

# Edinburgh Integration Joint Board

2023/24 Annual Audit Report



 AUDIT SCOTLAND

Prepared for the Members of Edinburgh IJB and the Controller of Audit

December 2024



# Contents

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Key messages	4
Introduction	5
1. Audit of 2023/24 annual accounts	6
2. Financial management and sustainability	11
3. Vision, leadership and governance	18
4. Use of resources to improve outcomes	23
Appendix 1. Action plan 2023/24	27

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# Key messages

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## 2023/24 annual accounts

- 1 Our audit opinions on the annual accounts of the joint board are unmodified.
- 2 The management commentary, annual governance statement and remuneration report were consistent with the financial statements and properly prepared in accordance with the applicable guidance.

## Financial management and sustainability

- 3 The IJB achieved a break-even position in 2023/24 after securing additional funding from partners.
- 4 The projected overspend for 2024/25 is £18.4 million, with partners requested to cover the shortfall.
- 5 The IJB has developed a medium-term financial plan which projects a significant deficit of £91.32 million by 2027/28. It has warned of cuts to service levels if additional funding is not received.

## Vision, leadership and governance

- 6 Significant workforce pressures continue to pose a risk to the capacity and quality of health and social care services.
- 7 The IJB has agreed a draft strategic plan covering 2024-2027.
- 8 Edinburgh IJB has effective and appropriate governance arrangements in place that support scrutiny of decisions made by the board.

## Use of resources to improve outcomes

- 9 EIJB has appropriate arrangements in place to ensure that resources are deployed to improve strategic outcomes, that meet the needs of service users.
- 10 Performance in relation to national rankings shows positive improvement, but there is a mixed picture of performance overall.

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# Introduction

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**1.** This report summarises the findings from the 2023/24 annual audit of Edinburgh Integration Joint Board (the IJB). The scope of the audit was set out in an Annual Audit Plan presented to the 5 March 2024 meeting of the Audit Committee. The findings from the audit of the financial statements (Part 1 of this report) were presented to the Audit Committee at its meeting on 10 September 2024.

**2.** This report is addressed to the board of the IJB and the Controller of Audit and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) in due course.

## Audit appointment

**3.** The 2023/24 financial year was the second of our five-year appointment. Our appointment coincides with the [Code of Audit Practice](#) which was introduced for financial years commencing on or after 1 April 2022.

## Responsibilities and reporting

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

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

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

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

## Auditor Independence

**8.** We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2023/24 audit fee of £33,360 as set out in our 2023/24 Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

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# 1. Audit of 2023/24 annual accounts

Public bodies are required to prepare annual accounts comprising financial statements and other related reports. These are the principal means of accounting for the stewardship of public funds.

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## Main judgements

Our audit opinions on the annual accounts of the joint board are unmodified.

The management commentary, annual governance statement and remuneration report were consistent with the financial statements and properly prepared in accordance with the applicable guidance.

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## Audit opinions on the annual accounts are unmodified

**9.** The board approved the annual accounts for Edinburgh Integration Joint Board for the year ended 31 March 2024 on 24 September 2024. As reported in the independent auditor's report:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- the audited part of the remuneration report was prepared in accordance with the financial reporting framework
- the management commentary and annual governance statement were consistent with the financial statements and properly prepared in accordance with the applicable requirements.

## Overall materiality was assessed as £19.6 million

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

**11.** Our initial assessment of materiality was carried out during the risk assessment phase of the audit. This was reviewed and revised on receipt of the unaudited annual accounts and is summarised in [Exhibit 1](#).

## Exhibit 1

### Materiality values

Materiality level	Amount
Overall materiality	£19.6 million
Performance materiality	£13.72 million
Reporting threshold	£0.39 million

**12.** The overall materiality threshold for the audit of the annual accounts of the IJB was set with reference to gross expenditure, which was judged as the figure most relevant to the users of the financial statements.

**13.** Performance materiality is used by auditors when undertaking work on individual areas of the financial statements. It is a lower materiality threshold, set to reduce the probability of aggregated misstatements exceeding overall materiality. Performance materiality was set at 70% of overall materiality. In assessing performance materiality, we have considered factors such as audit findings from previous audits, any changes in business processes and the entity's control environment including fraud risks.

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

### Significant findings and key audit matters

**15.** Under ISA (UK) 260, we communicate significant findings from the audit to the council, including our view about the qualitative aspects of the council's accounting practices.

**16.** The Code of Audit Practice also requires us to highlight key audit matters, which are defined in ISA (UK) 701 as those matters judged to be of most significance.

**17.** The significant findings including key audit matters, are summarised in [Exhibit 2](#).

## Exhibit 2

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

Issue	Resolution
<p><b>1. Income and expenditure transactions with IJB partners</b></p> <p>Last year, we recommended that the IJB should work with its partners (NHS Lothian and City of Edinburgh Council) to ensure income and expenditure amounts are classified correctly and reported accurately and consistently.</p> <p>For the 2023/24 accounts, the IJB figures were not consistent with those reported by its partner bodies.</p> <p>Income from NHS Lothian was understated by £35.4 million. Income from City of Edinburgh Council was overstated by £23.9 million and expenditure on health services was understated by £11.5 million in the unaudited accounts. This meant that total income and total expenditure were both understated by £11.5 million. Audit adjustments were processed to correct these errors and verify that the IJB's total income and expenditure agreed with those reported by partner bodies.</p>	<p>It is important that the financial statements in EIJB and its partners provide clarity and consistency, particularly when values of funding allocations are concerned. While we are content the EIJB accounts are not materially misstated, the joint board should work with its partners to ensure income and expenditure amounts are classified correctly and reported accurately and consistently.</p> <p>Working papers to support figures in the accounts provided by the IJB to support income and expenditure transactions in the annual accounts should include appropriate evidence from both partners.</p> <p><b>Recommendation 1</b> (Refer <a href="#">Appendix 1</a>, action plan)</p>
<p><b>2. Remuneration report disclosures</b></p> <p>We identified a number of presentational adjustments required in the IJB's remuneration report, with some information not presented in line with regulations.</p>	<p>These adjustments were identified and rectified in the final version of the audited accounts. We recommend that management puts in place secondary checks to improve the accuracy of the accounts presented for audit.</p> <p><b>Recommendation 2</b> (Refer <a href="#">Appendix 1</a>, action plan)</p>
<p><b>3. Expenditure on social care</b></p> <p>The IJB's total expenditure on commissioned social care services was £341.318 million. These are services administered by City of Edinburgh Council.</p> <p>The auditors of City of Edinburgh Council, in their 2023/24 audit, found instances of:</p> <ul style="list-style-type: none"> <li>errors in the rates being paid to third-party providers</li> </ul>	<p>The auditors of City of Edinburgh Council concluded that, for those items examined, there existed a valid underlying basis for the transaction and that the accounts were not materially misstated.</p> <p>The auditors have recommended the council strengthens the overall control environment around social care transactions, from initiation to payment stages. This should include measures to</p>



Issue	Resolution
<ul style="list-style-type: none"> <li>• inaccurate cost data on the Swift system</li> <li>• weaknesses in the control environment where invoices from suppliers are approved for payment</li> </ul> <p>The auditors reported experiencing significant delays in receiving supporting evidence to verify the accuracy and validity of a sample of payments to social care providers. Both the complexities and weaknesses of the system were major contributing factors to delays.</p>	<p>address the limitations of the current Swift system. The IJB should engage with the council to support improvement.</p>

## Audit work responded to the risks of material misstatement we identified in the annual accounts

**18.** We obtained audit assurances over the identified significant risks of material misstatement in the annual accounts. [Exhibit 3](#) sets out the significant risks of material misstatement to the financial statements identified in our 2023/24 Annual Audit Plan. It also summarises the further audit procedures performed during the year to obtain assurances over these risks and the conclusions from the work completed.

### Exhibit 3

#### Significant risks of material misstatement in the annual accounts

Audit risk	Assurance procedure	Results and conclusions
<p><b>1. Risk of material misstatement due to fraud caused by management override of controls</b></p> <p>As stated in ISA (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<ul style="list-style-type: none"> <li>• We will request and review assurances from the auditors of NHS Lothian and City of Edinburgh Council in line with the Protocol for Auditor Assurance 2023/24 - issued by Audit Scotland.</li> <li>• We will evaluate any significant unusual transactions outside the normal course of business.</li> <li>• We will make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments and test a sample of these transactions.</li> <li>• We will assess any changes to the methods and</li> </ul>	<p>We received assurances from constituent body auditors in relation to the financial information provided, controls in place and results of testing at constituent bodies.</p> <p>The results of our audit work, and from discussions with key staff and board members, did not identify any instances of management override of controls.</p>

Audit risk	Assurance procedure	Results and conclusions
	<p>underlying assumptions used to prepare accounting estimates compared to the prior year.</p> <ul style="list-style-type: none"> <li>We will assess the adequacy of controls in place for identifying and disclosing related party relationship and transactions in the financial statements.</li> </ul>	

**19.** In addition, we identified an “areas of audit focus” in our 2023/24 Annual Audit Plan which related to charges for services provided by NHS Lothian. The expenditure recognised in the IJB’s accounts for some services provided by NHS Lothian is determined by a cost allocation model (mapping table), with charges shared across its four integration partners. The mapping table allocations are reflective of current patient levels, local activity, cost data, and population distribution. We requested and received satisfactory assurances from the auditors of NHS Lothian on the completeness and accuracy of the model, and no further audit work was required in this area.

### There were no uncorrected misstatements

**20.** The audit identified no misstatements above the reporting threshold which were not corrected. There was one material misstatement which was corrected in the revised accounts, and this is detailed as a significant finding in [Exhibit 2](#).

**21.** An adjustment of £33,000 was made to correct the omission of the audit fee accrual in the unaudited accounts. This adjustment increased income and expenditure and balances due to/ from the City of Edinburgh Council. In addition, there were several non-material disclosure adjustments made to the notes to the accounts which did not impact on the Comprehensive Income and Expenditure Statement or Balance Sheet.

### The unaudited annual accounts were received in line with the agreed audit timetable

**22.** The unaudited annual accounts were received in line with the agreed audit timetable on 28 June 2024.

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## 2. Financial management and sustainability

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

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### Conclusion

The IJB achieved a break-even position in 2023/24 after securing additional funding from partners.

The projected overspend for 2024/25 is £18.4 million, with partners requested to cover the shortfall.

The IJB has developed a medium-term financial plan which projects a significant deficit of £91.32 million by 2027/28. It has warned of cuts to service levels if additional funding is not received.

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### The IJB achieved a break-even position in 2023/24 after securing additional funding from partners

**23.** The IJB's budget for 2023/24 was presented to the joint board in March 2023. This set out that the total delegated funding from partners of £809 million funded by partners was insufficient to meet projected total costs of £856 million, leaving an identified deficit of £47 million. A savings and recovery programme, which expected to deliver savings of £12 million, was approved at this time. It was agreed that options for reducing the remaining gap of £35 million would be presented to a future meeting.

**24.** Additional savings, support of £8 million from NHS Lothian for set aside services and a transfer of £4 million from reserves were approved by EIJB in June 2023. At the request of members, the Chair of the joint board subsequently wrote to Scottish Ministers setting out the financial position and the potential implications of delivering additional savings. The City of Edinburgh Council agreed, at its November 2023 meeting, to provide additional funding to the IJB of £14.5 million to meet the forecast overspend for those services delivered by the council. This also funded remedial works in two council-owned care homes.

**25.** The IJB achieved an overall break-even position for both NHS and council-delegated services in 2023/24, with total expenditure of £977 million. During the year the IJB also reported delivering savings of £21.9m against a target of £20.7m.

**26.** Financial performance in the annual accounts is presented on an accruals basis in accordance with accounting standards. The financial performance reported to the board compares actual costs against budget. The IJB reported a deficit of £16 million in the accounts (2022/23: £58 million deficit). This is due to timing differences with income received in the previous year held in reserves and spent in 2023/24.

**27.** An additional one-off allocation of £4.5m from NHS Lothian was required to support set aside services and a total additional £19.1m was provided by City of Edinburgh Council. Of the council funding, £2.6m will be treated as 'brokerage' by the council and the IJB is required to repay this in instalments over the next three financial years.

### **Members receive appropriate financial information on the IJB's budget position and variances at year-end**

**28.** Budget monitoring is undertaken by the finance teams within NHS Lothian and the City of Edinburgh Council. Both partners provide information on operational budget performance from their respective financial systems and this information is co-ordinated by the Chief Finance Officer to provide reports on delegated health and social care services.

**29.** Finance updates were submitted to the Performance and Delivery Committee and the EIJB throughout the year. The reports provided a breakdown of the financial position for NHS and council delegated services and clearly stated the annual budget; budget, actual outturn and variance to date; and year end forecast outturn. The expenditure breakdown was supported by a detailed explanation of significant variances.

**30.** We recommended in 2022/23 that the outturn information provided to members of the EIJB should include more detailed information on the year-end position and explanations for variances. We are pleased to report this has been implemented. The outturn report for 2023/24 included a breakdown of budget against actual expenditure for health and council delegated services, with explanations for significant variances. Members were provided with information on the achievement of savings and the year-end reserves position.

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#### **Exhibit 4**

##### **Summary of most significant underspends and overspends against budget**

<b>Service area</b>	<b>Main reasons for underspend / overspend</b>
<b>NHS Lothian delegated services</b>	
<b>Prescribing</b>	<b>£1.092 million overspend</b>

Service area	Main reasons for underspend / overspend
	Reflecting increases in both prices and volumes compared to previous years.
<b>General Medical Services (GMS)</b>	<b>£1.293 million overspend</b> Locum cover for maternity leave and sickness are driving costs.
<b>Therapy staffing</b>	<b>£1.285 million underspend</b> Vacancies in establishment.
<b>Set aside services</b>	<b>£7.8 million overspend</b> The IJB's share of acute hospital services which, although delegated, are operationally managed by NHS Lothian.
<b>Social care services</b>	
<b>Employee costs</b>	<b>£4.5 million underspend</b> Recruitment challenges mainly in disability services, but also assessment and care management and homecare and reablement teams.
<b>Purchasing (including residential and day care)</b>	<b>£8.1 million overspend</b> Planning indicated growth of 3%, with actuals of 7% on average. Care at home provision has seen the most marked increase, with the number of hours increased by 14% year on year.

Source: Edinburgh IJB outturn report 2023/24

## The initial financial plan for 2024/25 had a financial gap of £59 million, with savings identified of £45 million in a recovery plan

**31.** The draft medium-term financial strategy, presented to the board in March 2024, contained the delegated budget for 2024/25. The plan was noted by the board. The board was also presented with a 2024/25 savings and recovery plan. A total delegated budget of £829.76 million was insufficient to meet total expected costs of £889.55 million, leaving an identified deficit of £59.79 million.

**32.** The proposed savings programme for 2024/25 provided detail for 24 individual savings proposals totalling £45.08m. It also assumed NHS Lothian will provide a further £6.65m to alleviate pressures within set aside services. This left a remaining budget gap of £8.06m.

## The projected overspend for 2024/25 is £18.4 million, with partners requested to cover the shortfall

**33.** The most recent financial position, reported in November 2024, projected a year-end overspend of £26.2 million without mitigations. Of the total forecast overspend, £19.4m related to delegated services operated by the council and

£6.8m to those by NHS Lothian. A further £7.8 million of proposals were approved, reducing the projected deficit to £18.4 million.

**34.** In the financial report to the November 2024 meeting of the EIJB, members were advised that officers had considered all options to support financial balance, but that this could not be achieved in the recovery plan. As a result, it was recommended the IJB chair raise this formally with its partners. The council subsequently considered deferring the planned in-year “brokerage” repayment of £0.9m and providing up to £11.6m of additional in-year support.

### **The IJB has developed a medium-term financial plan which projects a significant deficit of £91.32 million by 2027/28. It has warned of cuts to service levels if balance is not achieved**

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

**36.** In March 2024, the IJB considered its newly-developed draft medium-term financial strategy (MTFS) for 2024/25 to 2026/27. As well as indicative budgets, it assesses expenditure projections and assumptions, legislative and policy changes and funding estimates, review of reserves and savings and recovery requirements. It aims to address the projected financial shortfall over a three-year period and refreshed as information becomes available. The strategy is not yet linked to the IJB's overall strategic plan, which is in the process of being finalised.

**37.** The most recent update to the MTFS was reported in November 2024. Setting out the opening deficit and taking into account changes in costs and funding estimates, it projects a deficit of £49.83 million in 2025/26 rising to £91.32 million in 2027/28.

**38.** The IJB is planning to bring forward the budget timetable and has arranged budget workshops where heads of service bring proposals for savings and recovery. The MTFS warns that delivering financial balance will mean cuts to service levels, and could involve stopping and/or reducing services, shrinking the workforce and more people being delayed in hospitals. It reports that this brings the risk of partners being unable to meet their statutory obligations.

### **IJBs across Scotland are facing significant pressures**

**39.** In our national report on [IJBs across Scotland 2024](#), we reported that joint boards face a complex landscape of unprecedented pressures, challenges and uncertainties. The challenges facing Edinburgh IJB are shared by joint boards across Scotland. Across the community health and social care sector, there are difficulties in recruiting and retaining a skilled workforce. The financial outlook makes it more important than ever that the budget process involves clear and open conversations with IJB partners, workforce, people who use services and other stakeholders around the difficult choices required to achieve financial sustainability.

**40.** Uncertainty around the direction of the plans for a National Care Service and continued instability of leadership in IJBs have also contributed to the difficult context for planning and delivering effective services. We have seen examples of IJBs trying to work in new and different ways, but there is a lack of collaboration and systematic shared learning on improvement activities.

### **Financial systems of internal control in partner bodies operated effectively**

**41.** EIJB does not have any assets, nor does it directly incur expenditure or employ staff, other than the Chief Officer and Chief Finance Officer. All funding and expenditure are incurred by partner bodies and transactions are processed in their financial systems, including ledger and payroll. Internal control over financial systems sits within the partner bodies rather than EIJB. Information from these systems is used to prepare EIJB's annual accounts.

**42.** As part of our audit approach, we sought assurances from the external auditors of NHS Lothian and City of Edinburgh Council. These assurances confirmed there were no significant weaknesses in the systems of internal control for either the health board or the council that could result in a risk of material misstatement to the annual accounts of EIJB.

### **Internal audit reported a moderate level of assurance for the year**

**43.** EIJB's internal audit function is provided by the City of Edinburgh Council, supported by NHS Lothian. Internal audit presented their annual report and opinion 2023/24 to the Audit and Assurance Committee in September 2024.

**44.** The report concluded that moderate assurance can be placed upon the adequacy and effectiveness of the EIJB's governance, risk management and internal control systems, reflecting that assurance activity has assessed the EIJB as having a generally sound system of governance, risk management and control in place.

**45.** Internal audit's work identified a number of issues, areas of non-compliance and/or scope for improvement throughout the year, which it reported individually do not significantly impair the EIJB's system of internal control but may put at risk the achievement of EIJB objectives if corrective actions are not adequately addressed. Throughout 2023/24, internal audit carried out three audits: workforce optimisation, hosted services and the Change programme Older People's Pathways Plus programme.

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

**46.** In the public sector there are specific fraud risks, including those relating to tax receipts, welfare benefits, grants and other claims made by individuals and organisations. Public sector bodies are responsible for implementing effective systems of internal control, including internal audit, which safeguard public assets and prevent and detect fraud, error and irregularities, bribery and corruption.

47. EIJB does not maintain its own policies relating to the prevention and detection of fraud and error but takes assurance from those in place at its partner bodies. The assurances provided by the auditors of NHS Lothian and City of Edinburgh Council confirmed there was nothing to report in relation to non-compliance with laws and regulations or other significant matters including fraud or suspected fraud. 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.

## Audit work has addressed the wider scope risk identified in the Annual Audit Plan

48. [Exhibit 12](#) sets out the wider scope risks relating to financial management and sustainability identified in our 2023/24 Annual Audit Plan. It summarises the audit procedures performed during the year to obtain assurances over these risks and the conclusions from the work completed.

### Exhibit 3

#### Risks identified from the auditor's responsibility under the Code of Audit Practice

Description of risk	Assurance procedure	Results and conclusions
<p><b>1. Financial management and sustainability</b></p> <p>The IJB approved an unbalanced budget for 2023/24 identifying a deficit of £47 million. A recovery plan, reflecting additional funding commitments from both partners, remains insufficient to deliver financial balance and leaves the IJB with a forecast overspend of £6 million at December 2023.</p> <p>The IJB continues to face significant future financial pressures with an increase in the estimated funding gap to £120 million by 2026/27, if no action is taken. Work to develop a medium-term financial strategy (MTFS) has been ongoing for several years but is not yet complete. There is a risk that financial balance over the three-year period of the MTFS is not achievable</p>	<ul style="list-style-type: none"> <li>We will monitor the forecast outturn as the year progresses.</li> <li>We will follow up our prior year recommendation to ensure that the 2023/24 outturn report to members includes the achievement of savings targets and details of the reserves position.</li> <li>We will follow up the ongoing external audit recommendation relating to the development of a MTFS.</li> <li>We will consider the findings and recommendations from the City of Edinburgh Council internal audit review of HSCP financial sustainability.</li> </ul> <p>We will consider the findings and recommendations from the internal audit reviews of the change programme</p>	<p>Refer to our audit work in paragraphs <a href="#">35-38</a>. The IJB has created a medium-term financial strategy which is actively updated and developed. The most recent update to the MTFS was reported in November 2024, projecting a deficit of £49.83 million in 2025/26 rising to £91.32 million in 2027/28.</p>



Description of risk	Assurance procedure	Results and conclusions
<p>without significant negative impact on outcomes for people and performance more generally.</p> <p>Reduced costs from staff vacancies are helping to offset the financial challenges but the IJB is facing significant workforce pressures which impact on performance and service sustainability.</p>	<p>and workforce optimisation.</p>	

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## 3. Vision, leadership and governance

Public sector bodies must have a clear vision and strategy and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation.

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### Conclusion

Significant workforce pressures continue to pose a risk to the capacity and quality of health and social care services

The IJB has agreed a draft strategic plan covering 2024-2027

Edinburgh IJB has effective and appropriate governance arrangements in place that support scrutiny of decisions made by the board

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### Significant workforce pressures continue to pose a risk to the capacity and quality of social care services

**49.** HSCPs across Scotland have faced significant workforce pressures for a number of years. Pressures arise from an increasing demand for social care together with high vacancy rates and concerns about staff wellbeing, high sickness levels, recruitment challenges and the need to ensure the appropriate skills mix. Edinburgh IJB's partner bodies, NHSL and the council, face further challenges arising from an ageing workforce and increasing reliance on external agencies to provide capacity and further demands on services due to the projected increase in Edinburgh's population.

**50.** EIJB's workforce strategy, "Working Together", was approved by the Board in February 2022 and the workforce plan is updated and submitted to the Scottish Government on a regular basis.

**51.** Further action includes the establishment of a Recruitment and Retention Oversight Group to support initiatives to address recruitment challenges and engagement with Capital City Partnership (CCP) to support recruitment activity, including community focussed engagement, across Edinburgh.

**52.** A workplace optimisation internal audit was completed in April 2024, for which the overall assurance rating was moderate assurance. The report includes one high-priority finding that the implementation plans to monitor

implementation of short term goals set out in the Workforce Strategy 2022-25 should be formalised.

**53.** A number of leadership changes took place at Edinburgh IJB during 2023, with Pat Togher appointed as permanent Chief Officer in September 2023 and Katharina Kasper taking over as Chair in June 2023. However, the chief officer will soon leave this role. Half of all IJBs experienced turnover in either their chief officer and/or chief finance officer posts in the past two years. Instability in leadership teams has the potential to disrupt strategic planning at a time when difficult and significant decisions need to be made. It can affect the culture of an organisation at a time when the workforce is under pressure.

### **The IJB has agreed a draft strategic plan covering 2024-2027**

**54.** The Public Bodies (Joint Working) (Scotland) Act 2014 requires IJBs to prepare a strategic plan that sets out the arrangements in place to carry out the integration functions over the period of the plan.

**55.** The previous strategic plan covered the year 2019-2022 and there has been considerable delay in the production and approval of a new plan, resulting in no plan in place for a two-year period, which impacts on the clarity of the IJB's vision, strategy and priorities.

**56.** Edinburgh IJB agreed a draft strategic plan for 2024-2027 in June 2024 and launched a 3-month public consultation for this draft in July. Agreement of the new strategic plan is scheduled to be completed by March 2025.

### **Governance arrangements are effective and appropriate but there is scope to improve the effectiveness of committees**

**57.** Edinburgh IJB's governance arrangements have been set out in the Annual Governance Statement in the annual accounts. In making our assessment of the IJB's governance arrangements, we considered the:

- structure and conduct of board and committee meetings
- overall arrangements to ensure appropriate standards of conduct
- arrangements for the prevention and detection of fraud, error, bribery and corruption
- reporting of performance and whether this is fair, balanced and understandable.

**58.** A number of improvement actions to strengthen governance have been identified by the joint board in previous years. Although a number of these actions have been completed, outstanding actions from the previous year as well as further areas for improvement have been identified within the annual report and accounts as follows:

**Exhibit 13****Actions arising from the 2023/24 assurance process**

<b>Table 2 - Improvement actions</b>				
	<b>Date Raised</b>	<b>Issue</b>	<b>Responsible Party</b>	<b>Reporting date</b>
<b>1</b>	22/23	Development of a supported training programme for committee members, alongside a clear process for training opportunities	Chief Officer	July 2024
<b>2</b>	22/23	Development of succession plans so that committee changes are handled smoothly	Chair	July 2024
<b>3</b>	22/23	Recruitment of Chief Risk Officer	Chief Officer	December 2024
<b>4</b>	23/24	Assess the implications of implementation of a National Care Service	Chief Officer	March 2025
<b>5</b>	23/24	Implementation of an appraisal/1:1 process for board members	Chief Officer	December 2024
<b>6</b>	23/24	Agreement of new strategic plan	Chief Officer	March 2025

Source: EIJB Annual Accounts 2023/24

### **There are opportunities to enhance openness and transparency by ensuring registers of interest are kept up to date**

**59.** Openness and transparency in how a body operates and makes decisions and is key to supporting understanding and scrutiny. Transparency means that the public has access to understandable, relevant and timely information about how the body is taking decisions and using resources.

**60.** The joint board and its committees met on a hybrid basis in 2023/24. The EIJB meetings are held in public, allowing press and members of the public to attend and the EHSCP website includes a link to webcast meetings on the City of Edinburgh Council's website. EIJB meeting papers are available on the City of Edinburgh Council's website, however committee papers are not available to the public.

**61.** As we reported in 2022/23, the EIJB website contains a link for each board members register of interest, however a number of these registers are either incomplete or out of date. Greater openness and transparency could be achieved by ensuring that registers of interest for all members are updated regularly and available to view on the website.

[Refer recommendations carried forward from 2022/23](#)

### **The financial challenges and requests for additional funding have led to tension between partner bodies**

**62.** The EIJB is responsible for planning health and care services and has full power to decide how to use resources and deliver delegated services to improve quality and people's outcomes.

**63.** We noted in our Integration Joint Board national report that IJBs operate within complex governance systems that can make planning and decision making difficult. The current model of governance is complicated, with decisions made at IJB, council and health board level, and cultural differences between partner organisations can be a barrier to achieving collaborative working and achieving key priorities.

**64.** Our outcomes for public audit note that tackling complex social and environmental challenges requires better collaboration across public bodies, with an increase in the pace and scale of reform needed across the Scottish public sector. While public bodies need to deal with immediate financial pressures, they also need to change how services are delivered to people in a way that more effectively meets their needs.

**65.** The joint board recognises that further work is required to strengthen the relationship with City of Edinburgh Council and NHS Lothian to clarify the responsibility for the scrutiny of services. Requests to the council for additional funding has resulted in tension, with members formally requesting a review of the integration scheme. The Chief Officer engages with all political groups as part of the budget setting process and regularly reports to the council's committees.

### **Audit work has addressed the wider scope risks identified in the Annual Audit Plan**

**66.** [Exhibit 12](#) sets out the wider scope risks relating to Vision, Leadership and Governance identified in the 2023/24 Annual Audit Plan. It summarises the audit procedures performed during the year to obtain assurances over these risks and the conclusions from the work completed.

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## **Exhibit 12**

### **Risks identified from our wider responsibilities under the Code of Audit Practice**

Audit risk	Audit Response	Conclusion
<p><b>1. Cyber security and legacy social care operating system (Swift)</b></p> <p>The City of Edinburgh Council's social care system, known as Swift, is no longer fit for purpose. Swift is also the source of payment information, provided by the Council, for the purpose of the IJB financial statements.</p> <p>Relying on legacy systems increases the risk of IT application failure, data quality issues and cyber-attacks.</p>	<ul style="list-style-type: none"> <li>• We will request assurances from the auditors of City of Edinburgh Council on their assessment of the Council's ICT environment including arrangements for managing and mitigating cyber security risks.</li> <li>• We will liaise with the auditors of City of Edinburgh Council and monitor progress with implementation of the replacement social care operating system.</li> </ul>	<ul style="list-style-type: none"> <li>• Assurance letters have been received from the auditors of City of Edinburgh Council and NHS Lothian. Controls issues were found during the testing of the Swift system and the auditors of City of Edinburgh Council found there is a need to: <ul style="list-style-type: none"> <li>– Improve the quality and accuracy of data used within the system,</li> <li>– Improve the control environment within the system</li> <li>– Reduce the errors in the rates being paid to third party providers</li> </ul> </li> <li>• A new system to replace Swift is planned to be introduced in the second half of 2025.</li> </ul>

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# 4. Use of resources to improve outcomes

Public sector bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities.

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## Conclusions

EIJB has appropriate arrangements in place to ensure that resources are deployed to improve strategic outcomes, that meet the needs of service users.

Performance in relation to national rankings shows positive improvement, but there is a mixed picture of performance overall

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### **EIJB has an appropriate performance management framework in place and arrangements to ensure resources are deployed to improve strategic outcomes**

**67.** EIJB has a performance management framework in place which focuses on embedding a performance management culture throughout the organisation. The framework sets out the key principles for monitoring performance, partnership arrangements, the types of performance information, as well as reporting arrangements and roles and responsibilities. Regular reporting against the framework is taken to the Performance and Delivery Committee.

**68.** EIJB produced a Performance Report for 2023/24 which sets out progress against the strategic priorities within the Strategic Plan for 2019-2022 as well as progress against the national indicators set by the Scottish Government and Ministerial Strategic Group (MSG). The Performance Report for 2023/24 was presented in August 2024.

**69.** Edinburgh IJB reports it has maintained or improved service performance in several areas in line with its strategic priorities. It reports that:

- Tackling inequality – The services funded through the EIJB grant programme have benefitted approximately 50,556 people, which is an increase of 27% from 2021/22. It reports significant improvements have also been noted in Edinburgh Alcohol and Drug Partnerships' progress with the Medication Assisted Treatment (MAT) standards.
- Person-centred care – During 2023/24, twenty care inspectorate inspections took place, with 87% of these of these reviews receiving a grade of 'Good' or above.

**70.** Performance in relation to managing resources effectively could be improved, with a reliance on one-off measures to achieve a balanced budget in the short term. As we have reported above, this is due to the underlying financial pressures facing the IJB. The IJB reports that financial pressures have not materially changed, and these are only offset in year by high levels of vacancies across a number of services in both City of Edinburgh council and NHS Lothian.

**71.** Edinburgh IJB has reported it remains in the top half of partnerships for 58% of the Scottish Government performance indicators, and 11 out of the 18 indicators which had trend data this year have seen an improved or steady ranking on benchmarked position compared to last year. It reported positive movements in emergency admissions and emergency bed days, with EIJB within the top five of best-performing partnerships for emergency bed days and having the lowest rate of emergency admissions in Scotland.

**72.** However, performance against a number of other indicators have demonstrated a decline as it reports below:












- **Premature mortality rate** – (417 premature mortality rate per 100,000 as compared to a Scotland-wide figure of 442). While below the Scottish rate, the rate of premature mortality in Edinburgh continues to remain higher than the levels seen before the pandemic. Edinburgh is in the top 50% of partnerships but moved from being ranked 14th to 16th out of the 32 areas.
- **Readmissions to hospital within 28 days of discharge** – (98 emergency re-admissions to hospital within 28 days of discharge, per 1,000 discharges compared with a Scottish average of 104). Edinburgh has increased in the rate of emergency re-admissions to hospital within 28 days of discharge, however it reports this is below the Scottish rate. The increase is reported by the IJB as being likely due to the increased rate of emergency admissions for adults as well as the increased flow through the hospital system in 2023.
- **Falls rate per 1,000 population in over 65s** - Edinburgh saw a drop in the rate of emergency admissions for falls in 2022/23 but this has increased again in 2023. With a rate of 25.7 per 1,000 over 65s in 2023, Edinburgh IJB reports this is above the Scottish figure of 23 and ranks 25th out of all the partnerships.








**73.** Performance against the indicators set by the Ministerial Strategic Group for Health and Community Care (MSG) are also reported. This shows all indicators moving in the desired direction at EIJB with the exception of the geriatric long stay indicator, where there has been an increase of 1,656 from the 2017/18 baseline total. See [Exhibit 14](#) for further information on progress against NI and MSG indicators.



## Exhibit 14

### Progress against NI and MSG indicators

Core Indicator		Time Period	Quartile	Change in rank from previous year
NI - 1	Percentage of adults able to look after their health very well or quite well	2023/24	2	
NI - 2	Percentage of adults supported at home who agree that they are supported to live as independently as possible	2023/24	2	-
NI - 3	Percentage of adults supported at home who agree that they had a say in how their help, care or support was provided	2023/24	3	-
NI - 4	Percentage of adults supported at home who agreed that their health and social care services seemed to be well co-ordinated	2023/24	3	-
NI - 5	Total percentage of adults receiving any care or support who rated it as excellent or good	2023/24	2	-
NI - 6	Percentage of people with a positive experience of the care provided by their GP practice	2023/24	2	
NI - 7	Percentage of adults supported at home who agree that their services and support had an impact on improving or maintaining their quality of life	2023/24	2	-
NI - 8	Total combined % carers who feel supported to continue in their caring role	2023/24	3	
NI - 9	Percentage of adults supported at home who agreed they felt safe	2023/24	1	-
NI-11	Premature mortality rate (per 100,000 population)	2023	2	
NI - 12	Emergency admission rate (per 100,000 population)	2023	1	
NI - 13	Emergency bed day rate (per 100,000 population)	2023	1	
NI - 14	Emergency readmissions to hospital within 28 days of discharge (rate per 1,000 discharges)	2023	3	
NI - 15	Proportion of last 6 months of life spent at home or in a community setting	2023	3	
NI - 16	Falls rate per 1,000 population aged 65+	2023	4	
NI-17	Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections	2023/24	2	
NI - 18	Percentage of adults with intensive care needs receiving care at home	2023	2	

<b>NI - 19</b>	Number of days people spend in hospital when they are ready to be discharged (per 1,000 population)	2023/24	3	
<b>MSG1. a</b>	Rate of A&E Attendances (lowest rate = Quartile 1)	2023/24	2	
<b>MSG1. b</b>	4-hour Performance	2023/24	4	
<b>MSG2</b>	Rate of Emergency Admissions (lowest rate = Quartile 1)	2023	1	
<b>MSG3 a.</b>	Unscheduled Bed Days (Acute):	2023	1	
<b>MSG3 c.</b>	Unscheduled Bed Days (MH):	2023	4	
<b>MSG4</b>	Delayed Discharge Bed Days:	2023/24	3	

Source: EIJB Annual Performance Report 2023/24

## Securing Best Value

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

**75.** We have not undertaken any specific Best Value work in 2023/24. However, we considered how members received assurance that arrangements are in place to secure Best Value. The Annual Governance Statement confirms that this responsibility is discharged by the governance arrangements put in place by the EIJB and Chief Officer. Based on our review of governance and performance management arrangements, we consider that EIJB has arrangements in place to secure Best Value.

# Appendix 1. Action plan 2023/24

## 2023/24 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>1. Values of funding provided by IJB partners (re-raised from 2022/23)</b></p> <p>The funding and expenditure values disclosed in the IJB's unaudited accounts were not consistent with the accounts of NHS Lothian.</p>	<p>The joint board should work with its partners to ensure income and expenditure amounts are classified correctly and reported accurately and consistently.</p> <p>Working papers to support figures in the accounts provided by the IJB to support income and expenditure transactions in the annual accounts should include appropriate evidence from both partners.</p> <p><a href="#">Exhibit 2</a></p>	<p><b>Accepted</b></p> <p>We continue to work with colleagues from both partner bodies to ensure consistency.</p> <p>Working papers which clearly show how figures in the accounts were derived will include evidence from partner bodies.</p> <p><b>Responsible officer: Chief Finance Officer</b></p> <p><b>Agreed date: June 2025</b></p>
<p><b>2. Remuneration report disclosures</b></p> <p>We identified a number of presentational adjustments in the IJB's remuneration report, with some information inaccurate or not presented in line with regulations.</p>	<p>We recommend that management puts in place secondary checks to improve the accuracy of the unaudited accounts and comply with regulations.</p> <p><a href="#">Exhibit 2</a></p>	<p><b>Accepted</b></p> <p>We will implement a system of secondary checks for the 2024/25 unaudited accounts</p> <p><b>Responsible officer: Chief Finance Officer</b></p> <p><b>Agreed date: June 2025</b></p>

## Follow-up of prior year recommendations

Issue/risk	Recommendation and Agreed Action	Progress
<p><b>1. Management commentary</b></p> <p>While guidance allows flexibility in terms of the level of performance information included in the management commentary, the initial version of the annual accounts submitted for audit did not provide sufficient detail to allow a reader to fully assess the joint board's overall performance.</p>	<p>The management commentary should provide a clear and balanced narrative on the performance of the joint board during the year and be supported by financial and non-financial performance information.</p>	<p><b>Closed</b></p> <p>Due to timing issues the EIJB has not been able to include full performance data in the initial version of the unaudited accounts. This is an issue which affects all IJBs owing to a later submission timetable.</p>
<p><b>2. Year end outturn reported to members</b></p> <p>The 2022/23 outturn presented to EIJB in June 2023 comprised a high level summary of budget against actual expenditure.</p> <p>The outturn report didn't include the achievement of savings targets or details of the reserves position.</p>	<p>The outturn information provided to members of the EIJB should include more detailed information on the year-end position and explanations for variances. This information, which has been provided to members in prior years, should include a breakdown of budget against actual expenditure for health and council delegated services, with explanations for significant variances.</p> <p>Members should also be provided with information on the achievement of savings and the year end reserves position.</p>	<p><b>Implemented</b></p> <p>Refer <a href="#">paragraph 30</a>. The outturn report for 2023/24 included a breakdown of budget against actual expenditure for health and council delegated services, with explanations for significant variances. Members were provided with information on the achievement of savings and the year-end reserves position.</p>
<p><b>3. Register of interests for members</b></p> <p>The Register of Interests available on the EHSCP website is incomplete and some entries have not been updated for more than a year.</p>	<p>The register of interests for members should be updated on a regular basis.</p> <p><b>Management response</b></p> <p>Agreed</p>	<p><b>Ongoing</b></p> <p>Our review of the HSCP/IJB website found instances of incomplete or older information in member entries. We have closed the formal recommendation but continue to encourage members to ensure their register of interests is up to</p>

Issue/risk	Recommendation and Agreed Action	Progress
		date and publicly accessible. .
<p><b>4. Access to board and committee papers</b></p> <p>EIJB papers are available on the City of Edinburgh Council's website but the link to papers on the EHSCP website has not been updated since 2021.</p> <p>Committee papers are not available to the public.</p>	<p>The transparency of business would be improved by providing a direct link to EIJB papers on the EHSPC website and by making committee papers available to the public.</p> <p><b>Agreed action:</b> For the IJB papers - agreed. For the committee papers this is under active consideration by the IJB.</p>	<p><b>Closed</b></p> <p>Our review of the HSCP/IJB website found links to board papers were now available, but that committee papers were not made public. We have closed this formal recommendation but continue to advise the IJB improves transparency by making committee papers public unless in specific circumstances.</p>

# Edinburgh Integration Joint Board

## 2023/24 Annual Audit Report

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