2024/25 Audit	<p>Recommendation Management should prioritise update and approval of ICT security critical incident response and ICT business continuity plans.</p> <p>Management Response The Councils Cyber Incident Response Plan has been updated and it is planned to be signed off internally by October 2025. The planning of a wider organisational review of the Council Business Continuity Plans is currently underway, with an output of identifying key ICT dependencies expected by December 2025.</p>	31-Mar-2026	Louise Reid	23-Apr-2026 Cyber Incident Response Plan created and approved internally, via the CMT Assurance Group.		100%		23-Apr-2026
EA2024/25 Final Report on the 2024/25 Audit	<p>Recommendation Management should prioritise update and approval of ICT security critical incident response and ICT business continuity plans.</p> <p>Management Response The Business Continuity Working Group will meet January 2026 and feedback to ELT, in relation to prioritising internal restoration orders, for systems which are not fully supplier dependant for BC recovery. This list, together with those which are supplier dependant, will be taken through internal governance processes by 31st March 2026.</p>	31-Mar-2026	Stephen Penman	<p>23-Apr-2026 A Business Continuity Working Group has been established which meets on a regular basis, coordinated by colleagues in Civil Contingencies and attended by representatives across the organisation. A new Business Continuity Template has been created, which will be peer reviewed, and is planned to be rolled out during 2026. Service business continuity plans continue to be updated on a 6 monthly basis.</p> <p>Applications have been categorised into cloud hosted and internally hosted, with recovery plans reviewed for all internally hosted applications.</p> <p>For cloud hosted applications, engagement with hosting providers will continue to occur and will be a joint approach involving various internal stakeholders, including Civil Contingencies, Risk & Safety, ICT, Finance and specific service areas. The risk level for cloud hosted services will be increased on the strategic risk register.</p>		100%		23-Apr-2026

South Ayrshire Council

**Report by Chief Executive
to Audit and Governance Panel
of 6th May 2026**

Subject: Best Value Action Plan – Progress Update

1. Purpose

- 1.1 The purpose of this report is to update members on the progress toward delivering the Council's Best Value Action Plan.

2. Recommendation

2.1 It is recommended that the Panel:

2.1.1 scrutinises the content of the Best Value Action Plan update report;

2.1.2 considers the progress through the narrative set out within Appendix 1

3. Background

- 3.1 The Accounts Commission's approach to Best Value has evolved since Best Value was introduced 20 years ago and is now fully integrated within annual audit work. Best Value at the Council will be assessed comprehensively over the period of the audit appointment and will include an annual evaluation of the Council's approach to demonstrating improvement in the effective use of resources and public performance reporting.

- 3.2 In addition to the annual work on Best Value, thematic reviews as directed by the Accounts Commission are undertaken. In 2022/23 the focus was on the effectiveness of Council leadership in developing new local strategic priorities following the elections in May 2022 and the 23/24 report focused on workforce innovation. The 24/24 report considered Transformation.

- 3.3 [The 25/26 thematic audit on Asset Management was considered by Audit and Governance Panel in March 26.](#) Improvement actions arising from the audit have been added to the Best Value Action Plan.

4. Proposals

- 4.1 Progress towards the actions and the accompanying narrative is attached as appendix 1.

4.2 In summary, 7 of the 11 actions are complete and a further 2 are on target. A revised due date is noted for 2 action but both are scheduled for completion before the next update.

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 Not applicable

7. Human Resources Implications

7.1 Not applicable

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

8.1.1 There are no risks associated with adopting the recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

8.2.1 Rejecting the recommendations would result in reputational damage and criticism from Audit Scotland, the Accounts Commission and the Scottish Government.

9. Equalities

9.1 The proposals in this report allow scrutiny of performance. The report does not involve proposals for policies, strategies, procedures, processes, financial decisions and activities (including service delivery), both new and at review, that affect the Council's communities and employees, therefore an equality impact assessment is not required.

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

12.1 The matters referred to in this report contribute to delivery of all the Council's strategic objectives and strategic outcomes.

13. Link to Shaping Our Future Council Yes No

14. Results of Consultation

14.1 There has been no public consultation on the contents of this report.

14.2 Consultation has taken place with Councillor Brian Connolly, Policy Lead for Economy and Strategy, and the contents of this report reflect any feedback provided.

Background Papers [Audit and Governance Panel June 2023](#)

[Cabinet August 2023](#)

[Audit and Governance Panel October 2023](#)

[South Ayrshire Council December 2023](#)

[Audit and Governance Panel \(Special\) September 24](#)

[Audit and Governance Panel March 2025](#)

[Audit and Governance Panel March 2026](#)

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Best Value Improvement Action Plan - By Status

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Rows are sorted by Title

Title Best Value Thematic Work - Asset Management 2025/26

Recommendation	Action	Managed By	Progress	Due Date	Assessment of Progress	Latest Note
<p>Recommendation The council should develop an overarching asset management strategy and outline key details about its strategic approach to asset management within this. This should include information about how asset management will contribute to meeting the changing needs of the population, SMART asset management objectives and performance indicators.</p>	Report will be presented to Council in March 2026 seeking approval to work developing a single consolidated Asset Management Plan	Christina Cox	20%	28-Feb-2027	On Track	16-Apr-2026 Meeting with senior managers of all services underway to develop an overarching asset management plan to recommend to Council in October 2026.
<p>Recommendation The council should ensure its capital investment programme clearly aligns with its council plan and supporting asset management strategies, such as the AMP. We note that the council plans do this, but timescales are not clear.</p>	Report will be presented to Council in March 2026 seeking approval to prioritise assets in the Asset Management Plan (AMP) and to align these priorities with the Capital Investment Programme.	Christina Cox	20%	28-Feb-2027	On Track	16-Apr-2026 Meeting with senior managers of all services underway to develop an asset management plan that aligns with the Capital Investment Programme to recommend to Council in October 2026.
<p>Recommendation The council should improve its quarterly monitoring reports to more clearly show whether individual projects are on target</p>	Quarterly reports over the 12-year period will be given to Cabinet to demonstrate the impact of reprofiling.	Christina Cox	90%	30-Apr-2026	Re-assess due date	16-Apr-2026 Agreed format with Finance to report Period 12 to Cabinet in June.

against their timescales and the impact of reprofiling budgets on project timescales or scope.						
Recommendation The council should clarify arrangements for reporting against its asset management performance indicators, including those referenced within the AMP, and ensure these are used to inform decision making.	Asset Management will provide a quarterly report on performance indicators to Service and Performance Panel.	Christina Cox	70%	30-Apr-2026	Re-assess due date	16-Apr-2026 Finalising relevant indicators ready for consultation with Portfolio Holder and submission to Cabinet in June 2027.

Title Best Value Thematic Work in South Ayrshire Council 2024/25 - Transformation

Recommendation	Action	Managed By	Progress	Due Date	Assessment of Progress	Latest Note
Recommendation 1 - The council should ensure its plans are sufficiently ambitious to credibly respond to its financial challenges. It should clearly set out the extent to which savings from transformation will contribute to bridging its budget gap, prioritising transformation projects that will deliver the most savings	Update council reporting format to ensure all transformation activity and proposed benefits are captured.	Louise Reid	100%	30-Apr-2025	Completed	24-Sep-2025 The Council reporting template has been updated. Progress against the planned savings and benefits for projects is to be reported to elected members.
Recommendation 1 - The council should ensure its plans are sufficiently ambitious to credibly respond to its financial challenges. It should clearly set out the extent to which savings from transformation will contribute to bridging its budget gap, prioritising transformation projects that will deliver the most savings	Develop a new workforce plan linked to the medium-term financial plan, Council Plan and LOIP.	Wendy Wesson	100%	31-Dec-2025	Completed	24-Apr-2026 A new workforce plan was approved by Council on the 26th of March 2026.
Recommendation 1 - The council should ensure its plans	Deliver briefings to members and partners as discussions relating to	Stephen Penman	100%	31-Mar-2026	Completed	24-Apr-2026 Briefings have taken place with members and partners. A paper is due to be

are sufficiently ambitious to credibly respond to its financial challenges. It should clearly set out the extent to which savings from transformation will contribute to bridging its budget gap, prioritising transformation projects that will deliver the most savings	shared services progress.					submitted to Cabinet in May that will outline future plans and governance arrangements.
Recommendation 1 - The council should ensure its plans are sufficiently ambitious to credibly respond to its financial challenges. It should clearly set out the extent to which savings from transformation will contribute to bridging its budget gap, prioritising transformation projects that will deliver the most savings	Develop a project brief relating to Radical Place Leadership in Ayr North for consideration/approval by the Transformation Board.	Kevin Anderson	100%	30-Jun-2025	Completed	03-Sep-2025 Project Brief submitted to the Transformation Board and approved in June 25.
Recommendation 1 - The council should ensure its plans are sufficiently ambitious to credibly respond to its financial challenges. It should clearly set out the extent to which savings from transformation will contribute to bridging its budget gap, prioritising transformation projects that will deliver the most savings	Provide an update report to Council detailing the financial and carbon impact of the 'Transforming our Estate' strategy.	Christina Cox	100%	31-Jul-2025	Completed	01-Oct-2025 An overview report was presented to Service and Partnerships Performance Panel in May. Follow up information on financial and carbon impact will be circulated to panel members.
Recommendation 2 - The council should demonstrate it is engaging with its communities as it progresses its revised transformation programme, particularly on those projects that affect vulnerable groups. It should set out clearly how these activities influence any planned changes.	We will include details of the impact community engagement has had on relevant transformation projects as part of the reporting regime.	Stewart McCall	100%	31-Mar-2026	Completed	03-Sep-2025 Action is now complete and the details on the impact community engagement has had on relevant transformation projects will now be included in the 6-monthly reporting to SPPP. The first report on this will be included in the September papers to this Panel
Recommendation 3 - The council is introducing benefits trackers and realisation reports. These reports are to be provided to	Benefits realisation and tracking reports now clearly set out what has been achieved compared to the expected benefits and is reported	Louise Reid	100%	31-Mar-2025	Completed	

members and should set out clearly what has been achieved compared to the expected benefits and the outcomes these changes have delivered.	to Members.					
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