

Falkirk Integration Joint Board

2024/25 Annual Audit Report



Prepared for Falkirk Integration Joint Board and the Controller of Audit
November 2025

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Key messages

Audit of the annual accounts

- 1 All audit opinions stated that the annual accounts were free from material misstatement.
- 2 There were no significant findings or key audit matters to report. All audit adjustments required to correct the financial statements were processed by Falkirk Integration Joint Board.

Wider scope and Best Value audit

- 3 The Board has effective and appropriate arrangements in place for Financial Management; Financial Sustainability; Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.
- 4 The medium-term financial plan identified a budget gap of £20.135 million for the period 2025/26 to 2028/29.
- 5 The Board's reserve balances continue to reduce year on year and do not provide a sustainable method of managing financial challenges.
- 6 The Board has taken action to identify savings measures; however, plans are in their infancy and further work is required to deliver the transformation required to provide services on a sustainable basis in the medium to long term.
- 7 Work is underway to finalise a revised Integration Scheme and Strategic Plan for the Board, both of which are expected to be in place for 2025/26.
- 8 The Board undertook a review of its governance arrangements during the year which resulted in a revised committee structure and meeting timetable as well as refreshed Standing Orders.
- 9 The Board has effective and appropriate arrangements in place for securing Best Value.

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 Falkirk Integration Joint Board annual accounts and the wider scope areas specified in the Code of Audit Practice (2021).
2. The Annual Audit Report is addressed to Falkirk Integration Joint Board, hereafter referred to as 'the Board' and the Controller of Audit and will be published on Audit Scotland's website in due course.

Appointed auditor and independence

3. Pauline Gillen, of Audit Scotland, has been appointed as the external auditor of the body for the period from 2022/23 until 2026/27. As reported in the Annual Audit Plan, Pauline Gillen 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 Board, including no provision of non-audit services.

Acknowledgements

4. We would like to thank the Board 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 Board'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 Board'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 Board 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 Board'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 Board 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 Board's responsibilities

10. The Board 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 Board 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 Board and Performance, Audit and Assurance Committee. Details of national and performance audit reports published over the last year can be seen in [Appendix 2](#).

Audit of the annual accounts

Main judgements

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

There were no significant findings or key audit matters to report. All audit adjustments required to correct the financial statements were processed by the body.

Audit opinions on the annual accounts

12. The Board's annual accounts were approved by the Performance, Audit and Assurance Committee on 21 November 2025 and certified by the appointed auditor on 21 November 2025. The Independent Auditor's Report is included in the Board'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 and all working papers 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 £34,000. 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 the Board 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 and can be seen in [Exhibit 1](#)].

Exhibit 1
2024/25 Materiality levels for the Board

Materiality	
Materiality – set at 2% of gross expenditure	£6.5 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.	£4.5 million
Reporting threshold – set at 4% of materiality.	£0.260 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 this body is the Performance, 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 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 made 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.

Audit adjustments

26. No audit adjustments were required to the financial statements greater than the reporting threshold of £0.260 million.

Significant risks of material misstatement identified in the Annual Audit Plan

27. Audit work has been performed in response to the significant risk of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in [Exhibit 2, \(page 101\)](#).

Exhibit 2**Significant risks of material misstatement to the financial statements**

Risk of material misstatement	Planned audit response	Outcome of audit work
<p>Fraud caused by management override of controls</p> <p>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>	<p>The audit team will:</p> <ul style="list-style-type: none"> • Agree balances and transactions to Falkirk Council and NHS Forth Valley financial reports/ledger/ correspondence. • Obtain and review assurances from the auditors of Falkirk Council and NHS Forth Valley over the completeness, accuracy and allocation of income and expenditure. • 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. 	<p>Audit work performed found:</p> <ul style="list-style-type: none"> • Balances and transactions in the partner body ledgers were consistent with the Board's accounts. • 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. • Year-end adjustments and journals were reviewed in each partner audit and no errors identified. • We reviewed financial reports prepared during 2024/25. • Reviewed the arrangements in place for identifying and disclosing related party relationships and transactions in the financial statements. No issues identified. • Confirmed there were no changes to the methods and underlying assumptions used to prepare the annual accounts. • Conclusion: Audit work found no errors or other accounting treatment that would indicate management override of controls.

Prior year recommendations

28. The Board has made some progress in implementing the agreed prior year audit recommendations. For the action not yet fully implemented, a revised response and timescale has been agreed with the Board and is outlined in [Appendix 1](#).

Wider scope and Best Value audit

Conclusion

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

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

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 adequacy of the arrangements the Board 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 the body as it falls within section 106 of the Local Government (Scotland) Act 1973.

32. Consideration of these arrangements has been carried out alongside the wider scope audit.

Conclusions on wider scope audit

Financial Management

33. The Board approved its 2024/25 budget in March 2024. The budget was set at expenditure of £307.562 million, with a funding gap of £18.4

million. Plans to address the gap included £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.

34. Planned savings were risk assessed and categorised as red/amber/green to reflect the likelihood of realisation, with only £2.9 million of savings assessed as green (low risk).

35. The budget was revised during the year to a final budget of expenditure of £319.821 million. This was due to budget increases in a number of areas, most significantly being for care at home, GP out of hours, General Medical services, Primary Care improvement programme and prescribing. The savings target remained unchanged at £18.429 million.

36. The draft final outturn report was considered by the Board in June 2025. This showed an expenditure outturn of £331.031 million, some £11.210 million over budget. Overspends were spread across most service areas, with large hospital services (£6.173 million) and social care services (£7.036 million) being the most significant. Community healthcare services were the only service which delivered an underspend (£3.812 million). Within these overspends, care at home, residential care and prescribing were areas of particular challenge and large hospital services overspends were driven by the need to employ supplementary staffing.

37. The outturn report showed that savings of £9.298 million (50.5 percent) had been achieved, £9.131 million short of the target set. Of the unachieved savings, £3.125 million related to integrated services and £6.173 million to hospital set-aside, which overspent by this amount in year.

38. In recognition of the emerging budget position, the IJB approved a budget recovery plan in September 2024 amounting to £5.924 million. This included “grip and control measures” to manage the overspend. During the year there was a drawdown from reserves of £5.546 million, some £1.690 million greater than planned at the budget setting stage.

39. While the financial position is challenging and there are real risks emerging in terms of delivering services within budget, there is a clear focus on active monitoring of the budget and taking corrective action where possible, in a timely manner. Budget monitoring reports include clear, concise information which provides an essential basis for scrutiny as the Board navigates these financial challenges.

40. 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 the partner bodies (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 the Board.

Financial Sustainability

41. The Board approved the Medium-Term Financial Plan 2025/26 to 2027/28 in March 2025. The plan forecasts a shortfall in each of these years, prior to the achievement of savings, totalling £20.135 million over the period to 2027/28, £13.379 million of which falls in 2025/26.

42. A savings programme has been prepared for the duration of the plan, which includes proposals to achieve £10.914 million of savings in 2025/26. Some of the key measures are set out in [Exhibit 3, \(page 104\)](#) below:

Exhibit 3 Significant planned savings measures for 2025/26

Planned Savings Measure	Amount £ million
Charging caps/ Older people change from weekly to hourly charge plus inflationary uplifts	0.875
Remove non-pay uplift for providers	0.318
Review commissioning arrangements - £90m contracts	0.350
Review team continuation - reduced care package spend	0.750
Reduction to partnership funds (including mainstreamed budgets)	0.414
Vacancy management target - Falkirk Council	1.000
Vacancy management target - NHS Forth Valley - additional	0.399
Prescribing efficiency programme	1.500
Remove external reablement contract budget - ended/Appraisal to support future planning of hospital discharge services, as well as the developments within the homecare remodelling.	0.304
Remove Short Term assessment beds budget (temp for one year)	1.189
Reduce development budgets held	0.500
Interim care beds removal of recurring budget	0.381
Continuation of Rapid Assessment at Home test of change	0.361

Source: Audit Scotland

43. After adjustments for financial pressures and off-setting funding, the remaining gap amounts to £3.962 million in 2025/26. The Board has discussed the financial position with the partner bodies, Falkirk Council and NHS Forth Valley, who agreed that, per the Integration Scheme, risk sharing arrangements may require to be enacted to meet the funding gap in 2025/26. The Board balanced the 2025/26 budget through indicative risk sharing contributions from the partner bodies, with the caveat that the Board and the Budget Working group will ensure continuing financial control measures, ongoing review of reserves and identifying any opportunities for further efficiencies.

44. In 2023/24 we reported that the Board had balanced the budget through the planned use of the general fund and other earmarked funds. We reflected that usable reserves had reduced from £37.053 million in 2021/22 to £21.261 million in 2023/24. The 2024/25 audited accounts show that reserves have reduced further to £15.715 million in 2024/25, representing a 26 percent reduction in year. Use of reserves to meet financial challenges can be an effective short-term measure, however, is unsustainable when there is an underlying, recurring funding gap.

45. The Board continues to navigate a challenging financial position, with 2025/26 showing an escalation of these pressures through the planned use of risk-sharing partner contributions. This is indicative of significant financial pressures, so it is essential that the Board both delivers planned savings and continues to identify other recurring efficiencies to ensure it is in a sustainable financial position going forward. As a result of these issues, the following recommendation has been made, with further details outlined in [Appendix 1](#).

Recommendation 1

Significant financial pressures.

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

Vision, Leadership and Governance

46. The Board continues to operate in line with its Strategic Plan, Creating a Healthier Falkirk 2023-2026. Following a session with key stakeholders in August 2025, the Board concluded that a full rewrite of the Strategic Plan was necessary and this decision was approved at the Board meeting in September 2025. The new strategic plan is expected to be published by July 2026.

47. In November 2024, the Board reviewed its governance arrangements to move from meeting four times per year to six times per year, with effect from 2025. The Board also replaced the Audit Committee and Clinical and Care Governance Committees with a Performance, Audit, and Assurance Committee (PAAC) which will meet six times a year. This represents an increased opportunity for scrutiny and should support timeous decision making. The membership and Terms of Reference for the new PAAC were approved at the Board meeting in January 2025.

48. As a result of the change during the year, in 2024/25, the Board met five times and the Audit Committee / Performance, Audit and Assurance Committee met a combined 5 times. Meeting schedules have been established to reflect the revised arrangement of six meetings per year for, both the Board and the PAAC.

49. The papers presented to the Board and the PAAC are published timeously on the Board's section of Falkirk Council's website and provide comprehensive information to facilitate scrutiny. Our observations at meetings throughout the year has found that these are conducted in a professional manner and there is evidence of scrutiny and challenge by members. We understand that members receive briefings on particular topics, as required, to support their understanding of new areas and thereby, encourage effective scrutiny.

50. Following the review of the governance arrangements, the Board refreshed its Standing Orders, with the revised version effective from 20 June 2025. The Financial Regulations and Scheme of Delegation are due for review in March 2026.

51. The Board has taken appropriate steps to enhance its governance arrangements to support effective scrutiny, challenge and decision making.

52. In 2023/24 we reported that there had been a change in senior officers of the Board with a new Chief Officer in post from April 2024 and a new Chief Financial Officer from May 2024. We concluded that the change had been well managed and offered a wealth of knowledge and experience to the Board.

53. It is evident from discussions with members and officers, and from attendance at committee meetings, that there is renewed drive around the Board, particularly as it addresses the current pressures. Strong leadership will be essential to navigating these challenges and the Board is well-placed to meet these.

54. 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. A review of the Integration Scheme was

undertaken during the year, with the revised scheme approved by the Integration Joint Board, Falkirk Council and NHS Forth Valley before being submitted to the Scottish Government for consideration. Feedback has been received and final amendments are now being taken forward with the partner bodies. The Annual Performance Report noted that key changes to the Integration Scheme include the integration of Falkirk Council's Children and Justice Services from 2025/26 and an increase in voting membership from each partner from three to four members.

Use of Resources to Improve Outcomes

55. Quarterly performance monitoring reports are taken to the Performance, Audit and Assurance Committee. These 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 facilitates effective scrutiny through timeous, contextualised information. Areas that are below target or are declining are scrutinised to understand the reasons for this and to ensure that appropriate improvement action is being taken.

56. The Public Bodies (Joint Working) (Scotland) Act 2014 requires the IJB to produce an annual performance report covering such areas 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 2024/25 Annual Performance Report was considered by the Performance, Audit and Assurance Committee and by the Board in June 2025, prior to being published on the Board's website in July 2025.

57. The National Integration Indicators for 2024/25 show that the board compares well to Scotland in three, was similar to Scotland in six and did not compare well to the national average for nine indicators. The requirements of some indicators and the availability of recent data varies, making direct comparison year on year challenging. However, as set out previously, the Board's budget monitoring reports consider the direction of travel on individual indicators. Further details on the reported 2024/25 position for the national indicators are shown in [Exhibit 4, \(page 108\)](#).

Exhibit 4

National Integration Indicators – 2024/25

Indicator No.	Falkirk IJB Performance	Data Indicator	National Performance
Compares well to Scotland*			
NI-5	73.1%	Percentage of adults receiving any care or support who rated it as excellent or good	70.0%
NI-17	89.9%	Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections	81.9%
NI-18	69.6%	Percentage of adults with intensive care needs receiving care at home	64.7%
Similar to Scotland**			
NI-1	91.0%	Percentage of adults able to look after their health very well or quite well	90.7%
NI-3	59.7%	Percentage of adults supported at home who agreed that they had a say in how their help, care, or support was provided	59.6%
NI-6	69.4%	Percentage of people with positive experience of the care provided by their GP practice	68.5%
NI-8	30.7%	Percentage of carers who feel supported to continue in their caring role	31.2%
NI-11	447 per 100,000	Premature mortality rate per 100,000 persons	442 per 100,000
NI-15	87.3%	Proportion of last 6 months of life spent at home or in a community setting	89.2%
Did not compare well to Scottish average***			
NI-2	67.6%	Percentage of adults supported at home who agreed that they are supported to live as independently as possible	72.4%
NI-4	53.9%	Percentage of adults supported at home who agreed that their health and social care services seemed to be well co-ordinated	61.4%
NI-7	61.4%	Percentage of adults supported at home who agree that their services and support had an	69.8%

Indicator No.	Falkirk IJB Performance	Data Indicator	National Performance
		impact on improving or maintaining their quality of life	
NI-9	69.5%	Percentage of adults supported at home who agreed they felt safe	72.7%
NI-12	15,478 per 100,000	Emergency admission rate (per 100,000 population)	11,559 per 100,000
NI-13	124,948 per 100,000	Emergency bed day rate (per 100,000 population)	113,627 per 100,000
NI-14	141 per 1,000	Readmission to hospital within 28 days (per 1,000 population)	103 per 1,000
NI-16	24.4 per 1,000	Falls rate per 1,000 population aged 65+	22.5 per 1,000
NI-19	1,480 per 100,000	Number of days people aged 75+ spend in hospital when they are ready to be discharged (per 1,000 population)	952 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 Performance Report 2024/25

58. The final 2024/25 performance report was considered by the Performance, Audit and Assurance Committee in June 2025. The report 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. 2024/25 – 55.5% compared to 45.7% in 2023/24. The report highlighted a change in the national reporting guidelines which had resulted in the upward shift in the indicator so the apparent improvement in this indicator is caveated at this time.
- Delayed Discharge – 2,228 bed days in 2024/25 compared to 2,576 bed days in 2023/24.
- Complaints:

- Falkirk Council – number of complaints received was 146 in 2024/25 compared to 77 in 2023/24.
- Forth Valley Health Board – number of complaints received was 57 (excluding complaints transferred / withdrawn / consent not received) compared to 52 in 2023/24.
- Attendance management:
 - Falkirk Council – sickness absence increased to 10.6% in 2024/25 compared to 9.9% in 2023/24.
 - NHS Forth Valley – sickness absence increased to 8.2% in 2024/25 compared to 7.82% in 2023/24.
- Psychological Therapies – 79.9% of patients started treatment within 18 weeks of referral in 2024/25 compared to 72.7% in 2023/24.

59. Overall, the Board has effective arrangements in place for reporting performance which facilitate effective scrutiny.

Conclusions on Best Value

60. Integration Joint Boards have a statutory duty to have arrangements in place to secure Best Value. Effective processes are required to ensure appropriate scrutiny over performance, monitoring strategic objectives and for holding partner bodies to account.

61. 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.

62. As set out in paragraph 47, the Board reviewed its governance arrangements in 2024/25 through a review of the Integration Scheme, the Integration Joint Board and the committee governance arrangements. This demonstrates an appetite for improvement and self-evaluation in identifying where improvements were required.

63. The Board has appropriate arrangements in place to demonstrate that it is meeting its Best Value duties.

Appendix 1

Action plan 2024/25

2024/25 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
<p>1. Significant financial pressures</p> <p>The Board continues to face ongoing financial challenges, with the 2025/26 Medium-term Financial Plan showing a budget gap of over £13 million for 2025/26. After adjustments for saving proposals, financial pressures and off-setting funding, the remaining gap amounts to £3.962 million. The Board balanced the 2025/26 budget through indicative risk sharing contributions from the partner bodies, with the caveat the Board and the Budget Working group will ensure continuing financial control measures, ongoing review of reserves and identifying any opportunities for further efficiencies.</p> <p>There is a risk that the Board is unable to identify further measures to address the budget gap, thereby relying on additional contributions from the partner bodies who have their own financial pressures.</p>	<p>The Board should continue its efforts to identify and deliver sustainable savings measures as a priority to address current and future financial pressures and ensure financial sustainability.</p>	<p>Accepted</p> <p>Development of updated medium term financial plan to 2030/31 is under way and will be presented for approval in March 2026.</p> <p>Chief Finance Officer.</p> <p>March 2026</p>

Follow-up of prior year recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<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>Agreed Action</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>	<p>Superseded by 2024/25 action point 1.</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p>2. Self-assessment against Ministerial Strategic Group recommendations</p> <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>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>	<p>Implemented</p> <p>A self-assessment has been undertaken against the Ministerial Strategic Group recommendations.</p> <p>This was considered by the Board at its meeting in October 2025.</p>

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

Falkirk Integration Joint Board

2024/25 Annual Audit Report



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