

Dumfries and Galloway Integration Joint Board

2025/26 Annual Audit Report



Prepared for Dumfries and Galloway Integration Joint Board and the Controller of Audit
September 2026

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Key messages

Audit of the annual accounts

- 1 All audit opinions state that the annual accounts were free from material misstatement. The accounts show a true and fair view of the Dumfries and Galloway Integration Joint Board's (the IJB) financial position.
- 2 There are no significant findings or key audit matters to report.

Financial Management and sustainability

- 3 The IJB delivered a balanced financial position in 2025/26 but only after receiving additional non-recurring funding of £13.2 million from NHS Dumfries and Galloway and an additional one off non-recurring payment of £9.498 million from Dumfries and Galloway Council to address overspends in delegated health and local authority budgets.
- 4 The IJB's reserves increased by £6.6 million this year to £10.7 million at 31 March 2026 but these are ring-fenced to be used on specific programmes. The IJB has no uncommitted reserves which significantly limits the IJB's ability to respond to unexpected budget pressures.
- 5 The 2026/27 financial plan indicates a deficit of £22.540 million and requires the delivery of savings £12.830 million.
- 6 The IJB needs to demonstrate how it will secure the financial sustainability of its services. A medium-term financial plan should be developed to set out how the 3-year strategic commissioning plan will be delivered.

Other wider scope and Best Value audit areas

- 7 The refreshed Strategic Commissioning Plan for 2025-28 sets out the IJB's priorities going forward.
- 8 The IJB has appropriate governance arrangements in place that support the scrutiny of decisions by the Board and operated effectively.

- 9** Performance management arrangements are effective with indicators and targets kept under review. The annual performance report for 2025/26 was published within the required timescales.
 - 10** The number of national core performance indicators meeting or exceeding target is consistent with the previous year, and those outwith acceptable standards have increased slightly.
 - 11** Arrangements are in place to secure Best Value and an annual assessment of Best Value is reported to the Audit, Risk and Governance Committee.
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Introduction

Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2025/26 audit of Dumfries and Galloway Integration Joint Board (the IJB) annual accounts and the wider scope areas specified in the [Code of Audit Practice \(2021\)](#).
2. The Annual Audit Report is addressed to the IJB and the Controller of Audit, and will be published on [Audit Scotland's website](#) in due course.

Appointed auditor and independence

3. Louisa Yule, of Audit Scotland, has been appointed as external auditor of the IJB for the period from 2025/26 until 2026/27. As reported in the Annual Audit Plan, Fiona Mitchell Knight and the audit team are independent of the body in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. There have been no developments since the issue of the Annual Audit Plan that impact on the continued independence of the engagement lead or the rest of the audit team from the IJB, including no provision of non-audit services.

Acknowledgements

4. We would like to thank the body and its staff, particularly those involved in preparation of the annual accounts, for their cooperation and assistance during the audit. We look forward to working together constructively over the remainder of the five-year audit appointment.

Audit scope, responsibilities and fees

Scope of the audit

5. The audit is performed in accordance with the Code of Audit Practice, including supplementary guidance, International Standards on Auditing (ISA) (UK), and relevant legislation. These set out the requirements for the scope of the audit which includes:

- An audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement.
- An opinion on statutory other information published with the financial statements in the annual accounts, namely the Management Commentary and Annual Governance Statement.
- An opinion on the audited part of the Remuneration Report.
- Conclusions on the IJB's arrangements in relation to the wider scope areas: Financial Management; Financial Sustainability; Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.
- Reporting on the IJB's arrangements for securing Best Value.
- Provision of this Annual Audit Report.

Responsibilities and reporting

6. The Code of Audit Practice sets out the respective responsibilities of the body and the auditor. A summary of the key responsibilities is outlined below.

Auditor's responsibilities

7. The responsibilities of auditors in the public sector are established in the Local Government (Scotland) Act 1973. These include providing an independent opinion on the financial statements and other information reported within the annual accounts, and concluding on the IJB's arrangements in place for the wider scope areas and Best Value.

8. The matters reported in the Annual Audit Report are only those that have been identified by the audit team during normal audit work and may

not be all that exist. Communicating these does not absolve the IJB from its responsibilities outlined below.

9. The Annual Audit Report includes an agreed action plan at [Appendix 1](#) setting out specific recommendations to address matters identified and includes details of the responsible officer and dates for implementation.

The IJB's responsibilities

10. The IJB has primary responsibility for ensuring proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety, and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include:

- Establishing arrangements to ensure the proper conduct of its affairs.
- Preparation of annual accounts, comprising financial statements for the IJB that gives a true and fair view and other specified information.
- Establishing arrangements for the prevention and detection of fraud, error and irregularities, and bribery and corruption.
- Implementing arrangements to ensure its financial position is soundly based.
- Making arrangements to secure Best Value.
- Establishing an internal audit function.

Communication of fraud or suspected fraud

11. 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 Audit, Risk and Governance 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.

Audit Fee

12. The audit fee for the 2025/26 audit was reported in the Annual Audit Plan and was set at £35,480. There have been no developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

National and performance audit reporting

13. The Auditor General for Scotland and the Accounts Commission regularly publish national and performance audit reports. These cover a range of matters, many of which may be of interest to the IJB and Audit, Risk and Governance Committee. Details of national and performance audit reports published over the last year can be seen in [Appendix 2](#).

Audit of the annual accounts

Main judgements

All audit opinions state that the annual accounts were free from material misstatement. The accounts show a true and fair view of the IJB's financial position.

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

Audit opinions on the annual accounts

14. The IJB's annual accounts were approved by the IJB Board on 22 September 2026 and signed by the appointed auditor on 22 September 2026. The Independent Auditor's Report is included in the IJB's annual accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.



Audit timetable

15. The unaudited annual accounts and all working papers were received in accordance with the agreed audit timetable.

Materiality

16. The concept of materiality is applied by auditors in planning and performing an audit, and in evaluating the effect of any uncorrected misstatements on the financial statements or other information reported in the annual accounts.

17. Broadly, the concept of materiality is to determine whether misstatements identified during the audit could reasonably be expected to influence the decisions of users of the annual accounts. Auditors set a monetary threshold when determining materiality, although some issues may be considered material by their nature. Therefore, materiality is ultimately a matter of the auditor's professional judgement.

18. Materiality levels for the audit of the IJB were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan, which also reported the judgements made in determining materiality levels. These were reassessed on receipt of the unaudited annual accounts in [Exhibit 1](#).

Exhibit 1**2025/26 Materiality levels for the IJB**

Materiality	IJB
Materiality – set at 2 per cent of gross expenditure	£11.798 million
Performance materiality – set at 75 per cent of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required.	£8.848 million
Reporting threshold – set at 5 per cent of materiality.	£590 thousand

Source: Audit Scotland

Significant findings and key audit matters

19. ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged with governance, which for the IJB is the Audit, Risk and Governance Committee.

20. The Code of Audit Practice also requires public sector auditors to communicate key audit matters. These are the matters that, in the auditor's professional judgement, are of most significance to the audit of the financial statements and require most attention when performing the audit.

21. In determining key audit matters, auditors consider:

- Areas of higher or significant risk of material misstatement.
- Areas where significant judgement is required, including accounting estimates that are subject to a high degree of estimation uncertainty.
- Significant events or transactions that occurred during the year.

22. There are no significant findings or key audit matters to report.

There were no misstatements identified above the reporting threshold that were not adjusted

23. Management of the IJB processed audit adjustments for all misstatements identified greater than the reporting threshold. As a result, there are no uncorrected misstatements to report. Adjustments were required to the figures disclosed in the Remuneration Report, although these adjustments were way below our reporting threshold. The Comprehensive Income and Expenditure Statement (CIES) was adjusted

by £10.510 million which reduced the net cost of services net expenditure to £579.389 million. However, the reported surplus on the provision of services in the CIES has not changed as a corresponding adjustment has been made to the taxation and non-specific grant income line in the CIES.

Qualitative aspects of accounting practices

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

Accounting policies

25. The appropriateness of accounting policies adopted by the IJB was assessed as part of the audit. These were considered to be appropriate to the circumstances of the IJB, and there were no significant departures from the accounting policies as required by the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Disclosures in the financial statements

26. The adequacy of disclosures in the financial statements was assessed as part of the audit. Although the quality of disclosures was adequate, we identified that the Annual Governance Statement included in the Annual Accounts did not fully comply with relevant guidance. CIPFA added an addendum in May 2025 to the Delivering Good Governance in Local Government Framework (governance framework) which applies from 2025/26 in relation to the format and content of the Annual Governance Statement included in annual accounts. Our review of the Annual Governance Statement included in the IJB's Unaudited 2025/26 Accounts identified that the Annual Governance Statement doesn't fully comply with the requirements of the addendum.

Recommendation 1

Officers should review the addendum to CIPFA's Delivering Good Governance in Local Government Framework to ensure the Annual Governance Statement in the IJB's 2026/27 Annual Accounts fully complies with the addendum.

Significant risks of material misstatement identified in the Annual Audit Plan

27. Audit work has been performed in response to the significant risks of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in [Exhibit 2](#).

Exhibit 2

Significant risks of material misstatement to the financial statements

Risk of material misstatement	Planned audit response	Outcome of audit work
Fraud caused by management override of controls Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.	The audit team will: - Obtain assurances from the auditors of NHS Dumfries and Galloway and Dumfries and Galloway Council over the completeness, accuracy and allocation of income and expenditure. - Evaluate any significant unusual transactions outside the normal course of business.	- We obtained assurances from the auditors of NHS Dumfries and Galloway and Dumfries and Galloway Council over the completeness, accuracy and allocation of income and expenditure. - We evaluated any significant unusual transactions outside the normal course of business. Conclusion: We did not identify any incidents of management override of controls through our audit testing.

Source: Audit Scotland

Prior year recommendations

28. The body has made limited progress in implementing the agreed prior year audit recommendation. For actions not yet implemented, revised responses and timescales have been agreed with the body and are outlined in [Appendix 1](#).

Wider scope and Best Value audit

Conclusion

The IJB's financial management and reporting arrangements are well established.

The IJB delivered a balanced financial position in 2025/26 but only after receiving additional non-recurring funding of £13.2 million from NHS Dumfries and Galloway and an additional one off non-recurring payment of £9.498 million from Dumfries and Galloway Council to address overspends in delegated health and local authority budgets.

The IJB's reserves increased by £6.6 million this year to £10.7 million at 31 March 2026 but these are ring-fenced to be used on specific programmes. The IJB has no uncommitted reserves which significantly limits the IJB's ability to respond to unexpected budget pressures.

The 2026/27 financial plan indicates a deficit of £22.540 million as well as the challenge of £12.830 million of savings to be delivered.

The IJB needs to demonstrate how it will secure the financial sustainability of its services. A medium-term financial plan should be developed to set out how the 3-year strategic commissioning plan will be delivered.

The refreshed Strategic Commissioning Plan for 2025-28 sets out the IJB's priorities going forward.

The IJB has appropriate governance arrangements in place that support the scrutiny of decisions by the Board and operated effectively.

Performance management arrangements are effective with indicators and targets kept under review. The annual performance report for 2025/26 was published within the required timescales.

The number of national core performance indicators meeting or exceeding target is consistent with the previous year, and those outwith acceptable standards have increased slightly.

Arrangements are in place to secure Best Value and an annual assessment of Best Value is reported to the Audit, Risk and Governance Committee.

Audit approach to wider scope and Best Value

Wider scope

29. As reported in the Annual Audit Plan, the wider scope audit areas are:

- Financial Management.
- Financial Sustainability.
- Vision, Leadership and Governance.
- Use of Resources to Improve Outcomes.

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

Duty of Best Value

31. Integration authorities 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 the strategic objectives and holding partners to account. [Best Value in public services: guidance for Accountable Officers](#) is issued by Scottish Ministers and sets out their duty to ensure that arrangements are in place to secure Best Value in public services.

32. Consideration of the arrangements the body has in place to secure Best Value has been carried out alongside the wider scope audit.

Significant wider scope and Best Value risks

33. Audit work has been performed in response to the significant wider scope and Best Value risks identified in the Annual Audit Plan. The outcome of audit work performed is summarised in [Exhibit 3](#).

Exhibit 3

Significant wider scope and Best Value risks

Significant risk	Planned audit response	Outcome of audit work
Financial sustainability In recent years the IJB has achieved short-term financial balance. However, it continues	The audit team will: • Review financial monitoring reports to assess the financial position, including progress in	As noted in Paragraph 34 below, we have reviewed the regular financial monitoring reports

Significant risk	Planned audit response	Outcome of audit work
to be faced with significant financial challenges over the medium and longer-term financial sustainability due to the uncertainty over future Scottish Government funding allocations, workforce pressures and the rising cost of inflation. The 2025/26 financial plan was presented to the IJB Board in April 2025. The plan identified a projected in-year deficit of £32.730 million, after the deduction of a savings target of £25.190 million. An updated 2025/26 financial plan was approved by the IJB Board in June 2025 which identified a projected in-year deficit of £25.4 million, after the deduction of a savings target of £30.7 million. The report highlighted that must however be recognised that whilst a saving target of £30.7 million has been set, that to date savings schemes have not been found to meet this target. The 2025/26 Quarter 2 financial performance update report presented to the IJB Board meeting in December 2025 highlights that, as at the end of September 2025, the projected in-year deficit remains at £25.4 million. The report confirms that it has been assessed that all reserves will be exhausted by year end with only the balance of the Community Change Living Fund (£0.3 million) retained as a ringfenced reserve.	realising efficiency savings by each partner. • Review updates to financial plans to assess the short and medium-term financial sustainability of the IJB. • Consider the monthly IJB roundtable meetings which are chaired by the council's Chief Executive and include the IJB Chief Officer and the Chief Social Work Officer along with other senior council and NHS staff which will monitor the progress of the savings being delivered in relation the delegated local authority budget.	presented to the IJB Board and the Strategic Planning, Finance and Commissioning Committee and we have concluded they contain sufficient details for members to monitor the IJB financial position. As highlighted in Paragraph 39 below, the IJB achieved a balanced financial position in 2025/26. The financial outturn was only achieved due to additional non-recurring funding of £13.2 million provided by NHS Dumfries and Galloway and an additional one-off non-recurring payment of £9.489 million from Dumfries and Galloway Council to support the overspend in the health and local authority delegated budgets. Paragraph 38 below shows that the delegated NHS budget included savings of £18.3 million for 2025/26. Savings of £15.4 million were achieved which represented an under achievement of £2.9 million. It is noted that £11 million of these savings were delivered on a recurring basis which leaves a recurring deficit of £9 million being carried forward into 2026/27.
		Paragraph 48 below highlights that a medium-

Significant risk	Planned audit response	Outcome of audit work
		term financial strategy is still under development.
		IJB roundtable meetings are now held on a bi-monthly basis and our review of a sample of meeting papers noted that there is detailed analysis of the IJB social work savings and financial position.

Source: Audit Scotland

Conclusions on wider scope audit

Financial Management and Financial Sustainability

Financial management and reporting arrangements are well established and allow members and officers to scrutinise the budget effectively

34. Regular comprehensive budget monitoring reports are presented to the IJB Board and the Strategic Planning, Finance and Commissioning Committee, as required. These contain detail on the year-to-date financial position, forecast outturn for the year and, progress in delivering savings. The reports also include an update on financial risks of the in-year financial plan and in year directorate overspends.

35. In our 2025/26 annual audit plan we identified the IJB's financial sustainability as a wider scope audit risk for focus and the details are shown in [Exhibit 3](#).

36. The 2025/26 financial plan was presented to the IJB Board on 15 April 2025. The plan identified a forecast deficit of £32.730 million. However, an updated 2025/26 financial plan was presented to the IJB Board on 3 June 2025 which highlighted that the forecast deficit had decreased to £25.4 million after the deduction of a savings target of £30.7 million (£18.2 million of the savings target relates to delegated NHS budget and £12.5 million relates to delegated council budget).

37. The updated financial plan for 2025/26 approved by the IJB Board outlined the delegated budgets for NHS Dumfries and Galloway and Dumfries and Galloway Council of £428 million and £117.934 million respectively. These were to be spent in line with the IJB's Strategic Plan and savings and cost reductions identified.

38. The 2025/26 Year End Finance Update report presented to the IJB Board on 23 June 2026 provided an overview of savings achieved against the target. The delegated NHS budget included savings of £18.3 million for 2025/26. Savings of £15.4 million were achieved which represented an under achievement of £2.9 million. It is noted that £11 million of these savings were delivered on a recurring basis which leaves a recurring deficit of £9 million being carried forward into 2026/27.

39. The annual accounts show a balanced financial position in 2025/26. The financial outturn was only achieved due to additional non-recurring funding of £13.2 million provided by NHS Dumfries and Galloway, which was part of deficit support funding provided by the Scottish Government for 2025/26. In addition, the IJB requested an additional one-off non-recurring, non-recoverable payment of £9.489m from Dumfries and Galloway Council to support the year end overspend in the delegated Adult Social Care budget which is in line with the Integration Scheme.

The IJB's reserves increased by £6.5 million this year to a balance of £10.6 million at 31 March 2026 but these are ring-fenced to be use on specific programmes. The IJB has no uncommitted reserves which significantly limits the IJB's ability to respond to unexpected budget pressures

40. One of the key measures of the financial health of a body is the level of reserves held. The IJB has a general fund reserve which contains earmarked balances for future commitments. The IJB has no uncommitted balances within its general fund reserve to provide a contingency fund to cushion the impact of unexpected events or emergencies. This is regarded as a key part of the IJB's risk management framework.

41. Reserves of £4.1 million were brought forward from 2024/25 which were ringfenced and included reserves relating mainly to the Social Care Fund, Winter Planning Resource, Primary Care Improvement Funding and the Alcohol and Drug Partnership. As at 31 March 2026 these reserves had increased to £10.61 million. The IJB now has minimal level of reserves all of which are ringfenced and assigned to specific committed projects for 2026/27 to support the Strategic Commissioning Plan aims, along with the specific initiatives that they were designated for. The low level of reserves seriously limits the IJB's ability to manage and mitigate future financial pressures and the IJB needs to ensure the maintenance of reserves is factored into its medium-term financial plans when these are developed.

The IJB's 2026/27 financial plan indicates a deficit of £22.540 million as well as the challenge of £12.830 million of savings required

42. The 2026/27 financial plan was presented to the Strategic Planning, Finance and Commissioning Committee on 2 June 2026. The plan identified a projected deficit of £22.540 million with savings identified of

£12.830 million (£5.810 million of the savings target relates to delegated NHS budget and £7.020 million relates to delegated council budget). Scottish Government non-recurring deficit support of £9.710 million will be available to offset the projected deficit on the delegated NHS budget.

43. The financial plan for 2026/27 delegates budget of £198.690 million to NHS Dumfries and Galloway and £124.250 million to Dumfries and Galloway Council, to be spent in line with the IJB's Strategic Plan and savings and cost reductions identified.

44. A report was presented to a meeting of Dumfries and Galloway Council on 25 June 2026 which outlines the 2026/27 adult social work savings plan agreed by the IJB Board on 24 March 2026 to address the projected overspend of the local authority budgets delegated to the IJB. The report highlights that, while good progress continues to be made in relation to improving financial sustainability, the IJB continues to face a very significant challenge in containing service spending within the resources available in financial year 2026/27.

45. In recognition of this, the Council approved additional funding of £2.8 million to support the delivery of the IJB's 2026/27 savings plan for adult social care services which shows total identified savings of £7 million. The report highlights that it is important to note that the potential availability of this £2.8 million has not been used to reduce the level of savings agreed by the IJB and that the agreed savings plan seeks to address the projected £7 million shortfall in full. While a £7 million shortfall reflects a reduced level from that faced at the outset, the extent of the challenge facing the IJB in seeking to contain spending within the delegated budget level remains significant and the progress made in recent months needs to be continued and reinforced going forward.

46. In July 2025, NHS Dumfries and Galloway (the board) was escalated to Stage 3 of the NHS Scotland Support and Intervention Framework for finance which reflects ongoing concerns about its financial sustainability. To support the need to return to a sustainable level of budgets within 3 years, the board set up two workstreams, one to manage in-year budget position within the £25 million limit set by Scottish Government for deficit support funding and the other workstream to return finances back to budget limits within 3 years. In addition, the board is utilising Scottish Government financial support to engage external consultants to assist with the development of its financial sustainability strategy. The work will set out a trajectory to breakeven by 2029/30, establishing a clear view of the board's underlying financial position, and scenario modelling to inform board discussion on options to close the underlying deficit

To support the 3-year strategic commissioning plan and demonstrate the financial sustainability of services, medium-term financial planning should be developed

47. In our 2022/23 Annual Audit Report we recommended that a medium-term financial plan should be prepared for the IJB to support the 3-year strategic commissioning plan.

48. In our 2024/25 Annual Audit Report, we recommended that the IJB should review its reserves position and ensure it factors maintenance of a sufficient balance into its medium-term financial plans when these are developed. Management agreed to develop a 3–5-year high level financial plan by the end of December 2025. However, the medium-term financial plan is still under development.

Financial systems of internal control operated effectively

49. The IJB is reliant on the systems of its partner bodies, NHS Dumfries and Galloway, and Dumfries and Galloway 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.

50. As part of our audit approach, we sought assurances from the external auditors of NHS Dumfries and Galloway and Dumfries and Galloway Council (in accordance with ISA 402) and confirmed there were no weaknesses in the systems of internal control for either the health board or the council.

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

51. 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 Dumfries and Galloway and Dumfries and Galloway 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.

52. 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.

Vision, Leadership and Governance

The refreshed Strategic Commissioning Plan for 2025-28 sets out the IJB's priorities going forward

53. The IJB approved and published its refreshed Strategic Commissioning Plan (SCP) for 2025-28 in April 2025. This refreshed Plan reaffirms the IJB's commitment to its long-term vision and model of care, while refining its Strategic Commissioning Intentions to better reflect how it will meet the needs of people living in Dumfries and Galloway and ensure

full alignment with the National Health and Wellbeing Outcomes. The SCP outlines the IJB's aims for delivering transformational change and sets out its:

- Vision and purpose
- Model of Health and Social Care and Support (Model of Care)
- Strategic Commissioning Intentions (SCIs)
- Partnership's approach to move from strategy to delivery, including risks and challenges to delivery.

54. During 2025/26, the IJB focussed on delivering the SCP by mapping the actions from its Annual Delivery Plan (ADP) to the SCIs, Directions and the local Tactical Priorities. This approach aims to ensure the activities of the operational directorates within the IJB are aligned to the strategic direction agreed by the IJB Board. In addition, through a facilitated workshop and subsequent targeted development and support, the IJB worked with colleagues from the third sector and independent provider partners to identify, develop and begin to deliver their innovative ideas to help the IJB realise a new agreed model of care. The IJB will draw learning from both of these approaches as it plans and implements the methods for delivery of the SCP in 2026/27 and beyond.

A revised Integration Scheme was published in April 2026 which reduces the number of services delegated from the board to the IJB from 1 April 2026

55. 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 IJB was last updated in 2018.

56. In March 2020, the Scottish Government instructed that health boards and councils should ensure that, if their scheme was due for review, that they jointly carried out the minimum requirement of a review, and that this is acknowledged jointly and formally. The review could note any further work required between partners and set out plans for the completion of that work at a later date, including the production of a successor scheme.

57. The light touch review undertaken for the IJB in 2020 detailed what it wanted to change. Whilst it met the requirements set out above it was not a fully consulted-on replacement scheme. In September 2020, a revised Integration Scheme was submitted. However, as this review did not include the necessary consultation laid out in legislation, formal approval was not granted.

58. In 2022/23, a review of the Integration Scheme took place between the IJB, health board and council and a revised and refreshed Integration Scheme was approved by the NHS Board and Dumfries and Galloway

Council in December 2023. Thereafter, the Scheme was forwarded to Scottish Government for approval. Feedback on the Integration Scheme was received which required some minor changes. This was resubmitted to the Scottish Government and was formally approved at the start of September 2024.

59. During 2025 a consultation exercise was held in relation to a revised Integration Scheme. After agreement between partners, this was approved by Scottish Ministers and published in April 2026. The main impact of the changes are that, from 1 April 2026, NHS Dumfries and Galloway will retain the majority of acute services that were previously delegated to the IJB, including acute and diagnostic services, family and support services and facilities and clinical support services.

Governance arrangements continue to operate effectively

60. The IJB has established governance arrangements in place. The IJB has the following committees established:

- Strategic Planning, Finance and Commissioning Committee
- Audit, Risk and Governance Committee.

61. All IJB Board meetings and committees took place via remote conferencing in 2025/26. Members of the public were able to attend open meetings where requested, and recordings of meetings are available on the website along with relevant papers and minutes.

62. We consider that governance arrangements are appropriate and support effective scrutiny, challenge and decision making. Meetings continue to be held in a virtual environment in line with Scottish Government guidance.

An Interim Chief Finance Officer and Chief Officer were appointed during 2025

63. The IJB's Chief Finance Officer who also held the post of Director of Finance at NHS Dumfries and Galloway retired at the end of June 2025. An Interim Chief Finance Officer was appointed until October 2025. Another Interim Chief Finance Officer was appointed in late October 2025 before being permanently appointed to the role in June 2026.

64. An Interim Chief Officer was also appointed in August 2025 to replace the previous Interim Chief Officer who stepped down from the position. The Interim Chief Officer was appointed permanently to the role in October 2025.

Use of Resources to Improve Outcomes

Performance management arrangements are effective with indicators and targets kept under review

65. 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.

66. The Annual Performance Report for 2025/26 has been published on the IJB's website. The IJB has effective arrangements in place for managing and reviewing performance. The IJB and its committees maintain oversight of the following at their regular meetings:

- Finance/Delegated Budget, Financial Plan
- Performance and Business Intelligence
- Quality Assurance Reports
- Annual Performance Report.

67. The IJB has appropriate arrangements in place for considering and reviewing national reports including any locally agreed actions.

The IJB's annual performance report for 2025/26 was published within the required timescales

68. Integration authorities are required to publish an Annual Performance Report by the end of July each year. As noted above, the IJB's Annual Performance Report for 2025/26 has been published on the IJB's website. The IJB's Performance Management Framework that has been developed to support the SCP takes a broader, population health and longer-term population outcomes approach.

69. We conclude that the IJB has established appropriate arrangements for reporting performance against national outcomes through the Annual Performance Report.

The number of national core performance indicators meeting or exceeding target is consistent with the previous year, and those outwith acceptable standards have increased slightly

70. The Annual Performance Report for 2025/26 provides trend analysis data for national core performance indicators. The report shows 18 national core indicators (data for 9 indicators is published every two years and data for 9 indicators is published annually). For the 16 indicators where 2025/26 data has been published, 9 indicators are shown as meeting or exceeding the target, 3 indicators are shown as being within 3 per cent of meeting the target and 4 indicators are shown as being more

than 3 per cent away from meeting the target. The performance of the 16 indicators where 2025/26 data has been published is included at [Exhibit 4](#) overleaf, alongside the performance of the same 16 indicators in 2023/24 or 2024/25, where relevant.

Exhibit 4

National core performance indicators



Source: Dumfries and Galloway IJB 2025/26 Annual Performance Report

Conclusions on Best Value

71. Integration authorities 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 the strategic objectives and holding partners to account.

72. The IJB undertakes a Best Value assessment exercise on an annual basis to confirm that the IJB arrangements for Best Value remain fit for purpose. Reference to this is included in the Annual Governance Statement within the IJB's 2025/26 Annual Accounts. The Best Value assessment statement for 2025/26 was presented to the Audit, Risk and Governance Committee on 8 September 2026.

Appendix 1

Action plan 2025/26

2025/26 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
1. Annual Governance Statement The Annual Governance Statement included in the Annual Accounts did not fully comply with relevant guidance. CIPFA added an addendum in May 2025 to the Delivering Good Governance in Local Government Framework (governance framework) which applies from 2025/26 in relation to the format and content of the Annual Governance Statement included in annual accounts.	Officers should review the addendum to CIPFA's Delivering Good Governance in Local Government Framework to ensure the Annual Governance Statement in the IJB's 2026/27 Annual Accounts fully complies with the addendum.	Accepted Officers will review the addendum to CIPFA's Delivering Good Governance in Local Government Framework to ensure the Annual Governance Statement in the IJB's 2026/27 Annual Accounts fully complies with the framework. IJB Chief Officer, Chief Finance Officer and Governance Officer June 2027

Follow-up of prior year recommendation

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
1. Level of Reserves The IJB's reserves decreased by £4.7 million this year, leaving a balance of only £4.1 million at 31 March 2025. The low level of reserves significantly limits the IJB's ability to respond to unexpected future financial pressures. There is a risk that that any overspends in 2025/26 would require members to make difficult decisions to disrupt strategic priorities, request additional funding from partners or reduce service provision.	The IJB should review its reserves position and ensure it factors maintenance of a sufficient balance into its medium-term financial plans when these are developed. Consideration will be given, to ensure that appropriate levels of reserves are held, it is intended that a 3–5-year high level plan is formed to forecast the position. The first steps to create a forecast for the next 3-5years for council delegated spend have already commenced this will feed into the combined forecast for the IJB. It is anticipated that a draft/working version will be available later in the year towards the end of quarter 3 of 2025/26. This will then need to be refined and further presented at the relevant meetings before being formally adopted as the IJB forecast. Interim Chief Finance Officer 31 December 2025	Work in progress See Paragraph 48, a medium-term financial plan is under development. Although the IJB has not addressed the medium-term financial plan recommendation, the 2026/27 local authority delegated services financial recovery plan is intended to move towards balance in financial year 2026/27 and surplus in 2027/28. NHS Dumfries and Galloway are engaging with external consultants and the Scottish Government to develop a financial sustainability strategy which aims to return NHS delegated services to financial balance by financial year 2029/30. As these recovery plans progress and provide greater certainty over the medium-term financial outlook, the IJB will develop a Medium-Term Financial Strategy as part of the 2027/28 budget preparation and budget-setting process, with completion and approval targeted by 31 March 2027. Chief Finance Officer 31 March 2027

Appendix 2

Supporting national and performance audit reports

Report name	Date published
Local government budgets 2025/26	22 May 2025
NHS in Scotland: Spotlight on governance	28 May 2025
Delivering for the future: Responding to the workforce challenge	7 August 2025
Flooding in communities: Moving towards flood resilience	28 August 2025
Adult Disability Payment	18 September 2025
Scotland's colleges 2025	2 October 2025
Improving care experience: Delivering The Promise	8 October 2025
Local government performance: Spotlight on culture and leisure services	23 October 2025
Financial sustainability and taxes	13 November 2025
NHS in Scotland 2025: Finance and performance	4 December 2025
Delayed discharges: A symptom of the challenges facing health and social care	8 January 2026
Community health and social care: Performance 2025	8 January 2026
Administration of Scottish income tax 2024/25	16 January 2026
Local Government in Scotland: Financial bulletin 2024/25	29 January 2026
The Scottish Budget 2026/24: Supplement to the Financial bulletin 2024/25	12 February 2026
Integration Joint Boards: Finance bulletin 2024/25	26 February 2026
Annual Assurance and Risks Report: A review of 2024/25 local government audits in Scotland	12 March 2026

Dumfries and Galloway IJB

2025/26 Annual Audit Report



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