

East Lothian Integration Joint Board

2024/25 Annual Audit Report



Prepared for East Lothian Integration Joint Board and the Controller of Audit
September 2025

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Key messages

Audit of the annual accounts

- 1 The annual accounts contain an unqualified audit opinion providing reasonable assurance that they are free from material misstatement.
- 2 There were no significant findings or key audit matters to report.

Wider scope and Best Value audit

- 3 The East Lothian Integration Joint Board (the IJB) has effective and appropriate arrangements in place for Financial Management; Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.
 - 4 A five year medium term financial plan has been developed including recovery actions for 2025/26. The IJB should work with its strategic partners to develop a strategic and operational plan to deliver health and social care services in a financially sustainable way. This should incorporate scenario plans around service levels, financial assumptions and funding levels.
 - 5 Financial sustainability remains a significant risk to the IJB's strategic objectives and the IJB faces challenging decisions to support the delivery of services within the financial resources available.
 - 6 East Lothian Integration Joint Board has effective and appropriate arrangements in place for securing Best Value.
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Introduction

Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2024/25 audit of East Lothian Integration Joint Board (the IJB) annual accounts and the wider scope areas specified in the Code of Audit Practice (2021).
2. The Annual Audit Report is addressed to East Lothian Integration Joint Board, hereafter referred to as 'the body' and the Controller of Audit, and will be published on Audit Scotland's website in due course.

Appointed auditor and independence

3. John Boyd, of Audit Scotland, has been appointed as external auditor of the body for the period from 2022/23 until 2026/27. As reported in the Annual Audit Plan, John Boyd as engagement lead and the audit team are independent of the body in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. There have been no developments since the issue of the Annual Audit Plan that impact on the continued independence of the engagement lead or the rest of the audit team from the body, including no provision of non-audit services.

Acknowledgements

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

Audit scope and responsibilities

Scope of the audit

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

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

Responsibilities and reporting

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

Auditor's responsibilities

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

8. The matters reported in the Annual Audit Report are only those that have been identified by the audit team during normal audit work and may not be all that exist. Communicating these does not absolve the body from its responsibilities outlined below.

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

The body's responsibilities

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

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

National performance audit reporting

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

Audit of the annual accounts

Main judgements

The annual accounts contain an unqualified audit opinion providing reasonable assurance that they are free from material misstatement.

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

Audit opinions on the annual accounts

12. The body's annual accounts were approved by the board on 25 September 2025 and certified by the appointed auditor on 26 September 2025. The Independent Auditor's Report is included in the body's annual accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.



Audit timetable

13. The unaudited annual accounts were received on 30 June 2025 in accordance with the agreed audit timetable.

Audit Fee

14. The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £34 thousand. There have been no developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

Materiality

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

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

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

Exhibit 1
2024/25 Materiality levels for the body

Materiality	The body
Materiality – set at 2% of gross expenditure	£4.754 million
Performance materiality – set at 75% of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required.	£3.565 million
Reporting threshold – set at 5% of materiality.	£0.237 million

Source: Audit Scotland

Significant findings and key audit matters

18. ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged with governance, which for the body is the Performance, Finance & Audit Committee.

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

20. In determining key audit matters, auditors consider:

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

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

Qualitative aspects of accounting practices

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

Accounting policies

23. The appropriateness of accounting policies adopted by the body was assessed as part of the audit. These were considered to be appropriate to the circumstances of the body, and there were no significant departures from the accounting policies set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

Accounting estimates

24. No significant accounting estimates were identified as having been employed by management in preparing the financial statements.

Disclosures in the financial statements

25. The adequacy of disclosures in the financial statements was assessed as part of the audit. The quality of disclosures was adequate, with additional levels of detail provided for disclosures around areas of greater sensitivity, such as related party transactions.

Significant matters discussed with management

26. All significant matters identified during the audit and discussed with the body's management have been reported in the Annual Audit Report.

Audit adjustments

27. No audit adjustments were required to the financial statements greater than the reporting threshold of £0.237 million.

Significant risks of material misstatement identified in the Annual Audit Plan

28. Audit work has been performed in response to the significant risks of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in [Exhibit 2, \(page 10\)](#).

Exhibit 2

Significant risk of material misstatement in the financial statements

Risk of material misstatement	Planned audit response	Outcome of audit work
Fraud caused by management override of controls Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.	The audit team will: • Agree balances and transactions to East Lothian Council and NHS Lothian financial reports/ledger/correspondence. • Assurances will be obtained from the auditors of East Lothian Council and NHS Lothian over the completeness, accuracy and allocation of income and expenditure. • Review of significant adjustments at year end where we consider there to be greatest risk of material misstatement through management override of controls. • Review of financial monitoring reports during the year. • Evaluate significant transactions outside the normal course of business. • Assess the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements.	From carrying out the planned audit procedures, we have not identified any indication of material misstatement in the financial statements through fraud or error caused by management override of controls.

Source: Audit Scotland

Prior year recommendations

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

Wider scope and Best Value audit

Conclusion

The IJB has effective and appropriate arrangements in place for Financial Management; Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.

A five year medium term financial plan has been developed including recovery actions for 2025/26. The IJB should work with its strategic partners to develop a strategic financial and operational plan to deliver health and social care services in a financially sustainable way. This should incorporate scenario plans around service levels, financial assumptions and funding levels.

Financial sustainability is a significant risk to the IJB's strategic objectives and the IJB faces challenging decisions to support the delivery of services within the financial resources available.

The body has effective and appropriate arrangements in place for securing Best Value.

Audit approach to wider scope and Best Value

Wider scope

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

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

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

Best Value

32. The duty on auditors to consider the arrangements in place to secure Best Value applies to the body as it falls within section 106 of the Local Government (Scotland) Act 1973.

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

Significant wider scope and Best Value risks

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

Exhibit 3

Significant wider scope and Best Value risks

Significant risk	Planned audit response	Outcome of audit work
Financial sustainability The 2024/25 Q3 financial position showed a projected overspend for the year of around £3.5m with some savings planned for 2024/25 expected to be delivered in 2025/26. The latest Financial Plan 2024/25 -2028/29 showed the IJB facing significant and increasing overspends against forecast budgets for the current year onwards. The IJB continues to be faced with significant financial challenges, and with having to make difficult decisions for the foreseeable future	The audit team will: • Review financial plans developed and assess the appropriateness of the financial plans and any assumptions made. • Assess if financial plans developed are aligned to East Lothian IJB's strategic priorities. • Review financial monitoring reports to assess the financial position, including progress of partner bodies in achieving planned savings. • Review controls in place and updates to financial plans to assess financial sustainability.	Audit work performed found: • The body has developed medium term financial plans which are appropriate to its circumstances. • The cost and demand pressure assumptions made in the financial plans are reasonable. • The financial plans developed are aligned to the body's Strategic Commissioning Plan and priorities. Conclusion: The body has made appropriate arrangements to develop and implement medium term financial plans which are linked to its Strategic Commissioning Plan and priorities. However, a more strategic approach to financial and operational planning is required to deliver health and social care services in a financially sustainable way.

Source: Audit Scotland

Conclusions on wider scope audit

Financial Management

35. The audit work performed on the arrangements the body has in place for securing sound financial management found that these were effective and appropriate. This judgement is evidenced by the body:

- having clear and up-to-date policies and procedures, for example, financial regulations and scheme of delegation, in place that ensure effective financial management.

- having suitably qualified and experienced staff leading the finance function, which has sufficient skills, capacity, and capability to effectively fulfil its role.
- having effective arrangements in place for the scrutiny of arrangements that support sound financial management, and effective scrutiny and challenge provided by the Audit & Risk Committee.

36. The IJB does not directly incur expenditure or employ staff, other than the Chief Officer and Chief Financial Officer. All funding and expenditure for the IJB is incurred by partner bodies and processed in their accounting records.

37. The IJB accepted the 2024/25 budget offers from both partner bodies in March 2024. For NHS Lothian the indicative budget offer was £113.604 million, pending conclusion of their financial planning process, and for East Lothian Council the budget offer was for £74.977 million. A projected funding gap of £10.8 million was closed through identification of savings proposals in order to set a balance budget for 2024/25. During 2024/25 the financial plan was regularly updated to reflect changes to planned expenditure and to update funding received.

38. The IJB had in year overspends against budget on both its health and social care delegated functions resulting in additional funding of £0.794 million being received from NHS Lothian and £2.803 million from East Lothian Council. These were primarily through demand led pressures on costs.

39. Prior to the 2023/24 financial year, the IJB had a target of maintaining levels of reserves equivalent to at least 2% of turnover. However, the net deficit incurred by the IJB for 2023/24 led to reserves falling below this level (£4.343m at 31 March 2024, 1.95% of turnover). The 2024/25 year-end deficit on provision of services of £2.877 million has had the effect of reducing the general fund reserves from £4.343 million to £1.466 million.

40. The proposal to utilise unearmarked reserves to support the projected 2024/25 overspend in the IJB's health budget was approved by a majority vote of the IJB at its meeting held 24 October 2024. We note that an assurance review of this decision was carried out by Internal Audit, which concluded that this was a competent decision of the Board and that, based on the resulting financial position of the IJB, a review of the reserves policy is required and will be taken forward by the Chief Finance Officer during 2025/26.

41. The Board are presented with finance and budget monitoring reports on a quarterly basis, with additional reporting produced when required (for example when the financial plans are updated).

42. Financial performance reporting is sufficient. Specific cost overspends are disclosed on an exception basis if significant. While the financial

performance reports are high-level in nature, they contain sufficient information for the Board to make informed decisions once supplemented with the additional verbal context provided by the CFO in presenting the reports. From our review of IJB minutes, we note that this has continued in the current year.

43. We have also noted from our review of IJB minutes that the finance reports have been presented to the Board on a timely basis by the respective CFOs throughout the year and have been subject to adequate scrutiny and challenge by the IJB members.

44. Financial reporting information is adequate but going forward, and as financial challenges increase, the Board would benefit from having more detailed analysis of expenditure and savings information. The IJB should consider including more underlying detail in its financial reporting perhaps by using appendices to provide the detail behind the headline figures and highlights currently provided.

45. The East Lothian IJB does not have its own financial systems and instead relies on information from partner bodies' financial systems. All financial transactions are therefore processed under the partner bodies' internal controls.

46. As part of our audit approach, we sought assurances from the external auditors of NHS Lothian and East Lothian Council. Neither the health board nor council auditor reported any significant weaknesses that could result in a material misstatement in the accounts of the IJB.

47. The Interim Chief Finance Officer (CFO) arrangement in place from end of September 2023 continued during 2024/25 until December 2024, when a new CFO took on the role on an interim basis until 3 March 2025, from when they were appointed as CFO on a permanent basis. The new CFO retains an operational role in NHS Lothian's finance department and only 50 % of their time is considered to be spent on ELIJB duties. Given the size and nature of ELIJB, the arrangement is considered satisfactory in relation to the financial management/S 95 Officer role for the IJB.

Internal audit assurance

48. Internal audit provides the IJB with independent assurance on risk management, internal control and corporate governance processes. East Lothian IJB's internal audit function is provided through a joint approach utilising the internal audit functions of NHS Lothian and East Lothian Council.

49. The Annual Internal Audit Opinion and Report 2024/25 was submitted to the Audit and Risk Committee on 3 June 2025. The internal audit opinion was that reasonable assurance can be placed on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and control for the year to 31 March 2025.

50. 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

51. The IJB has appropriate arrangements in place to prevent and detect fraud or other irregularities. We are not aware of any specific issues we require to bring to your attention.

Financial Sustainability

52. The audit work performed on the arrangements the body has in place for securing financial sustainability found that these were effective and appropriate. This judgement is evidenced by the body:

- making appropriate arrangement to develop medium term financial plans and linking these to its Strategic Commissioning Plan and priorities.
- having effective arrangements in place for identifying risks to financial sustainability over the medium term, and understanding medium term demand pressures that could impact on available resources.
- having savings plans in place to manage forecast budget deficits, and a reserves strategy in place to manage the use of reserves if the required level of savings cannot be met.

53. East Lothian IJB maintains rolling five-year medium-term financial plans to forecast future financial performance and levels of reserves. These plans are kept under regular review to reflect changes to budgets and projected levels of expenditure. The previous iteration of the 5 year FP was approved by the IJB in April 2024. The five-year plan covering the period 2025/26 to 2029/30 was presented to the Board in March 2025, when they were asked to note the scale of the projected financial challenges, which was for forecast cumulative funding gaps of £30.283m (£13.689m for Health and £16.594m for Council). An updated five year financial plan is expected to be produced in December 2025.

54. The IJB faces significant short and medium-term challenges to its financial sustainability, with future net deficits expected to exceed the current reserves balance;

55. During the current year, we have observed that the IJB continued to identify recovery actions to meet short term funding gaps but there is still a lack of a longer-term strategy (i.e. beyond five years) to ensure the IJB's financial sustainability in the longer term.

56. We reported in our 2023/24 AAR in relation to financial sustainability that the IJB's commissioned services and delivery mechanisms need to be transformed in order to be sustainable in the long term and the IJB's long-term strategy needs to be further developed in order to address this.

57. As a result of these issues, the following recommendation has been made, with further details outlined in [Appendix 1](#).

Recommendation 1

Financial Sustainability

The IJB should work with its strategic partners to develop a strategic financial and operational plan to deliver health and social care services in a financially sustainable way. This should incorporate scenario plans around service levels, financial assumptions and funding levels .

Vision, Leadership and Governance

58. The audit work performed on the arrangements the body has in place around its Vision, Leadership and Governance found that these were effective and appropriate. This judgement is evidenced by the body:

- having a Strategic Commissioning Plan in place, supported by Operational Plans, that clearly set out its vision, strategy, and priorities and reflect the pace and depth of improvement required to realise these in a sustainable manner.
- involving service users, delivery partners, and other stakeholders in the development of its vision, strategy, and priorities to ensure these align to their needs.
- having clear financial reporting in place, both internally and externally, and effective scrutiny and challenge provided by the Audit & Risk Committee.
- having effective governance arrangements in place in general, as reflected in the Annual Governance Statement included in the accounts.

59. The IJB continues to have well established governance arrangements, with the Board being supported by the work and oversight of the Audit and Risk Committee. We consider the governance structures in place at the IJB are consistent with those that we would expect of a body of this type.

60. We have reviewed the minutes, and attended meetings, of the Board and the Audit and Risk Committee during the year. From our review, we have found that the meetings are conducted in a professional manner with an appropriate degree of scrutiny and challenge by members.

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

62. The IJB's Vision is set out in its Strategic Plan, which also outlines the IJB's Values, Strategic Objectives and Delivery Priorities. The current Plan was approved by the Board in 2022 and covers the years from 2022 to 2025.

63. Development of the IJB Strategic Plan 2025-2030 is in progress. Stakeholder engagement on the strategic plan draft has been underway since late 2024 through the Strategic Planning Group and other relevant sources. During August, September and October 2025, this engagement has been extended to the East Lothian community to gather the required opinions on whether the IJB has understood community needs and priorities for health and social care.

64. The currently proposed Strategic Objectives are:

- Transform or significantly change services to meet the needs of the population with resources available
- Prioritise prevention, early intervention and self-management measures
- Reduce health inequalities

65. It is expected that the final draft of the updated Strategic Plan will be presented to the Board for approval in December for publication January 2026.

Use of Resources to Improve Outcomes

66. The audit work performed on the arrangements the body has in place around its Use of Resources to Improve Outcomes found that these met minimum statutory requirements but should be developed further to include performance targets and identify mitigating actions where necessary.

67. 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.

68. The management commentary in the annual accounts provides a summary of the main service achievements during the year, and includes information on performance against the IJB's strategic objectives and outcomes. For each strategic objective there are details of activities which supported delivery of the particular objective during 2024/25 but no commentary on whether performance was good or bad. There remains a lack of specific targets and performance against such targets. The IJB's internal and external reporting on performance could be improved by setting performance targets.

69. 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. The Annual Performance Report for 2024/25 is currently being prepared for publication

70. As noted in our 2023/24 Annual Audit Report, the IJB's Annual Performance Report for 2023/24 was presented to the Board in June 2024 and published on the IJB's website in September 2024. It contained information on the IJB's performance against the Scottish Government's National Integration Indicators which confirmed that the IJB continued to perform significantly better than the national average. It also covered the six Ministerial Steering Group performance measures reporting an improvement in most measures where up to date data was available.

71. The IJB has adequate arrangements in place for measuring and reporting performance, but these arrangements should incorporate performance targets to demonstrate improvement in performance or alert management to declining performance.

Conclusions on Best Value

72. 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.

73. The IJB's statutory equalities reporting, financial reporting and performance reporting arrangements demonstrate key aspects set out in the statutory Best Value guidance. In our 2022/23 Annual Audit Report, we recommended that the IJB should consider formal self-assessment against Best Value guidance to demonstrate how it complies with its statutory Best Value duties.

74. A paper was presented to the Audit & Risk Committee in June 2024 where it was recommended and agreed that a formal Best Value framework be adopted.

75. At a meeting of the IJB held 19 December 2024, and supported by the Chief Internal Auditor, a Best Value Annual Compliance Review was carried out. It considered the IJBs actions and delivery of the duties of best value against the seven broad themes per the 2020 SG Guidance, informed by Audit Scotland guidance on how an IJB might deliver best value as a non-operational body which delivers no direct services.

76. A Best Value Compliance Statement 2023/24 was agreed, addressing each of the seven best value themes as they applied to the IJB, providing assurance to the IJB that its duty of Best Value is being met.

77. The IJB noted that this review should properly be undertaken prior to preparation of the annual accounts in June of each year, and become integral to the Annual Governance Statement within the Annual Accounts. It was agreed, therefore, that the next such review would be presented at its June 2025 meeting, however, that review has not yet taken place. A further such review should be carried out prior to the end of 2025/26 for reporting in the Annual Governance Statement 2025/26.

Appendix 1

Action plan 2024/25

2024/25 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
1. Financial Sustainability The IJB has annual financial plans and medium term financial forecasts. The forecasts do not contain assumptions around projected funding levels, budget gaps or plans in place to address these. A longer term financial strategy is needed to identify and plan for future funding and expenditure pressures. Risk: Given the scale of the financial pressures faced, it will require a more strategic approach to address these. There is a risk that without such a longer term approach to financial planning, the nature and extent of some future risks to financial sustainability may not be identified.	The IJB should work with its strategic partners to develop a strategic financial and operational plan to deliver health and social care services in a financially sustainable way. This should incorporate scenario plans around service levels, financial assumptions and funding levels.	Accepted The IJB will develop a longer term financial planning process that seeks to address the projected financial challenges and incorporates transparent and collaborative working with our partner bodies. Responsible officer Chief Finance Officer Agreed date By 31 March 2026

Follow-up of prior year recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
b/f 1. Financial Sustainability [2023/24 AAR] The IJB's five-year financial plan includes projected net deficits which exceed the IJB's current reserves. Risk – the IJB does not have sufficient reserves to fund its projected future net expenditure.	The IJB should complete its work in identifying medium-term and long-term savings and efficiencies in order to achieve a financially sustainable position. This will include introducing transformational change to allow the IJB to deliver health and social care services in a sustainable way.	This recommendation has been superseded by the above Financial Sustainability recommendation from the 2024/25 Annual Audit Report.
b/f 2 Financial Sustainability [2022/23 AAR] The IJB's medium term financial plan identifies a funding gap of £13.964m before savings measures. Identified savings are not enough to close the gap. Service transformation will be needed to ensure services remain within the available resource constraints. Risk – the IJB's strategic plans are not financially sustainable.	The IJB should identify savings measures to address the funding gap over the 5-year period of its medium-term financial plan. The IJB should engage with its partners to identify financially sustainable service delivery options.	This recommendation has been superseded by the above Financial Sustainability recommendations from the 2024/25 and 2023/24 Annual Audit Reports.

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
b/f 3 Strategic Financial Planning [2022/23 AAR] The IJB's medium term financial plan covers a 5-year period and supports the IJB's strategic aims. Robust scenario planning could assist IJB members with strategic decision making in the context of increasing financial pressures and uncertainty over future funding. Risk – the IJB's strategic vision and decision making is not fully supported by a sustainable financial plan.	The IJB should develop robust scenario planning to support members' strategic decision making in the context of increasing uncertainty over future funding and increasing financial pressures.	Work in Progress This will be progressed as part of the ongoing development of the IJB's financial planning process.
b/f 4 Performance reporting [2022/23 AAR] The IJB's performance reporting is unclear on whether performance is in line with expectations. It contains few targets and is not explicit on whether targeted improvement actions are planned for areas of concern. Risk – the IJB does not manage its performance effectively	The IJB should expand its performance reporting to report whether performance is in line with targets and to report on mitigating actions planned in areas where performance is not in line with expectations.	Work in Progress Performance reporting still requires to incorporate performance targets and processes for mitigating actions to be identified and progress reported.

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
b/f 5 Compliance with Best Value statutory duties [2022/23 AAR] The IJB does not have arrangements in place to demonstrate how it delivers Best Value. It has key elements such as financial and performance reporting in place but does not report an overall assessment of its delivery of Best Value.	The IJB should consider formal self-assessment against the Best Value guidance to demonstrate how it complies with its statutory Best Value duties.	Work in Progress A self-assessment review was carried out December 2024 which provided assurance to the IJB that its duty of Best Value was being met. A further such review should be carried out prior to the end of 2025/26 for reporting in the Annual Governance Statement 2025/26.

Appendix 2

Supporting national and performance audit reports

Report name	Date published
Local government budgets 2024/25	15 May 2024
Integration Joint Boards: Finance and performance 2024	25 July 2024
Transformation in councils	1 October 2024
Alcohol and drug services	31 October 2024
Fiscal sustainability and reform in Scotland	21 November 2024
Public service reform in Scotland: how do we turn rhetoric into reality?	26 November 2024
NHS in Scotland 2024: Finance and performance	3 December 2024
Auditing climate change	7 January 2025
Local government in Scotland: Financial bulletin 2023/24	28 January 2025
Transparency, transformation and the sustainability of council services	28 January 2025
Sustainable transport	30 January 2025
Integration Joint Boards: Finance bulletin 2023/24	6 March 2025
Integration Joint Boards finances continue to be precarious	6 March 2025
General practise: Progress since the 2018 General Medical Services contract	27 March 2025

East Lothian Integration Joint Board

2024/25 Annual Audit Report



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