

Falkirk Integration Joint Board

2023/24 Annual Audit Report



 AUDIT SCOTLAND

Prepared for Falkirk Integration Joint Board and the Controller of Audit
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Key messages

2023/24 annual accounts

- 1 Audit opinions on the annual accounts of the Falkirk Integration Joint Board (the Board) are unmodified i.e. the financial statements and related reports are free from material misstatement.
- 2 The unaudited annual accounts were provided within the agreed timescales and were of a good standard.
- 3 Good progress has been made on addressing prior year recommendations.

Financial management

- 4 The Board has appropriate and effective financial management arrangements in place.
- 5 The 2023/24 budget highlighted a funding gap of £13.5 million which was to be met through planned savings and contributions from reserves.
- 6 The Board returned an overspend of £10.5 million in 2023/24. This was subsequently reduced to £2.6 million when NHS Forth Valley met the overspend on set aside services of £7.9 million.
- 7 Financial systems of internal control operated effectively during the year.
- 8 Standards of conduct and arrangements for the prevention and detection of fraud and error were appropriate.

Financial sustainability

- 9 The medium-term financial plan identified a budget gap of £28.2 million for the period 2024/25 to 2027/28.
- 10 The Board's reserve balances have reduced year on year and do not provide a sustainable method of managing financial challenges.
- 11 The Board is taking action to identify sustainable savings measures, however plans are in their infancy and further work is required to deliver the transformation required to deliver services on a sustainable basis.

Vision, leadership, and governance

- 12 Governance arrangements are appropriate and support effective scrutiny, challenge and decision making.

- 13** There were changes in senior officers in 2024, with a new Chief Officer taking up post in April 2024 and a new Chief Finance Officer in May 2024.
- 14** Revisions to the Integration Scheme are in progress with the proposed scheme going out to public consultation in November 2024.

Use of resources to improve outcomes

- 15** Comprehensive performance reporting arrangements are in place.
- 16** The Board has appropriate arrangements in place for securing Best Value.
- 17** Performance has deteriorated across a number of key indicators between 2022/23 and 2023/24.

Introduction

1. This report summarises the findings from the 2023/24 annual audit of Falkirk Integration Joint Board (the Board). The scope of the audit was set out in the Annual Audit Plan presented to the June 2024 meeting of the Audit Committee. This report comprises:

- significant matters arising from an audit of the Board's annual accounts
- conclusions on the following wider scope areas that frame public audit as set out in the [Code of Audit Practice 2021](#):
 - Financial Management
 - Financial Sustainability
 - Vision, Leadership, and Governance
 - Use of Resources to Improve Outcomes.
- conclusions on the Board's arrangements for meeting its Best Value duties.

2. This report is addressed to Falkirk Integration Joint Board and the Controller of Audit and will be published on Audit Scotland's website www.audit.scot in due course.

Audit appointment

3. I, Pauline Gillen, have been appointed by the Accounts Commission as auditor of the Board for the period from 2022/23 until 2026/27.

4. My team and I would like to thank the Board and Audit Committee members, the Chief Officer, Chief Finance Officer and other staff for their cooperation and assistance in this year and we look forward to working together constructively over the course of the remainder of the five-year appointment.

Responsibilities and reporting

5. The Board 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 Board is also responsible for compliance with legislation, and putting arrangements in place for governance and propriety that enable it to successfully deliver its objectives.

6. My responsibilities as independent auditor 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.

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

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

Auditor Independence

9. 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 audit fee of £33,360 as set out in the 2023/24 Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

10. The annual audit adds value to the Board by:

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

1. Audit of 2023/24 annual accounts

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

Main judgements

Audit opinions on the annual accounts of the Board are unmodified.

The unaudited annual accounts were provided within the agreed timescales and were of a good standard.

We have no significant findings to report on the audit of the annual accounts.

Good progress has been made on addressing prior year recommendations.

Audit opinions on the annual accounts are unmodified

11. The Audit Committee approved the annual accounts for the year ended 31 March 2024 on 15 November 2024. As reported in the independent auditor's report, in my opinion as the appointed auditor:

- the annual accounts 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 Local Authority Accounts (Scotland) Regulations 2014
- 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 on receipt of the annual accounts as £5.6 million

12. 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.

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

Exhibit 1

Materiality values

Materiality level	Amount
Overall materiality	£5.6 million
Performance materiality	£3.9 million
Reporting threshold	£220,000

14. The overall materiality threshold for the audit of the annual accounts was set with reference to gross expenditure, which we judged as the figure of most interest to the users of the financial statements.

15. 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, reflecting our experience in 2022/23, the first year of our audit appointment and specifically, the absence of significant errors in the prior year.

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

We have no significant findings to report on the annual accounts

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

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

19. We have no significant issues to report from the audit of the annual accounts and there were no unadjusted misstatements in the accounts.

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

20. We obtained audit assurances over the identified significant risks of material misstatement in the annual accounts. [Exhibit 2](#) sets out the significant risks of material misstatement to the financial statements we identified in the 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 2

Significant risks of material misstatement in the annual accounts

Audit risk	Assurance procedure	Results and conclusions
<p>1. Risk of material misstatement due to fraud caused by management override of controls 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"> • Agreed balances and transactions to Falkirk Council and NHS Forth Valley financial reports/ ledger/ correspondence. • Assurances obtained from the auditors of Falkirk Council and NHS Forth Valley over the completeness, accuracy and allocation of income and expenditure. • Reviewed working papers for significant adjustments at the year-end where we consider there to be greatest risk of material misstatement through management override of controls. • Reviewed financial monitoring reports during the year. 	<p>Results & Significant Judgements:</p> <p>Balances and transactions in the partner body ledgers were consistent with the Board's accounts.</p> <p>Assurances were obtained from the auditors of Falkirk Council and NHS Forth Valley and agreed to the year-end position reported in the audited accounts.</p> <p>Year-end adjustments and journals were reviewed in each partner audit and no errors identified.</p> <p>We reviewed financial reports prepared during 2023/24.</p> <p>Conclusion: Audit work found no errors or other accounting treatment that would indicate management override of controls.</p>

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

21. The audit team identified one non-material misstatement which was corrected by management in the audited accounts. This was in respect of a

provision for bad debts for unpaid adult social care charges which was included in the balance sheet, with the effect of reducing monies due to the Board. The Board delivers services through its partner bodies and its income comes from the partners rather than by billing for services directly, so any provision for unpaid debt would sit with the partner bodies rather than the Board. The Board corrected the accounts to reflect the agreed approach. The same provision had been included in the 2022/23 audited accounts so a prior year adjustment was also required to correct the prior year.

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. The working papers provided to support the audit process were of a good standard and finance staff provided good support to the audit team during the audit. This helped ensure that the audit of the annual accounts ran smoothly.

Good progress was made on prior year recommendations

23. The Board has made good progress in implementing the agreed prior year audit recommendations. For actions not yet implemented, revised responses and timescales have been agreed with management and are set out in [Appendix 1](#).

2. Financial management

Financial management means having sound budgetary processes, and the ability to understand the financial environment and whether internal controls are operating effectively.

Conclusion

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

The 2023/24 budget highlighted a funding gap of £13.5 million which was to be met through planned savings and contributions from reserves.

The Board returned an overspend of £10.5 million in 2023/24. This was subsequently reduced to £2.6 million when NHS Forth Valley met the overspend on set aside services of £7.9 million.

Financial systems of internal control operated effectively during the year.

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

The 2023/24 budget highlighted a funding gap of £13.5 million which was to be met through planned savings and contributions from reserves

24. The Board approved its 2023/24 budget in March 2023. The budget was set at net expenditure of £284.8 million, with a funding gap of £13.5 million. Plans to address the gap included savings proposals across a number of measures including use of reserves amounting to £2.8 million.

25. Planned savings were risk assessed and categorised as red/amber/green depending on the likelihood of being realised. The table at [Exhibit 3](#) shows that only £2.9 million of the planned savings were assessed as green (low risk) meaning that there was a real risk that the required savings would not be delivered.

Exhibit 3 Performance against budget

Savings 2023/24	Total £m	Red £m	Amber £m	Green £m
Adult Social Care	6.701	1.058	3.186	2.457
Primary Care Prescribing	2.380	1.673	0.190	0.517
Community Healthcare Services	0.650	0.000	0.650	0.000
Set Aside	3.762	3.762	0.000	0.000
Total	13.493	6.493	4.026	2.974

Source: Falkirk IJB 2023/24 Business Case – March 2023

26. The budget was subsequently revised during the year to a net expenditure of £299.7 million due to in-year funding allocations, budget transfers and reserve movements. The savings target remained unchanged at £13.5 million.

27. The 2023/24 draft outturn report was considered by the Board in June 2024. This showed that savings of £7.9 million had been achieved, some £5.6 million short of the target set. The key areas where savings had not been achieved were in set aside and primary care prescribing, both of which had been assessed as red when the budget was set.

28. Recurring savings are savings, that once achieved, recur year-on-year from that date. Non-recurring savings are one-off savings that apply to one financial year and do not result in ongoing savings in future years. The savings achieved include the £2.8 million released from reserves and £1.8 million non-recurring funding for winter pressures which means that of the £7.9 million of savings achieved, £4.6 million (58.9%) was realised through non-recurring means. This increases the challenge in future years as the board seeks to make recurring savings to meet the financial pressures going forward.

The IJB returned an overspend of £10.5 million in 2023/24. This was subsequently reduced to £2.6 million when NHS Forth Valley met the overspend on set aside services of £7.9 million

29. The Board 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 for the IJB is incurred by partner bodies and processed in their accounting records.

30. The Board returned an overspend of £10.5 million against a revised budget of £299.7 million, with expenditure of £310.2 million. The overspend was split £7.9 million on hospital set aside services and £2.6 million on integrated care

services. This was subsequently reduced to £2.6 million when NHS Forth Valley met the cost of the overspend on set aside services of £7.9 million directly.

31. The overspend on integrated care services mainly relates to increased demand for care at home and residential care services and the overspend on set aside which was due to pressures within accident and emergency, general medical, geriatric care, rehabilitation and specialist mental health services. This was mainly attributed to ongoing staffing pressures including reliance on bank and agency staffing, increased demand for services and the acuity of demand for services.

Exhibit 4 Performance against budget

IJB budget summary	Original Budget £m	Funding Adjustment £m	Actual £m
Cost of Services	281.371		306.768
NHS Forth Valley	189.506	17.389	206.633
Falkirk Council	91.865	0.967	92.567
Net Funding			299.200
Deficit on provision of services			(7.568)
Reserves brought forward			28.829
Total reserves at 31 March 2024			21.261
Contingency Reserves			2.245
Earmarked Reserves			11.776
General Reserve			1.446

Source: Falkirk Integration Joint Board 2023/24 Business Case, 2023/24 Draft Financial Outturn and 2023/24 audited accounts

Financial systems of internal control operated effectively during the year

32. The Board does not have its own financial systems and instead relies on the financial systems of its partner bodies, NHS Forth Valley and Falkirk Council. As part of our audit approach, we obtained assurances from the external auditors of NHS Forth Valley and Falkirk 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 that would impact on the Board.

Internal audit concluded that reliance can be placed on the Board's governance arrangements and systems of internal control for 2023/24

33. The Board's internal audit function is carried out by an internal audit consortium covering NHS Fife, NHS Tayside and NHS Forth Valley. Internal audit has completed their 2023/24 audit work and presented their Annual Report to the June 2024 Audit Committee. The report concluded that reliance can be placed on the Board's governance arrangements and systems of internal controls for 2023/24.

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

34. In the public sector there are specific fraud risks, including those relating to payments 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.

35. As the board does not directly deliver services or employ staff, it does not maintain its own policies relating to the prevention and detection of fraud or error but instead depends on those in place at its partner bodies. We obtained assurance from the partners' auditors that the arrangements in place at Falkirk Council and NHS Forth Valley are adequate.

36. The Board has a Code of Conduct for members and the Registers of Interest for all Board members are publicly available on the board's website.

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

3. Financial sustainability

Financial Sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

Conclusion

The medium-term financial plan identified a budget gap of £28.2 million for the period 2024/25 to 2027/28.

The Board's reserve balances have reduced year on year and do not provide a sustainable method of managing financial challenges.

The Board is taking action to identify sustainable saving measures, however plans are in their infancy and further work is required to deliver the transformation required to deliver services on a sustainable basis.

The Board has developed a medium-term financial plan which identifies a budget gap of £28.2 million for the period 2024/25 to 2027/28

38. 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.

39. The Board approved the Medium-Term Financial Plan 2024/25 to 2027/28 in March 2024. The plan forecasts a shortfall in each of these years, prior to the achievement of any savings, totalling £28.2 million over the period to 2027/28.

40. The Medium-Term Financial Plan outlines a significant savings requirement of £18.4 million in 2024/25, with additional recurring savings of around £3 million required in each subsequent year.

41. A savings programme has been prepared for 2024/25 to achieve the savings required of £18.4 million. This includes £4.1 million of non-recurring savings made up of £3.9 million from the general fund and other earmarked reserves and £0.2 million from development funds not yet required for their intended purpose.

42. The Board has recognised that the use of non-recurring savings is not a sustainable way to meet future funding challenges, however, these provide short-term solutions while longer term solutions can be developed. As set out above, there is a need to develop sustainable savings as the budget gap will

only widen each year so it is essential that the Board identifies and delivers sustainable savings measures as a priority.

Recommendation 1

The Board should identify and deliver sustainable savings measures as a priority to address current and future financial pressures and ensure financial sustainability.

The Board's reserve balances have reduced year on year and do not provide a sustainable method of managing financial challenges

43. One of the key measures of the financial health of a body is the level of reserves held. The level of usable reserves held by the Board decreased from £28.8 million in 2022/23 to £21.3 million in 2023/24. The reduction of £7.5 million was the net effect of drawdowns from reserves of £14.8 million which were off-set by £7.3 million of transfers to reserves. The most significant drawdowns were from the General Reserve and were for funds to address service pressures, carers strategy and the cost of living.

44. While the level of reserves held at £21.2 million represents over 6 per cent of the gross expenditure for 2023/24, the table at [Exhibit 5](#) demonstrates that there has been a sharp reduction in the level of reserves held in the last three financial years. When this is considered alongside the Board's plan to balance the budget in 2024/25 through the use of reserves, this emphasises the urgency of the challenge to identify and deliver sustainable savings.

Exhibit 5

Falkirk Integration Joint Board – usable reserves

Reserve	31 March 2022 £m	31 March 2023 £m	31 March 2024 £m
Earmarked Reserves	34.696	14.330	11.776
Service Pressures	0	7.901	5.015
Development Funds	0	0.829	0.779
Contingency Reserve	0.946	2.050	2.245
General Reserve	1.411	3.719	1.446
Total reserves	37.053	28.829	21.261

Source: Falkirk IJB Annual Accounts 2021/22 to 2023/24

The Board is taking action to identify sustainable saving measures, however plans are in their infancy and further work is required to deliver the transformation required to deliver services on a sustainable basis.

45. As set out above, the board is required to make savings of £28.8 million by 2027/28, £18.4 of which falls in 2024/25. The board has identified savings measures to address the 2024/25 budget gap as set out in [Exhibit 6](#). Savings have been given a RAG status with red/ amber/ green used to demonstrate the likelihood that the savings will be realised.

Exhibit 6
Saving measures 2024/25

Savings 2024/25	Total	Red	Amber	Green
Adult Social Care	6.804	0.000	4.992	1.812
Primary Care Prescribing	1.664	0.884	0.383	0.397
Community Healthcare Services	3.713	0.000	0.000	3.713
Set Aside	6.248	6.248	0.000	0.000
Total reserves	18.429	7.132	5.375	5.922

Source: Falkirk IJB Annual Accounts 2021/22 to 2023/24

46. [Exhibit 6](#) shows that of the £18.4 million of savings required, £7.1 million have been assessed as red, meaning there is a high risk these will not be achieved. A further £5.4 million of savings have been assessed as medium risk. Given that the savings total includes the drawdown from reserves set out above, the risk profiling of the planned savings measures shows that the Board is not confident that the required savings will be delivered. Extensive monitoring will be required to ensure that board is able to deliver the savings required to balance the 2024/25 budget.

47. The savings measures have been broken down across a number of projects, however there are some areas where more detailed plans have yet to be developed. Examples of these are financial management improvement initiatives and various set-aside cost reduction initiatives to be considered by

NHS Forth Valley. These two projects account for £9.9 million of the planned savings measures and are classified as amber and red respectively.

48. The Board is clearly sighted on the need to make sustainable savings and is taking action to identify ways to do this. A Budget Working Group has been set up, comprising senior officers of the Board, to work through savings and transformation proposals before taking these to members at budget development sessions. It is evident that plans are in place to address the challenge. However, these plans are in their infancy and further work is required to deliver the transformation required to deliver services on a sustainable basis.

4. 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.

Conclusion

Governance arrangements are appropriate and support effective scrutiny, challenge and decision making.

There were changes in senior officers in 2024, with a new Chief Officer taking up post in April 2024 and a new Chief Finance Officer in May 2024.

Revisions to the Integration Scheme are in progress with the proposed scheme going out to public consultation in November 2024.

Governance arrangements are appropriate and support effective scrutiny, challenge and decision making

49. In making our assessment of the Board's governance arrangements we considered the:

- structure and conduct of Board and committee meetings
- overall arrangements to ensure appropriate standards of conduct including compliance with the Standing Financial Instructions and Standing Orders
- arrangements for the prevention and detection of fraud, error, bribery and corruption
- reporting of performance and whether this is fair, balanced and understandable.

50. The Board met on a hybrid basis four times during 2023/24, and the Audit Committee met four times. The papers presented to the Board and the Audit Committee are published timeously on the Board's section of Falkirk Council's website. Our observations at committee meetings throughout the year has

found that these are conducted in a professional manner and there is a good degree of scrutiny and challenge by members.

51. The Board is currently reviewing its governance arrangements, including committee governance arrangements. This work is almost complete. A review of Financial Regulations and Scheme of Delegation is planned following the agreement of the updated governance arrangements.

52. We consider that governance arrangements are appropriate and support effective scrutiny, challenge and decision making.

There were changes in senior officers in 2024, with a new Chief Officer taking up post in April 2024 and a new Chief Finance Officer in May 2024

53. There was a change in senior officers at the Board. The Chief Finance Officer left their post at the end of 2023 and an interim Chief Finance Officer was in post from January 2024 until May 2024 when a new Chief Finance Officer was appointed on a permanent basis. In addition, the Chief Officer retired at the end of March 2024 and the new Chief Officer took up post in April 2024. The new appointees bring a wealth of knowledge and experience to their roles.

54. The process of change appears to have been well-managed, with no significant gaps between the postholder leaving and the new postholder coming in which ensured continued leadership.

55. The Board has recently reviewed its management structure to ensure it is suitable and has the capacity to deliver the transformation required. The changes have just been implemented and it is too early to conclude on the effectiveness of these changes.

Revisions to the Integration Scheme are in progress with the proposed scheme going out to public consultation in November 2024

56. The Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) requires Health Boards and Local Authorities to integrate planning for, and delivery of, certain adult health and social care services. The Act requires the partner to prepare an integration scheme which sets out how joint working will be delivered. The Act also requires Integration Schemes to be updated every five years. For Falkirk IJB, the Integration Scheme was last reviewed in March 2018. This falls outwith the five years set by the Act.

57. Work has been underway to revise the Integration Scheme but this was subject to delay due to the complexity of the process and capacity issues during the pandemic. Progress has now been made in finalising a proposed Integration Scheme which will be issued for public consultation in November 2024 prior to going to Falkirk Council, NHS Forth Valley and the Joint Board for approval.

5. 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.

Conclusion

Comprehensive performance reporting arrangements are in place.

The Board has appropriate arrangements in place for securing Best Value.

Performance has deteriorated across key indicators between 2022/23 and 2023/24.

Comprehensive performance reporting arrangements are in place

58. Management commentaries included in the annual accounts should provide information on a body, its main objectives and the principal risks faced. It should provide a fair, balanced and understandable analysis of a body's performance as well as helping stakeholders understand the financial statements.

59. The Management commentary in the annual accounts complies with the requirements in that it provides information on the IJB, its main objectives and the principal risks faced. In addition, it includes a balanced, understandable analysis of service performance and financial performance.

60. The Board receives quarterly performance monitoring reports. These reports provide a comprehensive overview of performance in the period to date and for the same period in the prior year along with details of the direction of travel. This ensures effective monitoring and reporting on the delivery of services. Areas that are below target or declining are scrutinised to understand the reasons for this and to ensure that appropriate improvement action is being taken.

61. Performance monitoring reports focus on key performance issues and actions aligned to the Strategic Plan. Exception reports are also included for all indicators with a deteriorating position since the last reporting period or indicators that require on-going monitoring.

The Board has appropriate arrangements in place for securing Best Value

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

63. The Board has a Strategic Plan, Medium Term Financial Plan, integrated workforce plan and performance reporting arrangements in place to support the achievement of its Best Value duties. The Annual Performance Report is the Board's way of demonstrating that it is seeking to secure best value from the resources available as part of its overall strategy as captured in both the Strategic Plan and Medium-Term Financial Plan. Performance monitoring reports are also produced to support the Board to fulfil its ongoing responsibility to ensure effective monitoring and reporting of service delivery.

64. We have concluded that the Board has adequate arrangements in place to demonstrate how it meets Best Value duties.

IJB performance has deteriorated across a number of key indicators between 2022/23 and 2023/24

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 Board has continued to monitor key performance targets throughout the year, covering a suite of indicators from National Integration indicators to local indicators stemming from the Strategic Plan.

67. The National Integration indicators for 2023/24 show that of the nine reported indicators, the board compares well to Scotland in one (none in 2022/23), was similar to Scotland in two (two in 2022/23) and did not compare well to the national average for six (seven in 2022/23) indicators. Further details of these are shown in [Exhibit 7](#). The timing of the release of performance information means that the latest data is for 2022. Updated information is expected to be released in 2024 but is not yet available.

Exhibit 7

National Integration Indicators – 2023/24

Indicator No.	Falkirk IJB Performance	Data Indicator	National Performance
Compares well to Scotland*			
NI-17	79.5%	Proportion of care services graded good or better in Care Inspectorate Inspections, 2020	75.2%
Similar to Scotland**			
NI-15	88.8%	Proportion of last 6 months spent at home or in a community setting 2020	89.3%
NI-18	62.6%	Percentage of adults with intensive care needs receiving care at home, 2020	63.5%
Did not compare well to Scottish average***			
NI-11	473 per 100,000	Premature mortality rate per 100,000 persons.	442 per 100,000
NI-12	14,769 admissions per 100,000	Emergency admission rate 2020	11,155 per 100,000
NI-13	130,429 bed days per 100,000	Emergency bed day rate 2020	113,134 per 100,000
NI-14	142 per 1,000	Re-admission to hospital within 28 days – rate per 1,000 population, 2020	102 per 1,000
NI-16	25.4 falls per 1,000	Falls rate per 1,000 population aged 65+, 2020	22.2 per 1,000
NI-19	1,386 per 100,000	Number of days people spend in hospital when they are ready to be discharged, 2020	919 per 100,000

*Compares well is defined as Falkirk rate is 2% better than Scotland

**Similar is defined as Falkirk rate within 2% of Scotland rate

***Does not compare well is defined as Falkirk rate is not within 2% of Scotland rate

Source: Falkirk IJB Annual Accounts 2023/24

68. The final performance report for 2023/24 set out the key performance issues for the board as follows:

- Emergency Department (ED) performance against the 4 hour Access Standard where 95% of patients should wait less than 4 hours from arrival to admission, discharge or transfer for accident and emergency treatment. 2023/24 – 46% compared to 53.5% in 2022/23
- Delayed Discharge – 2,576 bed days in 2023/24 compared to 1,276 bed days in 2022/23
- Attendance management – Falkirk Council – sickness absence reduced from 11.1% in 2022/23 to 9.7% in 2023/24
- Attendance management – NHS Forth Valley – sickness absence reduced from 8.33% in 2022/23 to 7.82% in 2023/24
- Psychological Therapies – 76.5% of patients started treatment within 18 weeks of referral in 2023/24 compared to 78.5% in 2022/23
- Drug and Alcohol Treatment Waiting Times – In quarter 3 of 2023/24, 54.1% of patients started treatment within 3 weeks of referral compared to 92.5% in 2022/23.

69. Integration Joint Boards are required to publish an annual performance report by 31 July in the year following the year under review. The draft 2023/24 Annual Performance Report was considered by the Board in June 2024, in advance of the publication deadline, and was subsequently published on the Board's website.

70. Overall, the Board has effective arrangements in place for reporting performance and identifying whether targets are being met.

Appendix 1. Action plan 2023/24

2023/24 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>1. Financial sustainability</p> <p>The Medium-Term Financial Plan outlines a significant savings requirement of £18.4 million for 2024/25, with additional recurring savings of approximately £3 million required in each subsequent year to 2027/28.</p> <p>Savings identified for 2024/25 include £4.090 million of non-recurring savings from use of the general fund, other earmarked reserves and development funds not yet required. Significant, recurring savings measures will be required. Service delivery changes are required to ensure the financial sustainability of the board in the medium-term.</p> <p>Risk – The Board’s operating model is not financially sustainable.</p>	<p>The Board should identify and deliver sustainable savings measures as a priority to address current and future financial pressures and ensure financial sustainability.</p> <p>Paragraph 42.</p>	<p>Accepted</p> <p>A budget strategy paper and updated indicative Medium Term Financial Plan for the period 2025/26 to 2027/28 was agreed by the IJB at its September meeting setting out the roadmap to agreeing a sustainable financial plan in the medium term, involving convening a budget working group consisting of Senior Management Team and appropriate relevant officers. Regular updates will be provided to IJB members through a series of development sessions as the process progresses, with a budget to be agreed for 2025/26 in March 2025 and setting out future plans for review and transformation.</p> <p>Responsible officer: Chief Finance Officer</p> <p>Agreed date: March 2025</p>

Follow-up of prior year recommendations

Issue/risk	Recommendation and agreed action	Progress
<p>b/f 1. Financial sustainability</p> <p>The Medium-Term Financial Plan outlines a significant savings requirement of £13.5 million for 2023/24, with additional recurring savings of approximately £2 million required in each subsequent year.</p> <p>Savings identified for 2023/24 include £2.8 million of non-recurring savings from the general fund and other earmarked reserves. Service delivery changes are required to deliver a sustainable financial position over the period of the plan.</p> <p>Risk – The Board’s operating model is not financially sustainable.</p>	<p>The Board must review service delivery models to support the identification and achievement of recurring savings to ensure financial sustainability.</p> <p>A Board Development Session was held on 25 August 2023 where the Strategic Plan, Medium Term Financial Plan and Workforce Plan were discussed with a focus on the need for a review of service delivery models to ensure financial sustainability. Work on this area will continue to be developed and reported through the Board and in particular the annual Business Case where a draft will be provided at the December Board meeting and a final draft in the following Committee cycle.</p> <p>Responsible officer: Chief Finance Officer</p> <p>Agreed date: 31 March 2024</p>	<p>Superseded by 2023/24 action point 1.</p>
<p>b/f 2. Assurances from partner bodies</p> <p>The Board is provided with assurances from partner bodies for the financial statements. This includes confirmation of year end balances held with each. This process does not currently include the Board getting formal assurance from the</p>	<p>The Board should ensure formal assurances received from partner bodies to confirm year end balances each year are expanded to include assurance over systems of internal control and governance arrangements at each partner body.</p>	<p>Complete</p> <p>Assurance arrangements include coverage of internal controls and governance arrangements.</p>

Issue/risk	Recommendation and agreed action	Progress
<p>partner bodies over the systems of internal control and governance arrangements at each body. The Board gets assurances through other means but the process could be strengthened further.</p> <p>Risk – The Board is not aware of weaknesses in governance arrangements at partner bodies which impact the IJB.</p>	<p>Assurance on governance and internal control is received from the partner bodies throughout the year via Annual Internal Audit Reports, Annual Assurance Statements and a review of internal controls within partners reported in the Risk Management Performance Report. In addition, incorporating this assurance into the Annual Assurance Letter will be considered for the 2023/24 audit onwards.</p> <p>Responsible officer: Chief Finance Officer</p> <p>Agreed date: 31 July 2024</p>	
<p>b/f 3. IJB self-assessment</p> <p>Like all local government bodies in the UK, the IJB is required to conduct a self-assessment of its performance against the CIPFA Financial Management Code. The Code became mandatory in 2021/22.</p>	<p>The IJB should conduct a self-assessment against the CIPFA Financial Management Code.</p> <p>Revised action: The IJB should conduct a self-assessment against the CIPFA Financial Management Code.</p> <p>Responsible officer: Chief Finance Officer</p> <p>Revised date: 31 March 2024</p>	<p>Complete</p> <p>A self-assessment against the CIPFA Financial Management Code was completed and reported to the Audit Committee in November 2023.</p>
<p>b/f 4. Corporate support arrangements</p> <p>There are increasing demands on Chief Finance Officers across Scotland as a result of ongoing work on the cost impact of Covid-19, the need to respond to expectations about medium</p>	<p>As part of the finalisation of the updated Integration Scheme, the IJB should work with Partners to ensure that corporate support arrangements remain adequate and fit for purpose.</p> <p>Revised action: The IJB should ensure the updated</p>	<p>Complete</p> <p>The revised draft Integration Scheme includes detail of the requirements around corporate support.</p>

Issue/risk	Recommendation and agreed action	Progress
<p>term financial planning, and preparation for the National Care Service. Similarly, there are increasing demands on procurement functions as a result of the need to support care home providers, including the distribution of sustainability payments. We understand that work is underway with Partners to develop a structure that provides sufficient financial capacity for the medium term.</p>	<p>Integration Scheme is finalised and corporate support arrangements are adequate.</p> <p>Responsible officer: Chief Officer</p> <p>Revised date: 31 March 2024</p>	
<p>b/f 5. Audit Committee self-assessment</p> <p>During the year, the Audit Committee held vacant positions for both voting and non-voting members. As a result, attendance was lower than we would expect on a number of occasions. While recent appointments to the Audit Committee have been made, we note that the Committee has not yet assessed its arrangements against CIPFA's 'Good Practice Audit Committees Principles Checklist' or 'Evaluation of Effectiveness Toolkit'.</p>	<p>The IJB should ensure that the Audit Committee is supported to conduct a self-assessment against good practice principles.</p> <p>Revised action: The IJB should ensure that the Audit Committee is supported to conduct a self-assessment against good practice principles. As part of the 2023/24 Internal Audit Plan, Internal Audit will work with the CFO to complete a self-assessment against the key principles and recommendations from the guidance and will validate and evidence the conclusions before presentation to Audit Committee for approval.</p> <p>Responsible officer: Chief Finance Officer</p> <p>Revised date: 31 March 2024</p>	<p>Complete</p> <p>A self-assessment was carried out, supported by internal audit, and findings were reported to the IJB Audit Committee in June 2024. In addition, an IJB development session was held in relation to governance arrangements which included the findings of the self-assessment and a proposal for updated frequency and structure of committee meetings is being taken to the Board in November 2024.</p>
<p>b/f 6. Self-assessment against Ministerial Strategic Group recommendations</p>	<p>The IJB should consider revising the self-assessment against the Ministerial Strategic Group</p>	<p>In progress</p> <p>A senior management team review was carried out and the outcome was presented to an IJB development session in August 2023.</p>

Issue/risk	Recommendation and agreed action	Progress
<p>We understand that Audit Scotland has plans in place to conduct a national performance audit of integration arrangements, in preparation for the development of the National Care Service. Any performance audit is likely to be based on previous reviews of progress, including the Leadership Group, led by the Ministerial Strategic Group (MSG) for Health and Community Care, and the convention of Scottish Local Authorities (CoSLA) February 2019 recommendations.</p>	<p>recommendations, prepared in May 2019.</p> <p>Revised action: The IJB should consider revising the self-assessment against the Ministerial Strategic Group recommendations, prepared in May 2019.</p> <p>Responsible officer: Chief Officer</p> <p>Revised date: 31 March 2024</p>	<p>There has been limited progress since that point due to changes in the management team, however, this will be taken forward as part of an IJB Development session in January 2025.</p> <p>Responsible officer: Chief Finance Officer</p> <p>Agreed date: September 2025</p>

Falkirk Integration Joint Board

2023/24 Annual Audit Report

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Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN

Phone: 0131 625 1500 Email: info@audit-scotland.gov.uk

www.audit.scot