Edinburgh Integration Joint Board

2024/25 Annual Audit Report

Prepared for Members of Edinburgh IJB and the Controller of Audit
September 2025

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2 There is one significant finding to report, relating to agreement between partners of funding values. All audit adjustments required to correct the financial statements were processed by EIJB.

Wider scope and Best Value audit

3 Overall, EIJB has appropriate arrangements in place for Financial Management; Financial Sustainability; Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.

4 Financial sustainability continues to be a concern. EIJB exceeded its revised budget in 2024/25, overspending by £14.5 million (1%) and seeking additional funds to break even. EIJB's medium-term financial plan projects the deficit growing to £87 million by 2027/28.

5 Relationships between funding partner bodies are improving, but tensions remain.

6 A strategic plan covering 2025-2028 was approved after delay. EIJB faces difficult funding decisions, with savings proposals facing political challenge and from third sector organisations.

7 Proposals for a new organisational structure for the HSCP proceeded without formal review at EIJB board level despite the board having an important role in such activity as outlined in EIJB's governance handbook.

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 Edinburgh IJB's annual accounts and the wider scope areas specified in the Code of Audit Practice (2021).

2. The Annual Audit Report is addressed to Edinburgh IJB, hereafter referred to as 'EIJB' and the Controller of Audit and will be published on Audit Scotland's website in due course.

Appointed auditor and independence

3. Audit Scotland has been appointed as external auditors of EIJB for the period from 2022/23 until 2026/27. As reported in the Annual Audit Plan, Michael Oliphant, Audit Director, is the engagement lead and both he and the audit team are independent of EIJB 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 EIJB, and particularly staff from City of Edinburgh Council and NHS Lothian 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.

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 responsibilities of EIJB

10. EIJB 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 the Audit and Assurance Committee. Details of national and performance audit reports published over the last year can be seen in Appendix 3.

Audit of the annual accounts

Main judgements

All audit opinions stated that the annual accounts were free from material misstatement.

There is one significant finding to report. All audit adjustments required to correct the financial statements were processed by EIJB.

Audit opinions on the annual accounts

12. The body's annual accounts were approved by the Board and certified by the appointed auditor on 22 September 2025. The Independent Auditor's Report is included within the 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 and all working papers were received on 23 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 £34,000. 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 EIJB 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 EIJB

Materiality	
Materiality – set at 2% of gross expenditure	£20.5 million
Performance materiality – set at 70% 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.	£14.35 million
Reporting threshold – set at 2% of materiality.	£0.41 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 as governance, which for EIJB is the Audit and Assurance 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 is one significant finding to report, summarised in Exhibit 2.

Exhibit 2
Significant findings and key audit matters

Significant findings and key audit matters	Outcome
1. Values of funding provided by NHS and council partners The funding and expenditure values disclosed in the IJB's unaudited accounts were not consistent with the year-end statement provided by NHS Lothian. This was due to differing accounting judgements around historic arrangements for 'resource transfer', which relates to funding amounts received by the IJB, but then awarded to the City of Edinburgh Council for certain services. Separately, our audit identified that the income from NHS Lothian was overstated by £2.6 million in the related parties note.	The revised set of accounts was adjusted to correct these errors. To align with NHS Lothian's funding statement, gross expenditure for health services reported in the Comprehensive Income and Expenditure Statement (CIES) were decreased by £46.65 million to account for the resource transfer amount. A corresponding increase was made to the expenditure attributable to Social Care Services delegated to City of Edinburgh Council (CEC). A similar prior-year adjustment of £56.2 million was applied for 2023/24.

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 EIJB was assessed as part of the audit. These were appropriate to the circumstances of EIJB, 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. Audit work considered the process in place for making accounting estimates, including the assumptions and data used in making the estimates, and the use of any management experts. Audit work concluded:

- There were no issues with the selection or application of methods, assumptions, and data used to make the accounting estimates, and these were reasonable.
- There was no evidence of management bias in making the accounting estimates.

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.

Audit adjustments

26. No other audit adjustments were required to the financial statements greater than the reporting threshold of £0.41 million, except for those summarised in Exhibit 2.

Significant risks of material misstatement identified in the Annual Audit Plan

27. Audit work has been performed in response to the significant risks of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in Exhibit 3, (page 11).

Exhibit 3
Significant risks of material misstatement to the financial statements

Risk of material misstatement	Planned audit response	Outcome of audit work
Fraud caused by management override of controls Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.	The audit team will: • Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries. • Test journals entries, focusing on those that are assessed as higher risk, such as those affecting revenue and expenditure recognition around the year-end. • 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. • Assess changes to the methods and underlying assumptions used to prepare accounting estimates and assess these for evidence of management bias. • Request and review assurances from the auditors of NHS Lothian and The City of Edinburgh Council (CEC) in line with the Protocol for Auditor Assurances 2024-25 – Integration Joint Boards issued by Audit Scotland.	Audit work performed found: • The design and implementation of controls over journal processing were appropriate. • No inappropriate or unusual activity relating to the processing of journal entries was identified from discussions with individuals involved in financial reporting. • No significant issues were identified from testing of journal entries. • No significant issues were identified from transactions outside the normal course of business. • The controls in place for identifying and disclosing related party relationships and transactions were adequate. • No significant issues were identified with changes to methods and underlying assumptions used to prepare accounting estimates and there was no evidence of management bias. • No issues were identified from the assurances received from the auditors of NHS Lothian and CEC. **Conclusion:** No evidence of fraud caused by management override of controls.

Risk of material misstatement	Planned audit response	Outcome of audit work
Transactions with partner bodies We identified and reported errors in transactions with partner bodies in previous years. Audit adjustments were processed to correct these errors and confirm that the IJB's income and expenditure agreed with those reported by partner bodies. There is a risk that transactions with partner bodies are materially misstated in the unaudited annual accounts.	The audit team will: • Request and review assurances from the auditors of NHS Lothian and CEC in line with the Protocol for Auditor Assurance 2024-25 – Integration Joint Boards issued by Audit Scotland. • Agree transactions with partner bodies to year end letters issued by NHS Lothian and CEC from the Director of Finance and Service Director, Finance and Procurement respectively. • Agree transactions with partner bodies to NHS Lothian's audited annual accounts and liaise with the auditors of CEC's unaudited annual accounts to confirm transactions are accurate and consistent. • Agree related party disclosures are consistent with the figures reported in the Comprehensive Income and Expenditure Statement.	Our findings are summarised in Exhibit 2. • **Conclusion:** Adjustments were made to the revised accounts to reflect transactions with EIJB's partners.

Risk of material misstatement	Planned audit response	Outcome of audit work
Disclosures in the unaudited accounts Our prior year audit identified presentational adjustments which were corrected in the audited accounts. These included disclosures in the IJB's Management Commentary, Remuneration Report and related party disclosures. We reported that some information was incomplete, inaccurate or not presented in accordance with guidance. There is a risk that incomplete and inaccurate disclosures are included in the unaudited annual accounts.	The audit team will: • Agree related party disclosures are consistent with the figures reported in the Comprehensive Income and Expenditure Statement. • Review management's arrangements for secondary checks to improve the accuracy of the unaudited accounts and compliance with guidance. • Review the Management Commentary to ensure it provides a clear and balanced narrative on the performance of the IJB during the year. • Confirm further work has been undertaken to improve the Annual Governance Statement.	Audit work performed found: • Related party disclosures were consistent with the figures disclosed in the Comprehensive Income and Expenditure Statement. • No significant disclosure issues were identified in the Remuneration Report, Management Commentary or the Annual Governance Statement. **Conclusion:** No incomplete or inaccurate disclosures were included in the unaudited annual accounts.

Source: Audit Scotland

Prior year recommendations

28. EIJB has implemented two of our agreed prior year audit recommendations. Work is ongoing in relation to our recommendation on members' registers of interests. See Appendix 1.

Wider scope and Best Value audit

Conclusion

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

Audit approach to wider scope and Best Value

Wider scope

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

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

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

Best Value

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

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

Significant wider scope and Best Value risks

33. Audit work has been performed in response to the significant wider scope and Best Value risks identified in the Annual Audit Plan. The outcome of audit work performed is summarised in Exhibit 4.

Exhibit 4
Significant wider scope and Best Value risks

Significant risk as per Annual Audit Plan	Planned audit response	Outcome of audit work
Financial management and sustainability EIJB continues to face significant future financial pressures with the medium-term financial strategy (MTFS) estimating an increase in the funding gap to £105 million by 2027/28, if no action is taken. The most recent financial reporting to the Board in February 2025 showed that against a revised annual budget for 2024/25 of £919 million, there is a forecast overspend of £20 million. The IJB is facing significant financial challenges and relies on additional funding from partners to achieve a breakeven position. Continuing to deliver financial balance will mean cuts to service levels, and could involve stopping and/or reducing services, reducing the workforce and more people being delayed in hospitals which brings the risk of partners being unable to meet their statutory obligations. In March 2025, a new Chief Officer will be in post which will be the third permanent chief officer in less than two years. Instability in leadership further contributes to the difficult context for financial and service planning.	The audit team will: • Monitor the forecast outturn as the year progresses. • Consider the findings and recommendations from the internal audit review of financial monitoring, reporting and oversight.	Audit work performed found: • EIJB's expenditure budget rose from £890 million at the start of year to more than £1.025 billion by the end of 2024/25. It achieved break-even after securing additional funding. • EIJB exceeded its revised budget, overspending by £14.5 million and seeking additional funds to break even. • EIJB reports it achieved £42.65 million of savings in 2024/25 through a series of targeted projects. • The financial plan for 2025/26 has a shortfall of £31 million, with savings identified which total £29 million. • EIJB has developed a medium-term financial plan which projects a deficit growing to £87 million by 2027/28.

Significant risk as per Annual Audit Plan	Planned audit response	Outcome of audit work
Social care system (Swift) The City of Edinburgh Council's social care system (Swift) is no longer fit for purpose. Swift is also a source of financial information for the IJB's financial statements. The project to replace Swift started in August 2024 and is expected to take two years to complete. Relying on legacy systems increases the risk of IT application failure, data quality issues and cyber-attacks.	The audit team will: • Request assurances from the auditors of CEC on their assessment of the council's ICT environment. • Liaise with the auditors of CEC and monitor progress with implementation of the replacement social care operating system. • Consider the findings and recommendations from CEC's internal audit's agile review of progress with designing, implementing, and rolling out the new social care operating system throughout the duration of the project.	The external auditors of CEC in 2024/25 again found a number of cases where there was no agreed payment plan or contract to confirm the rate paid to providers was correct. In these cases, there may be potential under or overpayments to suppliers, which the council is investigating. The auditors concluded that, for all items examined, there existed a valid underlying basis for the transaction and therefore that the accounts are not materially misstated.

Source: Audit Scotland

Conclusions on wider scope audit

Financial Management and Financial Sustainability

34. EIJB is facing significant financial challenges and relies on additional funding from partners to achieve a breakeven position. EIJB's expenditure budget rose from £890 million at the start of year to more than £1.026 billion by the end of 2024/25.

35. EIJB's services are delivered by its two chief partners, City of Edinburgh Council and NHS Lothian. The organisation's integration scheme 'directs' its budget back to those partner bodies who provide the joint board's services, which are mostly delivered through the Edinburgh Health and Social Care Partnership (EHSCP).

36. EIJB's budget for 2024/25 was presented to the joint board in February 2024, as part of the draft medium-term financial strategy. 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. The board was also presented with a 2024/25 savings and recovery plan. Given that work was ongoing to develop a balanced year-end outturn, the plan was noted by the board but not formally agreed .

37. The proposed savings programme at this time 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.

38. In November 2024, the Chief Finance Officer indicated to the board she could give only ‘limited assurance’ that a balanced financial position would be delivered. A recovery plan was produced, however this did not provide sufficient savings to break even.

39. 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 EIJB chair raise this formally with its partners. It subsequently requested that the council defer the planned in-year “brokerage” repayment of £0.9m and provide up to £11.6 million of additional in-year support, which the council agreed to in December 2024. A further payment of £0.5 million was requested after the financial projections deteriorated further, and additional funding of £2.4 million was provided by NHS Lothian. The council has indicated that waiving repayment of the £2.627 million brokerage provided in 2023/24 has been implicit in consideration of the baselined additional funding provided in 2025/26.

40. EIJB ended the year with an underlying overspend of £14.5 million before the additional funding allowed it to break even, with total expenditure of £1,026 million.

EIJB reports it achieved £42.65 million of savings in 2024/25

41. The savings and recovery programme (SRP) for 2024/25 closed with an in-year target of £47.85 million through 25 projects. This was managed via a Savings Governance Board, chaired by the chief officer.

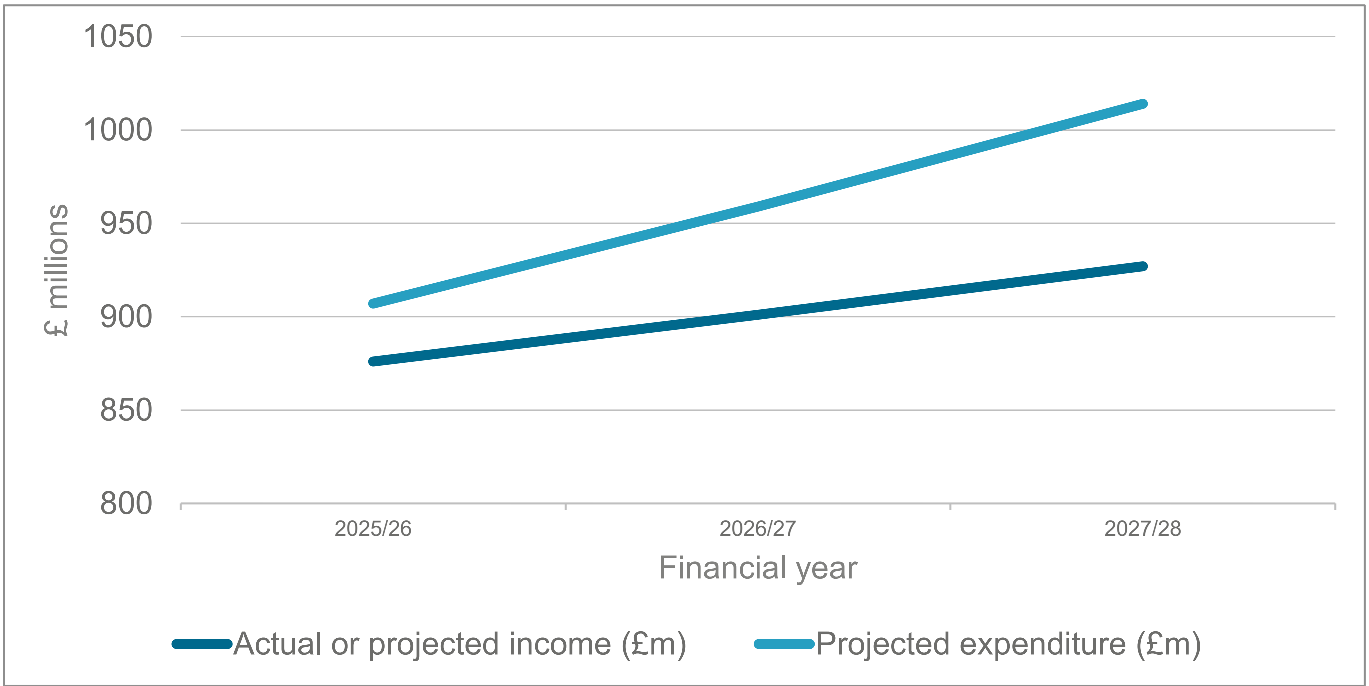
42. EIJB reported that £42.65 million, or 89% of the total had been delivered across 24 of the 25 projects. This includes savings achieved through budget control, which achieved £6.2 million of savings against an original target of £4.86 million. While 15 of the projects delivered in full or in excess of their target, six projects delivered less than 50% of their target. These included Older People’s Pathways negotiation and reviews, the One Edinburgh project, and community transport.

The financial plan for 2025/26 has a shortfall of £31 million, with savings identified totalling £29 million

43. The draft medium-term financial strategy, accompanied by a savings and recovery plan, presented to the board in March 2025, contained the delegated budget for 2025/26. The plan was noted by the board but not formally agreed due to the level of the deficit. Total expected income of £876 million (2024/25 budget: £829.76 million) was insufficient to meet total expected costs of £907 million (2024/25 budget: £889.55 million), leaving a total savings requirement of £31 million.

44. The board reports it has never been in a stable and sustainable financial position since inception in 2016, with a lack of funding resulting in an underlying structural deficit. The savings and recovery programme for 2025/26 has identified savings of £29 million. Exhibit 5 shows how the IJB's financial projections show a trend of insufficient income to cover its budgeted expenditure.

Exhibit 5
Actual/projected income and expenditure to 2027/28



Source: Edinburgh IJB's medium-term financial strategy

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

45. 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.

46. 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 supported by an explanation of significant variances against the budget, and the current position on the savings and recovery plan.

Exhibit 6
Summary of most significant overspends against budget

Service area	Main reasons for overspend
Mental health, substance use and learning disabilities	£8.1 million overspend Delays in delivery of planned savings, offset by underspends in employee costs as a result of vacancies, primarily in nursing.
Primary care	£5.8 million overspend As with prior year, prescribing is the main financial pressure, in addition to increasing costs for locum cover for maternity leave.
Home first, community rehabilitation and reablement	£4.4 million overspend High vacancy levels in care at home, reablement, physiotherapy and other allied health professionals offset by delays in delivery of savings associated with One Edinburgh.
Set aside services	£4.1 million overspend Key contributors are general medicine services (£1.8m – RIE acute medical unit), diabetes and endocrinology (£1.3m – caused by rising number of diabetes patients and the need for more advanced technologies) and geriatric medicine (£1.1m – medical staffing at RIE).

Source: Edinburgh IJB outturn report 2024/25

The projected overspend for 2025/26 has already reached £12.7m

47. Since then, the deficit position has worsened, with an August 2025 projected year-end overspend of £12.7 million, driven by pressures in hosted and set-aside services, which are delivered by NHS Lothian. Since the budget for 2025/26 was set, EIJB reports that is has had to address further financial pressures, including an expansion of mental health capacity to meet increased demand, care home closures and slippage of delivery of block contract savings.

EIJB has developed a medium-term financial plan which projects a deficit growing to £87 million by 2027/28

48. 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.

49. EJB has a medium-term financial strategy (MTFS) for 2024/25 to 2027/28, which is updated on a regular basis and reviewed by the board. 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.

50. The most recent update to the MTFS was reported in March 2025. Taking into account changes in costs and funding estimates, it projects a deficit of £31 million in 2025/26 rising to £87 million in 2027/28. It has prioritised delivering efficiencies through strategic change and transformation measures, but warns that some proposals will have an impact on services, performance, citizens and staff.

IJBs across Scotland are facing significant pressures

51. The challenges facing EIJB are similar to those shared by joint boards across Scotland. In our Integration Joint Boards: Finance bulletin 2023/24, published in March 2025, we reported that recruitment and retention issues facing the sector persist, but the related savings from holding vacancies are being outstripped by inflationary cost pressures and a higher spend on agency/locum/bank staff. Other financial pressures driving the increase in the costs of providing services include increasing demand for services, prescribing costs and pay inflation. NHS boards and councils face significant financial challenges themselves and IJBs cannot continue to rely on their partners being able to find additional money to support them during the year.

Financial systems of internal control in partner bodies operated overall effectively, however issues were found in provider payments

52. 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.

53. 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.

54. Swift is a social care case management system which the council has agreed to replace as an ‘end of life’ system, expected to be completed in early 2026. The external auditors of CEC, in 2025/26, again found a number of cases where there was no agreed payment plan or contract to confirm the rate paid to providers was correct. In these cases, there may be potential under or overpayments to suppliers, which the council is investigating. The auditors concluded that, for all items examined, there existed a valid underlying basis for the transaction and therefore that the accounts are not materially misstated.

Internal audit reported a moderate level of assurance for the year

55. 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 2024/25 to the Audit and Assurance Committee in September 2025.

56. 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.

57. 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 2024/25, internal audit carried out four audits for the IJB: Governance and Assurance, Performance Reporting, Strategic Planning and Financial Monitoring, Reporting and Oversight.

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

58. 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.

59. 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 provide 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.

Vision, Leadership and Governance

60. 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, however significant workforce pressures continue to pose a risk to the capacity and quality of social care services.

A Strategic Plan covering 2025-2028 was approved after delays

61. 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.

62. The previous strategic plan covered the years 2019-2022. The delay of almost three years to develop the current plan has had a knock-on effect on the clarity of the IJB's vision, strategy and priorities, and has meant that the plan has gone through several iterations in order to reflect changing circumstances and leadership. Following these revisions, the draft plan was submitted for consultation in January 2025 and approved by the Board in June 2025. The Board's strategy has moved towards activity which demonstrates clear benefits and value for money and recognises it cannot fund all services that it has done in previous years.

There has been significant turnover in the role of Chief Officer

63. At the September 2024 meeting of the EIJB, the Chief Officer outlined that he would be resigning at the end of the year. A proposed recruitment timetable was presented to the Board in November that year.

64. Christine Laverty was appointed as new Chief Officer in December 2024, and took up post in March 2025. She is the fourth Chief Officer appointment, including Interim Chief Officer, since May 2023. There is a risk that instability in leadership contributes to the difficult context for planning and delivering effective services.

Registers of interest should be kept up to date

65. 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.

66. As we reported in both 2022/23 and 2023/24, 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. Appendix 1 follow-up of prior year recommendations

There remains tension between partner bodies

67. We reported last year that EIJB recognises that further work is required to strengthen its relationship with City of Edinburgh Council. Some of the IJB's most significant financial pressures are with services operated by the local authority. There remains tension at a governance level, with some elected members voicing significant concern at further requests to the council for additional funding. There are indications of improvement, and EIJB management has worked more closely with senior leaders from the council and NHS Lothian in forming the medium-term financial strategy.

68. An all-party motion was passed unanimously by the council in November 2023 which sought to recalibrate the relationship between the Council and EIJB, including a review of the integration scheme. The motion contained a list of actions to be addressed, and a progress update was provided most recently in March 2025 to the Policy and Sustainability Committee, which detailed work undertaken in response. The committee passed a further motion to request a detailed timeline for the expected delivery of a revised Integration Scheme.

There should be greater clarity over the board's strategic role

69. During 2023/24 and 2024/25, the HSCP underwent a significant organisational restructure of operational services within the partnership. This involved a move away from the previous focus on a locality management model, with the introduction of new Head of Service roles with city-wide responsibility for specific aspects of service delivery.

70. Edinburgh IJB's governance handbook states that "EIJB, its Executive Team, and supporting officers must act as the controlling mind of the organisation." It also outlines the board's key responsibilities, including setting the strategic direction and organisational structure. While we are not commenting on the suitability and implementation of the operational restructure plans themselves, we note there was no formal involvement or oversight from the EIJB board in approving these proposals. There is an opportunity for EIJB to provide clarity over the role of the Board in these circumstances and update their governance handbook where appropriate.

> **Recommendation 1**
>
> The board should provide further clarity on the areas where it should exercise oversight and update the relevant governance documentation to reflect its strategic role

Use of Resources to Improve Outcomes

71. The audit work performed on the arrangements the body has in place around its Use of Resources to Improve Outcomes found that these were effective and appropriate. This judgement is evidenced by EIJB:

- being able to demonstrate a clear link between the use of resources and delivery of its priorities.
- having arrangements in place to benchmark its performance to identify areas of improvement.
- being able to demonstrate improvements in performance against benchmarks and relative to other comparable organisations.

EIJB has an appropriate performance management framework

72. 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.

73. EIJB produced a Performance Report for 2024/25 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 2024/25 was presented in August 2025.

74. Overall, performance in 2024/25 is positive, with 9 out of 13 of the measures with an update this year, performing in the top half of integration joint boards. Of the indicators, 85% performed better or similar to the Scottish average and 8 out of 13 indicators have seen an improved or steady ranking on benchmarked performance compared to last year. On EIJB's strategic themes, it reports that twelve care inspectorate inspections took place, with 88% of these of these reviews receiving a grade of 'Good' or above.

However, EIJB ranks in the third quartile for the following indicators:

- Emergency readmissions to hospital within 28 days of discharge (rate per 1,000 discharges)
- Proportion of last 6 months of life spent at home or in a community setting
- Number of days people spend in hospital when they are ready to be discharged (per 1,000 population)
- 4-hour Performance (5% of all A&E patients should be admitted, discharged or transferred within four hours of arrival)

Exhibit 7
Progress against NI and MSG indicators

Core Indicator	Time Period	Quartile	Change in Rank from Previous Year
NI - 12 Emergency admission rate (per 100,000 population)	2024	1	↓
NI - 13 Emergency bed day rate (per 100,000 population)	2024	1	↑
NI - 14 Emergency readmissions to hospital within 28 days of discharge (rate per 1,000 discharges)	2024	3	→
NI - 15 Proportion of last 6 months of life spent at home or in a community setting	2024	3	↓
NI - 16 Falls rate per 1,000 population aged 65+	2024	2	↑
NI - 17 Proportion of care services graded ‘good’ (4) or better in Care Inspectorate inspections	2024/25	2	→
NI - 18 Percentage of adults with intensive care needs receiving care at home	2024	2	↓
NI - 19 Number of days people spend in hospital when they are ready to be discharged (per 1,000 population)	2024/25	3	→
MSG1 Rate of Emergency Admissions (lowest rate = Quartile 1)	2024	1	↓
MSG2.a Unscheduled Bed Days (Acute)	2024	1	↓
MSG3.a Rate of A&E Attendances (lowest rate = Quartile 1)	2024/25	2	→
MSG3.b Hour Performance	2024/25	3	↑
MSG4 Delayed Discharge Bed Days	2024/25	2	↑

Source: EIJB Annual Performance Report 2024/25. Note that some indicators have not been updated in 2024/25 due to data not yet being released, or are only available every two years.

Conclusions on Best Value

75. IJB’s 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.

76. We have not undertaken any specific Best Value work in 2024/25. 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, we consider that EIJB has adequate arrangements in place to secure Best Value.

Appendix 1

Action plan 2024/25

2024/25 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
1. Board's role in strategic governance In recent years, the HSCP has undergone a significant restructure; however, the EIJB board was not formally involved in reviewing or approving these proposals. This presents an opportunity for the board to clarify its role in providing oversight and to define its broader responsibilities within its governance framework.	The board should provide further clarity on the areas where it should exercise oversight and update the relevant governance documentation to reflect its strategic role.	Action: The Board has agreed that this will considered through the governance review. Responsible officer: Chief Officer Timescales: December 2026

Follow-up of prior year recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
1. Values of funding provided by IJB partners (re-raised from 2022/23) The funding and expenditure values disclosed in the IJB's unaudited accounts were not consistent with the accounts of NHS Lothian.	**Recommendation** The joint board should work with its partners to ensure income and expenditure amounts are classified and reported accurately and consistently. Working papers to support figures in the accounts provided by the IJB should include appropriate evidence from both partners. **Agreed Action** We continue to work with colleagues from both partner bodies to ensure consistency. Working papers which clearly show how figures in the accounts were derived will include evidence from partner bodies. **Chief Finance Officer** **June 2025**	**Implemented** Refer to our findings in Exhibit 2.
2. Remuneration Report disclosures We identified a number of presentational adjustments in the IJB's remuneration report, with some information inaccurate or not presented in line with regulations.	**Recommendation** We recommend that management puts in place secondary checks to improve the accuracy of the unaudited accounts and comply with regulations. **Agreed Action** We will implement a system of secondary checks for the 2024/25 unaudited accounts. **Chief Finance Officer** **June 2025**	**Implemented**

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
3. Register of interests for members (raised 2022/23) The Register of Interests available on the EHSCP website is incomplete and some entries have not been updated for more than a year. The register of interests for members should be updated on a regular basis.	**Recommendation** The register of interests for members should be updated on a regular basis. **Agreed Action** **Agreed.**	**Ongoing** Our review of the HSCP/IJB website continues to find instances of incomplete or older information in member entries. We continue to encourage members to ensure their register of interests is up to date and publicly accessible.

Appendix 2

Supporting national and performance audit reports

Report name	Date published
Local government budgets 2024/25	15 May 2024
Scotland's colleges 2024	19 September 2024
Integration Joint Boards: Finance and performance 2024	25 July 2024
The National Fraud Initiative in Scotland 2024	15 August 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
A review of Housing Benefit overpayments 2018/19 to 2021/22: A thematic study	20 February 2025
Additional support for learning	27 February 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
Council Tax rises in Scotland	28 March 2025

Edinburgh Integration Joint Board

2024/25 Annual Audit Report

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