



**MINUTES OF THE MEETING OF THE  
EAST LOTHIAN INTEGRATION JOINT BOARD  
AUDIT & RISK COMMITTEE**

**TUESDAY 18 MARCH 2025  
VIA DIGITAL MEETINGS SYSTEM**

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**Committee Members Present:**

Councillor J Findlay  
Ms E Gordon  
Councillor L Jardine (Chair)  
Mr D Binnie

**Officers Present:**

Mr M Porteous  
Mr D Stainbank  
Ms F Wilson

**Other Attendees:**

Mr J Boyd, Audit Scotland

**Clerk:**

Ms F Currie

**Apologies:**

Dr P Cantley

**Declarations of Interest:**

None

The Chair welcomed everyone to the meeting of East Lothian IJB Audit & Risk Committee, which is being held remotely.

The clerk advised that the meeting was being recorded and would be made available as a webcast via the Council's website in order to allow the public access to the democratic process in East Lothian. East Lothian Council and NHS Lothian were data controllers under the Data Protection Act 2018. Data collected as part of the recording would be retained in accordance with the Council NHS Lothian's policies on record retention, and the webcast of this meeting would be publicly available for six months.

The clerk confirmed attendance by taking a roll call of Committee members present.

**1. MINUTES OF THE EAST LOTHIAN IJB AUDIT AND RISK COMMITTEE MEETING OF 3 DECEMBER 2024 (FOR APPROVAL) AND MATTERS ARISING**

The minutes of the East Lothian IJB Audit and Risk Committee meeting held on 3 September 2024 were approved.

There were no matters arising.

**2. ELIJB ANNUAL AUDIT PLAN 2024/25**

John Boyd, Audit Scotland, presented the annual audit plan for 2024/25. He highlighted the main points of the plan including the audit scope and responsibilities, the proposed approach to the audit of the annual accounts and consideration of the wider issue of financial sustainability. He also drew attention to the audit timetable with a final sign off date of 30 September 2025 for the annual audit report, the audit fee and statement of auditor independence.

Mr Boyd responded to questions from Councillor Jeremy Findlay explaining the threshold for reporting misstatements, how this was calculated and what action would be taken if the results were above the reporting threshold.

In reply to a question from Elizabeth Gordon, Mr Boyd advised that as part of the review of financial sustainability he would look at some of the assumptions underpinning the IJB's financial plans and those of the IJB's partners, and how these compared with other bodies. He said that much of this work would be done centrally by the performance audit team.

Responding to questions from the Chair, Mr Boyd said he had no concerns that the appointment of a new Chief Finance Officer would impact the delivery of the audit. He added that the issue of relationships between the IJB's partners and financial reporting through to the IJB would be looked at as part of the audit work. The use of reserves would also be considered as part of the work this year. He noted that while each IJB had its own arrangements there had seemed to be a move away from holding a general reserve. This issue and how IJBs could build up their financial resilience would be looked at as part of wider audit work.

**Decision**

The Committee agreed to note the contents of the report.

### 3. 2024/25 RISK REGISTER REVIEW

A report was submitted by the Interim Chief Finance Officer updating the Committee on the status of the current IJB Risk Register and to discuss any proposed changes.

Mike Porteous presented the report noting that this would be the final review of the risk register in the current financial year. There were 7 risks on the register, and he drew attention to some suggested changes:

- Risk 5959 Appointment of a permanent CFO – this was now resolved, and he proposed removing this risk from the register
- Risk 5279 Impact of the National Care Service – this had previously been given a 'high' rating, but he proposed reducing this to 'medium'. The Scottish Government had announced that they would not be going ahead with legislation which would have impacted IJBs, therefore the risk to IJBs was now lower.

He recommended that the other 5 risks – 2 'very high', 2 'high', and 1 'medium' – remain unchanged.

Ms Gordon confirmed that she was content with the proposed changes to the risk register. She also asked whether the arrangements for financial reporting by the Council had improved.

Mr Porteous said that the key issue was that there were different reporting timeframes, and these needed to be aligned with the IJB's meeting dates to ensure that members were getting the most accurate and comprehensive information going forward. He said he was working with both partners to do this and to optimise what was being brought forward to the IJB.

Replying to questions from the Chair, Mr Porteous said that updating the strategic plan at the same time as the longer term financial plan would allow the IJB to be clearer about its key challenges and how these could be managed. It was important that both documents aligned and that the strategic plan reflected the challenging financial landscape going forward while also including a level of aspiration toward transformational change.

Fiona Wilson referred to ongoing mitigation measures and the expectation of being able to present a balanced budget to the JB for 2025/26. With this breathing space, she agreed that it was now time to focus on transformation planning and to ensure that the new strategic plan provided that direction as well as taking account of the challenges ahead.

Replying to David Binnie's question about using the risk register as a lever to agree a balanced budget, Mr Porteous said that he would prefer to have consensus on delivering a balanced budget. However, he acknowledged the point and agreed to look into whether other IJBs had used this approach.

The Chair commented that it was also necessary to consider the legislative framework within which the IJB operated and that was not always straightforward.

In response to a question from Councillor Findlay, Mr Porteous and Ms Wilson provided details of the membership of the Strategic Planning Group (SPG). Ms Wilson added that nothing should go to the IJB for a decision without first going through the SPG.

The Chair said that IJB members received minutes of SPG meetings and that if Councillor Findlay had not received them then this should be followed up. Councillor Findlay confirmed that he would like to receive the minutes.

The Chair asked about the need to build up the general reserve. Mr Porteous confirmed that the IJB currently held earmarked reserves and that there was an intention to build up the general reserve again to the recommended level. However, this could only be done in a time of financial surplus and this would be challenging given the ongoing financial constraints.

Members confirmed that they were content with the proposed changes to the risk levels as outlined by Mr Porteous.

### **Decision**

The Committee agreed to:

- i. Note the updates to the risk register since the last meeting.
- ii. Consider if any further risks should be added to the register.

## **4. INTERNAL AUDIT PLAN 2025/26**

A report was submitted by the Chief Internal Auditor informing the Committee of Internal Audit's operational plan for 2025/26.

Duncan Stainbank presented the report advising members that the plan covered the proposed audit work for 2025/26 and reflected key issues for the IJB.

Ms Stainbank replied to questions from the Chair and Ms Gordon. He agreed to bring to the Committee's meeting a timeframe for presentation of these planned audit reports to future meetings. He said that a number of factors could impact on the timing of reports, including Council audit work, recruitment issues and confirmation of the resources available for audit to be undertaken by NHS Lothian's audit team. He confirmed that the Participation and Engagement audit would be looking at work done within the context of IJB meetings and also more widely.

The Chair moved to the roll call vote and the recommendation was agreed unanimously.

### **Decision**

The Committee approved the Audit Plan for 2025/26.

## **5. INTERNAL AUDIT REPORT – RECOVERY PLAN MONITORING**

A report was submitted by the Chief Internal Auditor informing the Committee of the recently issued audit report on the ELIJB Recovery Plan Monitoring.

Mr Stainbank presented the report outlining the main findings of the audit work which had been graded as reasonable assurance. He drew attention to the recommendation on reporting of progress with financial recovery plans and advised that Mr Porteous had agreed to put in place a framework for regular reporting to IJB meetings during the 2025/26 financial year.

Replying to a question from the Chair, Mr Stainbank explained that reporting to development sessions and not to IJB business meetings meant there was no opportunity for discussions to take place in a public forum and therefore no clear understanding of

financial pressures or decision-making from the public's perspective. Going forward, it would be important to ensure that these discussions were taking place in public.

## **Decision**

The Committee agreed to note the contents of the audit report.

## **6. INTERNAL AUDIT UPDATE OF NHS Lothian INTERNAL AUDIT REPORTS**

A report was submitted by the Chief Internal Auditor informing the Committee of the recently issued audit reports relevant to IJB Governance, Internal Control and Risk Management processes submitted to the NHS Lothian Audit & Risk Committee.

Mr Stainbank brought to the attention of members the audit review of Risk Management undertaken by NHS Lothian's audit team and, specifically, recommendations 2 and 3 within the report. He advised that these recommendations related to the Datix system on which the IJB managed its risk register and risk reporting and could have potential implications for the reporting of the IJB's risk register to this committee.

Ms Gordon said that she was a member of the NHS Lothian audit & risk committee and had been party to the discussion which had taken place on this report. She confirmed that there was a piece of work ongoing in relation to the audit findings.

Mr Stainbank said that reports such as this were brought forward for this committee to consider any elements which may be relevant to the IJB. However, NHS Lothian's audit & risk committee was responsible for reviewing recommendations from the audit work and the risks were mainly operational for NHS Lothian.

The Chair acknowledged the usefulness of having an overview of internal audit work happening within NHS Lothian and which provided an insight into the level of risks across the IJB partners.

## **Decision**

The Committee agreed to note the contents of the audit report and consider any risk management implications.

Signed: .....

Councillor Lyn Jardine  
Chair of the East Lothian IJB Audit and Risk Committee



**REPORT TO:** East Lothian IJB - Audit & Risk Committee

**MEETING DATE:** 3 June 2025

**BY:** Chief Finance Officer

**SUBJECT:** 2024/25 Draft (Unaudited) Annual Accounts

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## **1 PURPOSE**

- 1.1 The purpose of this report is to present the IJB's draft (unaudited) Annual Accounts for 2024/25.

## **2 RECOMMENDATIONS**

- 2.1 The IJB is asked to:
- i. Consider the IJB's draft (unaudited) Annual Accounts: and
  - ii. Agree that the draft annual accounts can be published and presented for audit.

## **3 BACKGROUND**

- 3.1 The IJB is constituted under s106 of the Local Government (Scotland) Act 1973 and as such must produce a set of Annual Accounts at the end of each year.
- 3.2 In practice this involves three steps
- To prepare and publish (on the IJB's website) a set of unaudited accounts before the end of June 2025. The IJB is required to approve these accounts for publication.
  - These accounts are then presented to the IJB's appointed Auditors (Audit Scotland) who undertake an audit of the IJB's Annual Accounts.
  - A final set of accounts is then prepared which reflect the appointed Auditors comments and include their own formal view on the accounts. This final set of accounts will be presented to the IJB's Audit and Risk Committee at its September meeting and

then presented to the IJB for final approval before being published on the website.

3.3 The Annual Accounts contain a range of sections which are summarised below:

- A description of what the IJB is and how it functions.
- The Management Commentary – provides a statement of the IJB's purpose and its performance against that purpose in the financial year together with a look ahead to the challenges facing the IJB in the next financial year.
- The Annual Governance Statement – prepared by the IJB's Chief Internal Auditor, this report highlights any governance improvements in the year. This report is presented separately at this meeting by the CIA for approval by the Audit and Risk Committee prior to inclusion in the Annual Accounts.
- The appointed Auditors Report – which is not available until they have completed their work.
- A range of financial statements showing the financial position of the IJB for 2024/25.

3.4 The Audit and Risk Committee is asked to approve the attached draft (unaudited) Annual Accounts, reflecting on the Management Commentary, the Annual Governance Statement and the Financial Statements.

## **4 ENGAGEMENT**

4.1 The Annual Accounts are presented on the website and available in hard copies to the public.

## **5 POLICY IMPLICATIONS**

5.1 There are no policy implications in this report.

## **6 INTEGRATED IMPACT ASSESSMENT**

6.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

## **7 DIRECTIONS**

7.1 There are no new directions nor amendments to then current directions required by this report.



## **8 RESOURCE IMPLICATIONS**

- 8.1 Financial – None
- 8.2 Personnel – None
- 8.3 Other – None

## **9 BACKGROUND PAPERS**

- 9.1 None

### **Appendix: 2024/25 Draft (unaudited) Annual Accounts**

<b>AUTHOR'S NAME</b>	Michael Porteous
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<b>DATE</b>	June 2025





# **East Lothian Integration Joint Board**

## **Unaudited Annual Accounts 2024/25**

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## **Management Commentary**

### **Introduction**

The management commentary considers the work that the Integration Joint Board (IJB) has undertaken during the financial year 2024/25 and then describes the financial performance for the financial year ended 31 March 2025. It further provides an overview of the key messages relating to the role, remit, members, objectives and the strategy of the East Lothian IJB.

### **Audit Arrangements**

Under arrangements approved by the Accounts Commission of Scotland, the auditor with responsibility for the audit of the accounts of East Lothian Integration Joint Board for the period 1 April 2024 to 31 March 2025 is John Boyd (Audit Scotland), 102 West Port, Edinburgh EH3 9DN.

### **The Role and Remit of the IJB**

The purpose of integration is to improve care and support and therefore the health and wellbeing outcomes for people who use health and social care services. It will make sure that they are listened to, involved and take part in decisions about their care and how it is delivered. It is a significant change in how the strategic planning and delivery of services happens with a range of partners – individuals, local groups and networks, communities and organisations, including patients, service users, carers and the third and independent sectors.

The Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) requires Local Authorities and Health Boards to integrate the strategic planning of a substantial number of health services and functions and most social care functions.

The functions delegated to the IJB by East Lothian Council (the Council) and NHS Lothian are as follows:

- Adult Social Care
- Criminal Justice
- Primary Care Services (GP Practices, Community Dentists, Community Pharmacies and Community Opticians)
- Mental Health Services
- Physical and Learning Disabilities Services
- Community Health Services
- Community Hospital Services
- Unscheduled Care Services (services that are generally delivered from the Royal Infirmary of Edinburgh, the Western General Hospital and St. John's Hospital)

The IJB sets the strategic direction for these delegated functions through the development of a Strategic Plan, to enable it to plan and deliver these strategic outcomes at an overall health and social care level. It gives Directions to the Council and NHS Lothian for the operational delivery of functions and the resources available to them for this.

East Lothian IJB is an Integration Authority set up under the Public Bodies (Joint Working) Act (2014). It is a 'body corporate', that is a separate legal entity. The IJB is constituted through its Integration Scheme which was prepared by East Lothian Council and NHS Lothian and presented to Scottish Ministers in March 2015. The Integration Scheme was approved by the Scottish Parliament in June 2015 and the first meeting of the IJB took place on 1 July 2015. The IJB assumed formal responsibility for these functions in April 2016 including the budgets for the delivery of these functions.

## **The Strategic Plan**

The strategic plan of each IJB must be reviewed and approved by the IJB every 3 years. East Lothian IJB approved its third Strategic Plan on 15 September 2022, this covers 2022 to 2025. A link to the plan is below:

[https://www.eastlothian.gov.uk/download/downloads/id/33015/east\\_lothian\\_ijb\\_strategic\\_plan\\_2022\\_-\\_25.pdf](https://www.eastlothian.gov.uk/download/downloads/id/33015/east_lothian_ijb_strategic_plan_2022_-_25.pdf)

The process of monitoring the progress of the Strategic Plan and the development of that plan is managed by the IJB's Strategic Planning Group. This group is supported by five Programme Boards reflecting the IJB's strategic priority areas for change.

These focus on: intermediate and social care, enabling health, primary care, digital and data and carers. Under each Programme Board sits specific delivery groups that take forward projects as directed by the Programme Board.

Work to review the current IJB Strategic Plan began in early 2025. Engagement with partners and other key stakeholders throughout 2025 will inform the development of a revised Plan, covering the period from 2025 to 2030, which will be presented to the December meeting of the IJB for approval. The new plan will be reviewed after 3 years and any updates will be made at that stage.

## **Review of the IJB's Integration Scheme**

The IJB's Scheme of Integration was revised by the IJB's partners in September 2023 and approved by Scottish Ministers. The next review of the Integration Scheme will be in 2028 unless otherwise directed by Scottish Ministers.

## **IJB Membership**

The IJB comprises eight voting members, made up of four elected members appointed by East Lothian Council and four NHS Lothian non-executive directors appointed by NHS Lothian. There are a number of non-voting members of the Board, including the IJB Chief Officer, Chief Finance Officer, medical and nursing professional advisors, representatives for Carers and third party organisations and staffing representatives.

The IJB met virtually 8 times during the financial year 2024/25. The membership of the IJB as at 31 March 2025 was as follows:

<b>Member</b>	<b>Nominated/Appointed by</b>	<b>Role</b>
Councillor Shamin Akhtar	Nominated by East Lothian Council	Chair (voting member)
Andrew Cogan	Nominated by NHS Lothian	Vice Chair (voting Member)
Jonathan Blazeby	Nominated by NHS Lothian	Voting Member,
Elizabeth Gordon	Nominated by NHS Lothian	Voting Member
Patricia Cantley	Nominated by NHS Lothian	Voting Member
Councillor Carol McFarlane	Nominated by East Lothian Council	Voting Member
Councillor Lyn Jardine	Nominated by East Lothian Council	Voting Member, Chair of Audit & Risk Committee
Councillor Jeremy Findlay	Nominated by East Lothian Council	Voting Member
Fiona Wilson	Ex officio	Chief Officer (non-voting member)
Mike Porteous	Ex officio	Chief Finance Officer (non-voting member)
Claire MacDonald	Appointed by IJB	Independent sector representative (non-voting member)
Maureen Allan	Appointed by IJB	Third sector representative (non-voting member)
David Binnie	Appointed by IJB	Carer representative (non-voting member)
Marilyn McNeill	Appointed by IJB	Service User representative (non-voting member)
Dr Claire Mackintosh	Nominated by NHS Lothian	Registered Medical Practitioner (not GP) (non-voting member)

Member	Nominated/Appointed by	Role
Lindsey Byrne	Ex Officio	Chief Social Work Officer (non-voting member)
Liam Kerr	Nominated by NHSL Unions	Interim NHS Staff Representative (non-voting member)
Dr John Hardman	Nominated by NHSL	Registered Medical Practitioner (GP) (non-voting member)
Darren Bradley	Nominated by ELC Unions	ELC Staff Representative (non-voting member)
David Hood	Ex Officio	Head of Operations (non-voting member)
Sarah Gossner	Ex Officio	Chief Nurse (non-voting member)
Dr Kalonde Kasangele	Ex Officio	Public Health (non-voting member)
Vacant	Nominated by the GP Forum	GP representative (non-voting member)
Vacant	Appointed by IJB	Specialist in Substance Abuse (non-voting member)

## The IJB's Operations for the Year

The IJB delivers its Strategic Plan through its directions to its partners and monitors the performance against these directions at the Strategic Planning Group and through reports to the IJB.

The 2024-25 East Lothian IJB Directions were approved at its meeting on 27 June 2024 and subsequently issued to delivery partners NHS Lothian and East Lothian Council.

The 2024-25 directions included 2 new directions to the partners:

- Direction 19a – to support the delivery of the East Lothian HSCP Workforce Plan
- Direction 20 – to implement the decision at the March 2024 IJB meeting to close the Belhaven Hospital Site.

The IJB produces an Annual Performance Report (as required by the Scottish Government) which lays out its ambitions, achievements and a range of performance indicators. The IJB's Annual Performance Report (APR) for 2024/25 will be presented to the September 2025 meeting for approval, before being submitted to the Scottish Government and published online. The APR will give a detailed account of activity along with validated data on the National and Ministerial Strategic Group Performance Indicators (published in July), including comparison of performance against previous years and national figures.



In advance of the APR being published, the following pages highlight some of key activities delivered in relation to IJB delegated functions during the year. Although the content is organised broadly under the IJB's strategic objectives, there is considerable overlap, with many activities relating to two or more objectives.

**Developing services that are sustainable and proportionate to need / embedding integrated approaches and services.**

The following activities supported delivery of these objectives during 2024/25:

- Ongoing development of activity in relation to preventing hospital admission; maintaining patient flow, and reducing bed occupancy and length of stay for patients. This activity includes a number of daily “Huddles” to support multi-disciplinary oversight, as well as implementation of Planned Date of Discharge; Rapid Rundowns: and Day of Care Audits.
- Continued investment in and development of Intermediate Care Services supporting the shift in care from hospital to community. Examples of Intermediate Care Services include:
  - Care at Home
  - Hospital at Home
  - Community Respiratory Pathway
  - Hospital to Home
  - Falls Service
  - Musculoskeletal Physiotherapy
  - Discharge to Assess
  - Emergency Care Service
- The further development of the Home Care / Hospital to Home integrated service to improve efficiency and create additional capacity within internal care at home. Implementation of the ‘One Plan’ system during the year also increased the effectiveness of planning and coordination.
- The introduction of a Care at Home Huddle to provide integrated oversight of the Care at Home system, optimising the use of internal and external Care at Home resources to meet need.
- Delivery of the Enhanced Discharge to Assess project (commenced in February 2024), bringing together the Discharge to Assess (D2A) therapists, Emergency Care Service (ECS), and Care Capacity and Flow Team to facilitate timely discharge of East Lothian patients by responding to their initial care needs.
- Continued delivery of Inreach of East Lothian Allied Health Professional (AHP) and nursing staff in acute sites, working closely with acute colleagues and Flow Team to help prevent delays for East Lothian patients.
- Active involvement in the NHS Lothian Unscheduled Care (USC) Programme Board (with the East Lothian IJB Chief Officer chairing the Board). This work has involved securing additional Scottish Government funding to support the East Lothian element of the NHS Lothian USC Improvement Programme in December 2024. In the early part of 2025, work was underway to implement a 7-day a week, ‘Home First’ Single

Point of Access model in East Lothian, making use of the additional funding to recruit 53.8 additional (whole time equivalent) staff across teams to deliver this approach.

- Ongoing close monitoring and management of the use of mental health inpatient beds to maintain bed occupancy at an appropriate level. This has been supported by delivery of a local multi-disciplinary clinical huddle three mornings a week. The huddle drives flow through mental health services from inpatient to the IHTT (Intensive Home Treatment Team) and CMHT (Community Mental Health Team).
- Activity to develop a Single Point of Contact for Adult Mental Health following extensive work to review 'front door' access to mental health services. This will provide a telephone number that can be used by clients, family, friends, health professionals, and organisations involved with individuals. A team of experienced clinicians will provide same day call back so that the first clinical contact will be an opportunity for a meaningful conversation influenced by the Request for Assistance model. This reflects a 'no wrong door' approach.

### **Delivering new models of provision, engaging and working collaboratively with communities**

The following activities supported delivery of this objective during 2024/25:

- Our approach to commissioning health and social care services continued to be underpinned by our Commissioning Strategy and associated Markey Facilitation Statement, helping to ensure that commissioned services are provided in a way that reflects our visions and values and contributes to the delivery of the strategic objectives outlined in the 2022-25 Strategic Plan.
- The 'Planning for an Ageing Population' programme continued throughout the year, with extensive engagement activity culminating in the presentation of a final report to the IJB in early 2025. The report identified 4 key priorities for strategic planning: Palliative and end of life care; Polypharmacy; Intermediate Care; and Technology.

Other recommendations agreed by the IJB included:

- Further development of the Independent Community Panel that had evolved during the process.
- Consideration of community capacity and opportunities to explore innovative and sustainable community-based options when budget planning.
- Continuation of work with partners to explore and develop early intervention and prevention approaches to deliver intermediate care.
- The Strategic Planning Group and the CAH Change Board agreed to the formation of a Locality Project Team in May 2024 which undertook a Test of Change programme, with 'Community First' testing the impact on demand for CAH, impact on hospital discharge, individual and carer outcomes and cost. Changes adopted

following the Locality Project, were a strengths approach to care co-ordination at a local and community level (identifying preventative and alternative care and support opportunities), supported by improving hospital and community assessments, Allied Health Professional and Care resource co-ordination, and identifying commissioning and strategic opportunities across external and internal Care at Home services.

- Carers – The delivery of the Carers Strategy has continued, with delivery of the 2 year action plan. After a successful procurement process Carers of East Lothian were awarded the Adult Carers support contract in March 2025 for a 2+2+2 year term. Another success in 2024/25 was funding an MHO within the Social Work team to review the outstanding 172 private guardianships. This was successfully completed and processes established to ensure the reviews are kept up to date moving forward.

### **Prevention and early intervention**

The following activities supported delivery of this objective during 2024/25:

- Prevention and early intervention is an integral part of services provided by teams across the Partnership, both directly and through funding or third sector initiatives.
- In particular, the East Lothian Rehabilitation Service (ELRS) delivers a range of services based on a prevention and early intervention approach, with the aim of supporting people to stay as active and independent in their own homes for as long as possible.
- Work continued during 2024/25 to promote the use of assistive technology to support daily living. This included running a public drop-in event by the East Lothian Technology Enabled Care Team to showcase ways technology can help (for example, the use of smart home devices, mobility aids, and communication tools). New TEC (Technology Enabled Care) core training for community and inpatient staff has also been delivered to support clinicians to include digital and technology options in core assessments.
- Activity around falls and falls prevention is another example of early intervention and prevention, with ongoing work to embed an integrated falls pathway; develop a falls database and dashboard; introduce falls clinics; and develop strength and balance classes.
- Continuing delivery of an approach by Adult Social Work to reduce the time people wait for a social work assessment. The model is designed so that as many cases as possible are dealt with by the Duty system at the 'first point of contact', rather than people being added to a waiting list. This quick response can help to prevent situations deteriorating and needs potentially becoming more significant.

### **Enabling choice and control and providing care closer to home**

The following activities supported delivery of this objective during 2024/25:

- Delivery of a Care Home 'Home First' Project aimed at reducing the use of care home placements by supporting the option of discharge home over discharge to a care

home where appropriate. This approach helped to reduce the use of care home places and to ensure that available places were being used effectively, making provision for those with the highest level of need.

- The East Lothian Advance Physiotherapy Practitioner (APP) Service piloted the use of shared decision making as a key element of the assessment and treatment for those self-referring with knee pain. This included the use of processes from NHS Lothian's Realistic Medicine Toolkit. Following positive evaluation, learning is being shared with the wider team and the tools and processes developed will be included in the Realistic Medicine Toolkit for wider use.
- Ongoing delivery and development of a range of primary services managed by East Lothian HSCP, including:
  - Community Treatment and Care (CTAC) Service
  - Primary Care Vaccination Team
  - Pharmacotherapy Service
  - Care When it Counts (CWIC) Service

The Partnership continued to deliver a Primary Care Communications Plan to ensure people are aware of the full range of primary care services and how and when to access them.

- Piloting CWIC Direct to trial enabling patients to access the CWIC Service directly without the need to go through their GP. The East Lothian CWIC Service supports General Practice in East Lothian by offering same-day appointments with medical professionals within a multidisciplinary team, and currently covers 4 practices. Following positive feedback, the CWIC Direct model will be continued, and further development explored.
- Continued development of the outpatient services and clinics offered at East Lothian Community Hospital (ELCH). During 2024/25, this included the addition of a chronic anaemia service (blood & iron infusion) and outpatient intravenous antibiotic treatment (moved from Western General Hospital and delivered by HSCP staff).
- Use of space within the Outpatient Department was reviewed to ensure better utilisation of clinical space. This enabled ELCH to accommodate clinics temporarily relocated from Edinburgh Eye Pavilion.

## **Keeping people safe from harm**

The following activities supported delivery of this objective during 2024/25:

- HSCP services continued to work with partners through the Midlothian and East Lothian Drug and Alcohol Partnership (MELDAP) to reduce the harm caused by substance use and provide timely, effective and accessible support. This included delivery of the 'Contact Service' providing easy access to advice and support.
- In relation to Substance User Services, East Lothian successfully implemented Scottish Government MAT (Medication Assisted Standards) Standards 1-10 to full

green status. This was ahead of expectations and demonstrating strong performance in the national context.

- The Justice Social Work team continued to work on the development of a wider range of options for unpaid work (Community Payback Orders). This includes unpaid work activities reflecting priorities around equality and the environment, for example 'Big Pick', Bike Workshops, and Allotments. Capacity to deliver placements was also increased through the recruitment of additional temporary supervisors.
- An initial meeting of a multi-agency Suicide Prevention Forum was held, and a decision was made to extend the Forum to cover children, young people and adults to promote a joined up approach and to support involvement across services, including third sector partners.
- East Lothian Independent Advocacy Steering Group finalised its draft Strategic Plan in January 2024 following an extensive needs assessment and engagement activity with service users and 3rd sector providers. The Plan was approved by the IJB in April 2024.

### **Addressing health inequalities**

- The IJB continued to make progress with respect to the statutory requirement to mainstream the general needs of the Public Sector Equality Duty in relation to its role in planning, directing and commissioning its delegated responsibilities. The IJB's approach is outlined in the East Lothian IJB Equalities Outcomes plan for 2021-25. Progress is described in the Equalities Mainstreaming Report for 2023-25 (reported to the May 2025 meeting of the IJB).
- East Lothian IJB took part in a pan-Lothian community engagement programme in late 2024 / early 2025, working alongside Midlothian and West Lothian IJBs / HSCPs and NHS Lothian to gather views on revision of the existing equalities outcomes. This informed the development of a new East Lothian IJB Equalities Outcomes plan covering the period from 2025 to 2029 which was subsequently approved at the May 2025 meeting of the IJB.
- Work is underway to develop a new East Lothian Joint Strategic Needs Assessment (in partnership with Public Health, LIST and Public Health Intelligence) which will be available in early 2025 and will help to inform the revision of the current IJB Strategic Plan.

### **Local Housing Strategy**

- East Lothian's Local Housing Strategy (LHS) 2024-2029 was adopted in April 2024 following extensive engagement during which over 1,300 voices were heard. In December 2024 the IJB agreed the Housing Contribution Statement as it related to the Housing Strategy, ensuring the IJB'S strategic Plan and ELC's Housing strategy are linked with shared outcomes, actions and investment decisions.
- The current IJB direction on housing will need to be revised to reflect the challenges and opportunities as set out in the Housing Contribution Statement 2024-2029, and current and planned joint working between ELC Housing and the HSCP.

The key challenges remain:

- Homelessness
- Delivering Accessible Home and Adaptations.

The Housing Strategy outlines how these challenges will be addressed in East Lothian with the Support of the IJB.

### **The IJB's Financial Position at 31 March 2025**

For the year to 31 March 2025 the IJB recorded a deficit of £2,877,000. That meant the costs incurred in delivering the IJB's functions, by NHS Lothian and East Lothian Council, were greater than the income it received from NHS Lothian and East Lothian Council. The IJB has used its reserves to underpin this deficit and has thus broken-even in the financial year.

The IJB began the 2024/25 financial year with a balanced budget but faced a number of challenges to ensure that position materialised:

- The IJB had used a significant element of its available reserves to break even in 2023/24, increasing the financial risk to the IJB.
- There were a number of underlying financial pressures across Health and Council delegated services, particularly in Prescribing and Social Care services, impacting on the financial position.
- The IJB set a challenging efficiency programme as a key element of its delivery of a break even position at year end. The programme included a range of operational schemes and several larger individual schemes to deliver service redesign across both Health and Social Care services. Some of the larger service redesign schemes slipped in their delivery trajectory resulting in a reduced level of efficiencies in year. These schemes will deliver their planned savings in full in 2024/25. Some of the planned schemes did not deliver their efficiencies at all

Regular Finance Reports to the IJB forecast an overspend at the year end and in October 2024 the IJB agreed to release its remaining General Reserves to support pressures within Health delegated functions in-year.

In December 2024 the IJB was presented with a paper outlining the risks in adhering to Professional Standards associated with the current and planned programme of fiscal recovery actions, associated efficiencies and service reductions across East Lothian Health and Social Care Partnership, as assessed by professional leads for Social Work, Allied Health Professionals and Nursing and the Clinical Director.

In response to the financial pressures of current and projected budget overspends East Lothian HSCP management team and service managers developed recovery plans for all services managed and hosted by ELHSCP throughout 2024/25. This has involved scrutiny of all aspects of budget spend across all services to deliver savings.

In year it was not possible to deliver all savings plans whilst still delivering safe and effective services. The safety and wellbeing of service users, patients and their carers remains of



paramount importance and the IJB agreed that continued efforts would be made to ensure efficiency in service delivery, but that any further pressure on the IJB budget in order to deliver a balanced budget, may reduce the ability to achieve positive health and wellbeing outcomes for East Lothian residents.

At the year end the IJB had an in-year overspend in both its health and social care delegated functions. In addition to the planned release of reserves the IJB received a further non-recurring allocation of £794,000 from NHS Lothian at year end to fund the year end overspend recorded within the Health delegated functions, and a further £2,803,000 of non-recurring funding from East Lothian Council at year end to fund the year end overspend within the Council delegated functions. Taking these additional non-recurring allocations into account the IJB broke even at the year end. The table below summarises the year end position and how it was arrived at.

Year-end Position	Health £000's	Social Care £000's	Notes
Income	162,193	69,046	1
Expenditure	165,845	71,869	2
Surplus/ (Deficit)	(3,652)	(2,823)	
Planned use of reserves	2,858	20	3
Operational Position	(794)	(2,803)	
Additional Funding	794	2,803	4
<b>Position at Year end</b>	<b>0</b>	<b>0</b>	

### Notes

1. This is the income received from the partners (East Lothian Council and NHS Lothian) in 2024/25 prior to receipt of additional allocations from both partners to support the year-end position.
2. This is the expenditure incurred by the partners in the delivery of the IJB's delegated functions for 2024/25.
3. The IJB carried funding from 2023/24 which it planned to use in 2024/25 through its reserves. This funding has been used as planned in 2024/25.
4. Both partners made additional non-recurrent allocations to the IJB in 2024/25 in order to allow the IJB to break even overall.

### Funding for the Integration Joint Board

The IJB is funded exclusively by its partners – East Lothian Council and NHS Lothian – to deliver functions (also known as services) that the partners have delegated to the IJB. The funding from NHS Lothian is split into 3 broad areas:

- **Core Funding** – this is funding for health services delivered directly in East Lothian. This includes the running costs of local hospital services (e.g. staffing, infrastructure, medical supplies) and community health services, Medical General Practitioners services (local GPs), and a share of other primary care services (General Ophthalmic Services, General Dental Services and General Pharmaceutical Services).
- **Hosted Funding** – the funding for the East Lothian share of services delivered and managed on a pan-Lothian basis by NHS Lothian. For example Sexual Health services based at Chalmers Hospital.
- **Set Aside Funding** – this is the budget ‘set-aside’ by NHS Lothian on behalf of the IJB representing East Lothian’s share of delegated unscheduled care services managed by NHS Lothian’s Acute Services and delivered at the Royal Infirmary of Edinburgh, The Western General Hospital and St John’s Hospital at Livingston. These services are listed below:
  - Accident and Emergency
  - Cardiology
  - Diabetes
  - Endocrinology
  - Gastroenterology
  - General Medicine
  - Geriatric Medicine
  - Rehabilitation Medicine
  - Respiratory Medicine
  - Various support services for the above

East Lothian Council’s funding is for the delivery of Adult Social Care services.

The IJB receives funding offers from its partners each year, which it assesses, and bases its acceptance on Scottish Government guidance issued as part of its own budget setting process. At its March 2025 meeting the IJB accepted the offer from East Lothian Council. Following its Board meeting in April 2025 NHS Lothian made its final funding offer to the IJB which the IJB accepted at its May 2025 meeting.

## Reserves

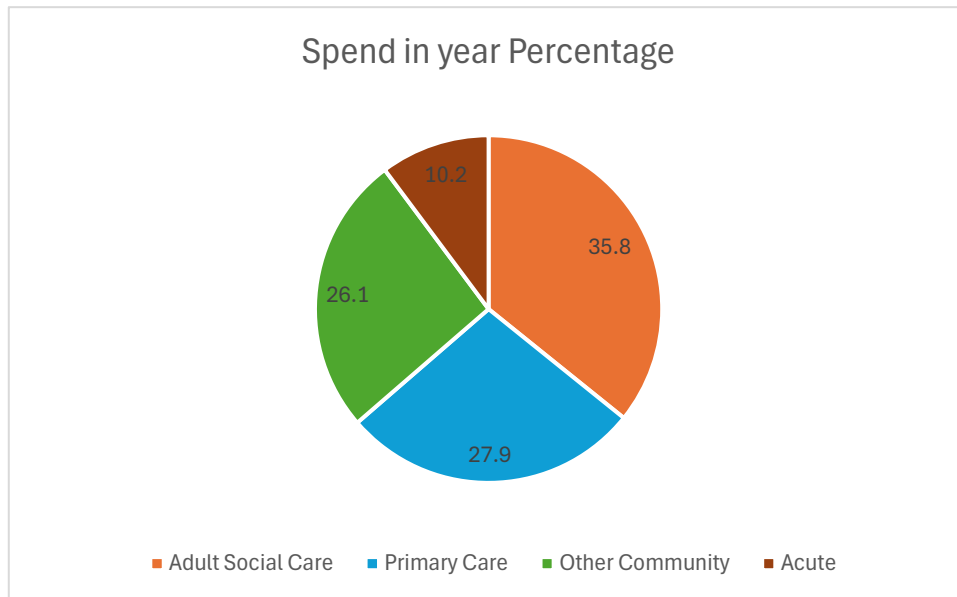
The IJB held an opening Reserves balance of £4,343,000 on 1 April 2024, comprising a General Reserve of £3,096,000 and Earmarked Reserves of £1,248,000. During the year further Earmarked funding was received and planned use of Earmarked funds was actioned, leaving a balance on the Earmarked Reserve of £1,466,000. The agreed release of the remaining General Reserve balance to support the IJB’s financial position in year means the IJB no longer holds a General Reserve which will increase the financial risk going forward.

## IJB Spending Profile

The Chart below shows how the IJB has spent its funds in 2024/25. The services are grouped under 4 main areas of spend:



- Adult Social Care including funding for elements of service funded through NHS income
- Primary Care Services (GPs, GP Prescribing, Community Pharmacists, Community Opticians, Community Dental services)
- Other Community Health services (local community hospitals, community nursing services, community allied health professionals and East Lothian's share of pan-Lothian hosted services)
- Acute Services (East Lothian's share of the Acute Services delegated to IJBs)



### Consideration of the 2025/26 and projected financial position

The IJBs Five Year Financial Plan was updated and presented to the March 2025 IJB meeting along with the partner funding offers and a budget setting proposal which enabled the IJB to agree and set a balanced budget for 2025/26.

The balanced budget position reflects the following:

- The funding offers from the partners were fair and the level of additional resources received from the partners was higher than it had been in recent years, enabling the IJB to address some of the underlying pressures within overspending services.
- A robust programme of planned efficiencies totalling £4,170,000, including the full year effect of some of the service redesign schemes identified and partially delivered in 2024/25.

The work to enable a balanced budget to be set identified a range of financial risks and challenges that have been shared with the IJB and that will have to be managed should they occur.

The provision of regular monthly finance reports to the IJB providing robust timely financial information will highlight the need for additional efficiencies should a break-even position not be forecast.

Looking beyond 2025/26 the IJB's Five Year Financial Plan projected a challenging local and national financial landscape with a number of risks and uncertainties:

#### Population Growth

- the growth in the population of East Lothian in recent years is expected to continue, increasing the demand for services
- the aging demographic of East Lothian inhabitants is also expected to increase the demand for services
- there is a risk that funding will not increase in line with demand leading to new or increased pressures in future years.

#### Workforce

- the availability and retention of suitably skilled staff continues to be a challenge for Health and Social Care services. A revised Workforce Plan for 2025-2028 will provide a framework for the development of future staffing models.

#### National Financial Landscape

- In setting its budget for 2025/26 the Scottish Government have indicated an intent to progress with reform within Health and Social Care placing increased emphasis on a stepped change in service redesign. This requires further focus on transformational change within IJBs, greater forward planning and collaborative working to ensure the best outcomes for the population of East Lothian.

**Andrew Cogan**  
Chair

**Fiona Wilson**  
Chief Officer

**Mike Porteous**  
Chief Finance Officer

## **Statement of Responsibilities**

### **Responsibilities of the Integration Joint Board**

The Integration Joint Board is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the board has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the chief finance officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland act 2003).
- Approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature at a meeting of the Audit & Risk Committee on tbc.

Signed on behalf of East Lothian Integration Joint Board

**Andrew Cogan**  
Chair

## **Responsibilities of the Chief Finance Officer**

The Chief Finance Officer is responsible for the preparation of the IJB's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing the Annual Accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with legislation
- Complied with the local authority Accounting Code (in so far as it is compatible with legislation).

The Chief Finance Officer has also:

- Kept proper accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the East Lothian Integration Joint Board at the reporting date and the transactions of the East Lothian Integration Joint Board for the year ended as at 31 March 2025.

**Mike Porteous**  
Chief Finance Officer

## **Remuneration Report**

### **Introduction**

This Remuneration Report is provided in accordance with the Local Authority Accounts (Scotland) Regulations 2014. It discloses information relating to the remuneration and pension benefits of specified IJB members and staff.

The information in the tables below is subject to external audit. The explanatory text in the Remuneration Report is reviewed by the external auditors to ensure it is consistent with the financial statements.

### **Remuneration: IJB Chair and Vice Chair**

The voting members of the IJB are appointed through nomination by East Lothian Council and NHS Lothian Board. Nomination of the IJB Chair and Vice Chair post holders alternates between a Councillor and a Health Board representative.

The IJB does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the IJB. The IJB does not reimburse the relevant partner organisations for any voting board member costs borne by the partner. Neither the Chair nor the Vice Chair appointments had any taxable expenses paid by the IJB in 2024/25. The Chair of the IJB at March 2025 was Councillor Shamin Akhtar (East Lothian Council) and the Vice Chair was Andrew Cogan (Non-executive director, Lothian Health Board)

The IJB does not have responsibilities, either in the current year or in future years, for funding any pension entitlements of voting IJB members. Therefore no pension rights disclosures are provided for the Chair or Vice Chair.

NHS Lothian no longer automatically offers another full day's remuneration for being the Board's Lead Voting Member on an IJB. Instead, non-executive remuneration is based on an individual's overall estimated time commitment, which can include multiple memberships of Board committees and IJBs as well as other responsibilities, not just as committee chairs or lead voting members of the IJBs. No specific remuneration is therefore available for the vice chair of the IJB.

### **Remuneration: Officers of the IJB**

The IJB does not directly employ any staff in its own right, however, specific post- holding officers are non-voting members of the Board.

### **Chief Officer**

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014 a Chief Officer for the IJB has to be appointed and the employing partner has to formally second the officer to the IJB. The employment contract for the Chief Officer will adhere to the legislative and regulatory framework of the employing partner organisation. The remuneration terms of the Chief Officer's employment are approved by the IJB.

The Chief Officer of the IJB is Fiona Wilson. Fiona has a joint role as Director of Health and Social Care for East Lothian Council and the Joint Director of the East Lothian Partnership. As in previous years it has been agreed, 50% of total remuneration is to be shown in the accounts of the IJB as the remuneration as the Chief Officer of the IJB.

### **Chief Finance Officer**

Although the costs of the Chief Finance Officer are not included in the charges made to the IJB by either partner, given the S95 role of the Chief Finance Officer and in the interests of transparency, the remuneration of the Chief Finance Officer is included below. During 2024/25 the role of the Chief Finance Officer was filled on an interim basis by David King until 6 December 2024. For the period 1 April 2024 to 6 December 2024 the Chief Finance Officer was remunerated by NHS Lothian but was not superannuated. David King also undertook the role of CFO for Midlothian IJB. NHS Lothian have provided the total costs of having employed David King during this time and half of these costs will be shown here (the other half shows in Midlothian IJB). From 16 December the role of CFO was undertaken by Mike Porteous on an interim basis. Following a formal interview process Mike Porteous was permanently appointed to the CFO post on 3 March 2025 and has 2 roles – the IJB’s CFO and an operational role in NHS Lothian’s finance department as a Finance Business Partner. Accordingly 50% of the total remuneration for Mike Porteous has been charged to East Lothian IJB.

### **Other Officers**

No other staff are appointed by the IJB under a similar legal regime. Other non-voting board members who meet the criteria for disclosure are included in the disclosures below.

<b>Total for</b>	<b>Senior Employees</b>	<b>Total for</b>
<b>2023/24</b>	<b>Salary, Fees &amp; Allowances</b>	<b>2024/25</b>
<b>£</b>		<b>£</b>
53,564	Fiona Wilson, Chief Officer	60,577
15,038	Claire Flanagan, Chief Finance Officer	0
10,272	David King, Interim Chief Finance Officer	23,522
0	Mike Porteous, Chief Finance Officer	12,283

In respect of officers’ pension benefits, the statutory liability for any future contributions to be made rests with the relevant employing partner organisation. On this basis there is no pensions liability reflected on the IJB balance sheet for the Chief Officer or any other officers.

## Pension Disclosure

The IJB however has responsibility for funding the employer contributions for the current year in respect of the officer time spent on fulfilling the responsibilities of their role on the IJB. The following table shows the IJB's funding during the year to support officers' pension benefits. The table also shows the total value of accrued pension benefits which may include benefits earned in other employment positions and from each officer's own contributions.

	Employer Pension Contributions For year to			Accrued Pension Benefits at	
	31/03/2024	31/03/2025		31/03/2024	31/03/2025
	£k	£k		£k	£k
Claire Flanagan	9	0	Pension	22	0
			Lump Sum	55	0
Fiona Wilson	22	27	Pension	35	42
			Lump Sum	93	106
Mike Porteous		6	Pension		33
			Lump Sum		85

## Disclosure by Pay Bands

Pay band information is not separately disclosed as all staff pay information has been disclosed in the information above.

## Exit Packages

The IJB did not support nor did it direct to be supported by its partners for any exit packages during 2024/25.

**Andrew Cogan**  
Chair

**Fiona Wilson**  
Chief Officer

## **Annual Governance Statement**

### **East Lothian IJB**

**The Annual Governance Statement will be added after it has been presented to the IJB Audit and Risk Committee on 3<sup>rd</sup> June 2025.**



### **Independent Auditor's Report**

**The Independent Auditors Report will be added when it becomes available.**

## Financial Statements

### Comprehensive Income and Expenditure Statement

This statement shows the cost of providing services for the year according to accepted accounting practices. Where the impact on the General Fund is amended by statutory adjustments this is shown in the Movement in Reserves Statement.

#### COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

Gross Expenditure 2024/25 £000's	Income 2023/24 £000's	Net Expenditure 2023/24 £000's		Gross Expenditure 2024/25 £000's	Income 2024/25 £000's	Net Expenditure 2024/25 £000's
162,955		160,470	Health Delegated	165,845		165,845
71,955		66,930	Social Care Delegated	71,869		71,869
<b>234,910</b>	<b>0</b>	<b>227,400</b>	<b>Cost Of Services</b>	<b>237,714</b>	<b>0</b>	<b>237,714</b>
	(221,621)	(221,621)	Taxation & non- specific grant Income		(234,837)	(234,837)
<b>234,910</b>	<b>(221,621)</b>	<b>5,779</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>237,714</b>	<b>(234,837)</b>	<b>2,877</b>

<b>5,779</b>	<b>Total Comprehensive (Income) and Expenditure</b>	<b>2,877</b>
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### **Movement in Reserves Statement**

This Statement shows the movement in the year on the different reserves held by the East Lothian IJB.

#### **Movement in Reserves during 2023/24:**

Opening Balance as at 1/4/2023

Total Comprehensive Income or Expenditure in 2023/24

Surplus/(Deficit) on Provision of Services

**Closing Balance as at 31/3/2024**

#### **Movement in Reserves during 2024/25:**

Opening Balance as at 1/4/2024

Total Comprehensive Income or Expenditure in 2024/25

Surplus/(Deficit) on Provision of Services

**Closing Balance as at 31/3/2025**

<b>General Fund Balance £000s</b>	<b>Total Usable Reserves £000s</b>
(10,122)	(10,122)
5,779	5,779
<b>(4,343)</b>	<b>(4,343)</b>
(4,343)	(4,343)
2,877	2,877
<b>(1,466)</b>	<b>(1,466)</b>

### **Reserves**

The Integration Joint Board is permitted to set aside future amounts of reserves for future policy purposes. These reserves normally comprise funds that are set aside for specific purposes; and funds which are not earmarked for specific purposes but are set aside to deal with unexpected events or emergencies. They are created by appropriating amounts out of revenue balances. When expenditure to be funded from a reserve is incurred, it is charged to the appropriate service in that year and thus included in the Comprehensive Income and Expenditure Statement. Movements in reserves are reported in the Movement in Reserves Statement.

### **Useable Reserves**

East Lothian IJB had both a general reserve which can be used to mitigate financial consequences of risks and other events impacting on the IJB's resources and an earmarked reserve which contains funds earmarked for specific purposes. East Lothian IJB has an earmarked reserve which can be used to mitigate financial consequences of risks and other events impacting on the specific project budget.

### **Balance Sheet**

The Balance Sheet shows the value, as at 31 March 2025, of the assets and liabilities recognised by the Board. The net assets of the Board are matched by the reserves held.

<b>2023/24 Total £000's</b>		<b>2024/25 Total £000's</b>
	<b>Current Assets</b>	
4,343	Short Term Debtors	1,466
	<b>Current Liabilities</b>	
	Short Term Creditors	
<b>4,343</b>	<b>Total Assets less current Liabilities</b>	<b>1,466</b>
	<b>Capital and Reserves</b>	
4,343	General Fund	1,466
<b>4,343</b>	<b>Total Reserves</b>	<b>1,466</b>

The unaudited accounts were authorised for issue on 26<sup>th</sup> June 2025.

**Mike Porteous**  
Chief Finance Officer

## **Notes to the Financial Statements**

### **1. Significant Accounting Policies**

#### **General Principles**

The Financial Statements summarises the IJB's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025.

The IJB was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government (Scotland) Act 1973.

The Financial Statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

The accounts are prepared on a going concern basis, which assumes that the IJB will continue in operational existence for the foreseeable future. The historical cost convention has been adopted.

#### **Accruals of Income and Expenditure**

Activity is accounted for in the year that it takes place, not simply when settlement in cash occurs. In particular:

- Expenditure is recognised when goods or services are received and their benefits are used by the IJB
- Income is recognised when the IJB has a right to the income, for instance by meeting any terms and conditions required to earn the income, and receipt of the income is probable
- Where income and expenditure have been recognised but settlement in cash has not taken place, a debtor or creditor is recorded in the Balance Sheet
- Where debts may not be received, the balance of debtors is written down.

It should be noted that the above principles are those applied by the partners (NHS Lothian and East Lothian Council). The IJB has funded these partners to deliver the delegated functions and these partners have charged the IJB as above.

#### **Funding**

The IJB is wholly funded through funding contributions from the statutory funding partners, East Lothian Council and NHS Lothian. Expenditure is incurred in the form of charges by the partners.

#### **Cash and Cash Equivalents**

The IJB does not operate a bank account or hold cash. Transactions are settled on behalf of the IJB by the funding partner. Consequently the IJB does not present a 'Cash and Cash Equivalent' figure on the Balance Sheet.

The funding balance due to or from each funding partner as at 31 March is represented as a debtor or creditor on the IJB's Balance Sheet. Where income and expenditure have been recognised but settlement in cash has not taken place, a debtor or creditor is recorded in the Balance Sheet.

### Employee Benefits

The IJB does not directly employ staff. Staff are formally employed by the partners who retain the liability for pension benefits payable in the future. The IJB therefore does not present a Pensions Liability on its Balance Sheet.

The IJB has a legal responsibility to appoint a Chief Officer. More details on the arrangements are provided in the Remuneration Report.

### Provisions, Contingent Liabilities and Contingent Assets

Provisions are liabilities of uncertain timing or amount. A provision is recognised as a liability on the balance sheet when there is an obligation as at 31 March due to a past event, settlement of the obligation is probable, and a reliable estimate of the amount can be made. Recognition of a provision will result in expenditure being charged to the Comprehensive Income and Expenditure Statement and will normally be a charge to the General Fund.

A contingent liability is a possible liability arising from events on or before 31 March, whose existence will only be confirmed by later events. A provision that cannot be reasonably estimated, or where settlement is not probable, is treated as a contingent liability. A contingent liability is not recognised in the IJB's Balance Sheet but is disclosed in a note where it is material.

A contingent asset is a possible asset arising from events on or before 31 March, whose existence will only be confirmed by later events. A contingent asset is not recognised in the IJB's Balance Sheet but is disclosed in a note only if it is probable to arise and can be reliably measured.

The IJB has no provisions, contingent liabilities or contingent assets at 31 March 2025.

### Reserves

The IJB's only Useable Reserve is the General Fund. The balance of the General Fund as at 31 March shows the extent of resources which the IJB can use in later years to support service provision. As noted above, the IJB had reserves of £1,466,000 at 31 March 2025.

### Indemnity Insurance

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. NHS Lothian and East Lothian Council have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide. The IJB holds separate indemnity insurance through its membership of the CNORIS scheme; the charge for this in 2024/25 was £3,000.

Unlike NHS Boards, the IJB does not have any 'shared risk' exposure from participation in CNORIS. The IJB participation in the CNORIS scheme is therefore analogous to normal insurance arrangements.

Known claims are assessed as to the value and probability of settlement. Where it is material the overall expected value of known claims taking probability of settlement into consideration is provided for in the IJB's Balance Sheet.

The likelihood of receipt of an insurance settlement to cover any claims is separately assessed and, where material, presented as either a debtor or disclosed as a contingent asset.

## 2. Events After the Reporting Period

The Annual Accounts were authorised for issue by the IJB. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## 3. Short Term Debtors

The IJB's short term debtors are broken down as follows:

	2023/24 £000's	2024/25 £000's
Funding due from NHS Lothian	4,205	1,348
Funding due from East Lothian Council	138	118
<b>Total</b>	<b>4,343</b>	<b>1,466</b>

Amounts owed by the East Lothian Council are stated on a net basis; that is the creditor balances relating to expenditure obligations incurred but not yet settled in cash terms are offset against the funds they are holding on behalf of the IJB.

#### 4. Reserves

The IJB's useable reserve is broken down as follows:

	2023/24 £000's	2024/25 £000's
Sexual Health	39	0
Learning Disabilities Health Checks	72	0
Mental Health Recovery & Renewal	279	279
Community Living Change Fund	45	0
Community Development	720	0
Carers	93	118
Unscheduled Care	0	1,069
<b>Earmarked General Fund Reserves</b>	<b>1,247</b>	<b>1,466</b>
<b>Uncommitted General Fund Reserves</b>	<b>3,096</b>	<b>0</b>
<b>Total Usable Reserves</b>	<b>4,343</b>	<b>1,466</b>

#### 5. Taxation and Non-Specific Grant Income

2023/24 £000's		2024/25 £000's
63,809	Contributions from East Lothian Council	71,850
157,812	Contributions from NHS Lothian	162,987
<b>221,621</b>	<b>Total</b>	<b>234,837</b>

The contributions received by East Lothian IJB represent the funding provided by the Partners (East Lothian Council and NHS Lothian).

#### 6. Corporate Services

Included in the above costs are the following corporate services:



<b>2023/24 £0</b>		<b>2024/25 £0</b>
54	Staff (Chief Officer)	61
3	CNORIS	3
33	Audit Fee	34
<b>90</b>	<b>Total</b>	<b>£98</b>

Note – the Audit fee above is in relation to the fee for the external audit for 2024/25. The appointed auditor did not provide any non-audit services during the year.

## 7. Related Party Transactions

As partners with the East Lothian Integration Joint Board both East Lothian Council and NHS Lothian are related parties and the material transactions with these bodies are disclosed in these accounts. While the IJB is not charged by its partners for the costs of its CFO, the IJB is charged by both partners for the costs of the Chief Officer.

There are elements of expenditure which are shown against NHS Lothian but where the resources are used by social care services delivered by East Lothian Council, being Resource Transfer and the Social Care fund. Resource Transfer relates to funds which have been agreed to be moved annually from health to support social care services and the social care fund is an investment in social care made through a Scottish Government allocation but which was actioned through the NHS. These funds total £10.9m.

<b>2023/24 Expenditure £000's</b>		<b>2024/25 Expenditure £000's</b>
160,470	NHS Lothian	162,955
66,930	East Lothian Council	71,955
<b>227,400</b>	<b>Total</b>	<b>234,910</b>

<b>2023/24 Net Transactions £000's</b>		<b>2024/25 Net Transactions £000's</b>
(2,658)	NHS Lothian	(794)
(3,121)	East Lothian Council	(2,803)
<b>(5,779)</b>	<b>Total</b>	<b>(3,597)</b>

<b>2023/24 Debtors £000's</b>		<b>2024/25 Debtors £000's</b>
4,205	NHS Lothian	1,348
138	East Lothian Council	118
<b>4,343</b>	<b>Total</b>	<b>1,466</b>

## 8. VAT

The IJB is not a taxable entity and does not charge or recover VAT on its functions. The VAT treatment of expenditure and income within the accounts depends upon which of the partners is providing the services as these bodies are treated differently for VAT purposes.



**REPORT TO:** East Lothian IIB Audit & Risk Committee

**MEETING DATE:** 3 June 2025

**BY:** Chief Internal Auditor

**SUBJECT:** ELIJB Annual Governance Statement

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## **1 PURPOSE**

- 1.1 To present the draft Annual Governance Statement 2024/25 for the East Lothian Integration Joint Board (IJB) which explains the MIJB's governance arrangements and system of internal control and reports on their effectiveness for the year ended 31 March 2025.

## **2 RECOMMENDATIONS**

- 2.1 The Audit & Risk Committee members are asked to consider the ELIJB draft Annual Governance Statement 2024/25 (Appendix 1), which explains the ELIJB's governance arrangements and system of internal control and reports on their effectiveness for the year ended 31 March 2025, and provide any commentary and approve for inclusion in the draft Annual Accounts 2024/25.

## **3 BACKGROUND**

- 3.1 The ELIJB is established as a separate legal entity as required by the Act, is responsible for the strategic planning of a wide range of integrated health and social care services across the East Lothian partnership area, based on resources which have been delegated to it by the partners, East Lothian Council and NHS Lothian.
- 3.2 Regulation 5(2) of the Local Authority Accounts (Scotland) Regulations 2014 requires an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts. Regulation 5(4) of the Local Authority Accounts (Scotland) Regulations 2014 require that for a local authority in Scotland the statement is an Annual Governance Statement.
- 3.3 The CIPFA Good Governance Framework states that Local authorities are required to prepare an annual governance statement in order to report publicly on the extent to which they comply with their own code of governance, which in turn is consistent with the good governance

principles in this Framework. This includes how they have monitored and evaluated the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period.

- 3.4 The ELIJB Audit & Risk Committee remit includes a review the ELIJB's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances. This paper and approval of the Annual Governance Statement (Appendix1) fulfils this part of the remit.

## **4 ENGAGEMENT**

- 4.1 The findings from the review have been discussed with Management, are being presented to the Audit & Risk Committee members and will then be included in the draft annual accounts where they will be subject to wider engagement.

## **5 POLICY IMPLICATIONS**

- 5.1 None

## **6 INTEGRATED IMPACT ASSESSMENT**

- 6.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

## **7 DIRECTIONS**

- 7.1 The subject of this report does not require any amendment to or creation of Directions.

## **8 RESOURCE IMPLICATIONS**

- 8.1 Financial – None
- 8.2 Personnel – None
- 8.3 Other – None

## **9 BACKGROUND PAPERS**

- 9.1 None.

**Appendix 1:** Draft Annual Governance Statement ELIJB.

<b>AUTHOR'S NAME</b>	Duncan Stainbank
<b>DESIGNATION</b>	Chief Internal Auditor
<b>CONTACT INFO</b>	dstainbank@eastlothian.gov.uk
<b>DATE</b>	26 May 2025



## **Appendix 1 Draft Annual Governance Statement**

### **East Lothian IJB**

#### **Introduction**

The Annual Governance Statement explains the ELIJB's governance arrangements and system of internal control and reports on their effectiveness.

#### **Scope of Responsibility**

The ELIJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

To meet this responsibility, the ELIJB has established arrangements for governance which includes a system of internal control. The system is intended to manage risk to support the achievement of the ELIJB's policies, aims and objectives. Reliance is also placed on NHS Lothian and East Lothian Council's (the partners) systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the ELIJB. The system can only provide reasonable and not absolute assurance of effectiveness.

#### **The Governance Framework and Internal Control System**

The Board of the ELIJB comprises voting members, nominated by either NHS Lothian or East Lothian Council, as well as non-voting members including a Chief Officer appointed by the Board.

The ELIJB governance processes reflect the changing context of integration and are consistent with the 7 core principles and recommendations of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016) and the supporting guidance notes for Scottish authorities. The overall aim of the Framework is to ensure that: resources are directed in accordance with agreed policy and according to priorities; there is sound and inclusive decision making; and there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

The main features of the governance framework and internal control system associated with the seven core principles of good governance defined for the ELIJB Local Code in existence during 2024/25 included:

##### **A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting rule of law**

The roles and responsibilities of Board members and statutory officers and the processes to govern the conduct of the Board's business are defined in the Scheme of Integration which was approved by the Board and NHS Lothian in June 2022 and by the Scottish Government in July 2023, which serves as the approved constitution, and Standing Orders, a revision of which was approved by the Board in March 2020, to make sure that public business is conducted with fairness and integrity.

The Ethical Standards in Public Life (Scotland) Act 2000 provides for Codes of Conduct for local authority councillors and members of relevant public bodies. As a Public Body listed in schedule 3 of the Act, the ELIJB is required to produce and for members to adhere to a Code of Conduct, which was adopted by the Board in June 2022 reminders have been provided to the IJB in October 2023 and 2024 and all members have signed the Code of Conduct.

The ELIJB is dependent upon arrangements within the partner organisations for areas such as:

- ensuring legal compliance in the operation of services;
- handling complaints;
- ethical awareness training and whistleblowing policies and procedures;
- staff appointment and appraisal processes which take account of values and ethical behaviour;
- identifying, mitigating and recording conflicts of interest, hospitality and gifts; and
- procurement of goods and services which are sustainable, represent value for money and which reinforce ethical values.

Other areas where the ELIJB places significant reliance on arrangements in place within the partner organisations are set out in the remainder of the statement.

The Chief Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

Professional advice on the discharge of duties is provided to the Board by the ELIJB Chief Officer supported by Chief Financial Officer, Chief Internal Auditor and Board Clerk as appropriate.

## **B. Ensuring openness and comprehensive stakeholder engagement**

Board meetings are held in public unless there are good reasons for not doing so on the grounds of confidentiality.

Unless confidential, decisions made by the Board are documented in the public domain.

Community engagement was encouraged as part of the development of the Scheme of Integration and the Strategic Plans of the Health and Social Care Integration Joint Board were developed following consultations with interested parties including members of the public. The Board approved the ELIJB Participation and Engagement Strategy 2023-25 in May 2023.

## **C. Defining outcomes in terms of sustainable economic, social, and environmental benefits**

The vision, strategic objectives and outcomes are reflected in the East Lothian Integration Joint Board Strategic Plan 2022-25 which was approved in September 2022 and has been updated to reflect on-going assessment of need and priorities following public consultation. The new IJB strategic plan is being developed over 2025 with a final version to be agreed in January 2026 taking into account the revised financial and risk context. The plan will be reviewed after 3 years to ensure relevance and if significant change is required as result of financial environment.



Implementation is underpinned by the core and specific directions approved by the ELIJB Board in June 2024 and the ELIJB Strategic Plan – Annual Delivery Plan for 2024-25 also approved by the ELIJB Board in June 2024.

ELIJB Formally adopted the CIPFA FM Code at its meeting in December 2022. Regular review of the financial plans has been ongoing with the review at the ELIJB in April 2024 with the approval of the Revised Five Year financial plan 2024/25.

A Further Revision of the IJB's Five Year Financial Plan was approved by the Board in October 2024. In October 2024 an unusual decision to expend during the financial year the IJB's remaining c. £3.1 million general reserve to support the projected overspends in the IJB's Health budget was approved by a majority vote of the Board. A review of the reserves policy of the IJB is now scheduled for the 2025/26 financial year.

#### **D. Determining the interventions necessary to optimise the achievement of the intended outcomes**

In determining how services and other courses of action should be planned and delivered, the ELIJB has a statutory responsibility to involve patients and members of the public. The Board approved the ELIJB Participation and Engagement Strategy 2023-25 in May 2023.

The ELIJB Strategic Plan is based on consultation throughout its review and the approach to developing the 2025-2030 strategic plan was agreed by the ELIJB in February 2025.

The ELIJB has issued Directions to the partners for service delivery in June 2024.

#### **E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**

The ELIJB Chief Officer is responsible and accountable to the Board for all aspects of management including promoting sound governance and providing quality information/support to inform decision-making and scrutiny.

Regular meetings are held between the Chief Officer and the Chair and Vice Chair of the ELIJB. The ELIJB Chief Officer also meets regularly with representatives from the partner organisations.

Members of the ELIJB Board are provided with the opportunity to attend Development Sessions relevant to their role.

A 3 year Workforce Plan 2022-25 was created, approved and published in February 2023 to help ensure it has the right people, with the right skills, in the right place, at the right time to support the delivery of its strategic objectives and priorities. A Strategic Workforce Plan 2025-28 has been drafted and is being reviewed through IJB Governance Processes.

#### **F. Managing risks & performance through robust internal control & strong public financial management**

The ELIJB Chief Officer has overall responsibility for directing and controlling the partnership to deliver health and social care services. The ELIJB Board is responsible for key decision-making.

The ELIJB has approved a Risk Strategy and Risk Policy through the Audit & Risk Committee in December 2022 and risk reporting continues to each Audit & Risk Committee. However IJB standing orders require the Risk Management Policy and the risk appetite and

tolerance levels will be approved and defined by the ELIJB Board which will be completed in 2025.

The ELIJB Chief Financial Officer is responsible for the proper administration of all aspects of the ELIJB's financial affairs including ensuring advice is given to the Board on all financial matters.

The ELIJB's system of internal financial control is dependent upon the framework of financial regulations, regular management information (including Revenue Budget Monitoring reports to the Board), administrative procedures (including segregation of duties), management supervision and systems of delegation and accountability within the partner organisations.

The ELIJB also relies upon the partners for:

- Counter fraud and anti-corruption arrangements; and
- Management of data in accordance with applicable legislation.

#### **G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

The Shared Chief Internal Auditor of East Lothian Council is the ELIJB's Chief Internal Auditor whose role is to provide an independent and objective annual opinion on the effectiveness of the ELIJB's internal controls, risk management and governance. This is carried out in conformance with the Public Sector Internal Audit Standards for the 2024-25 financial year and will be in conformance with Global Internal Audit Standards as amended for the UK Public Sector.

The ELIJB responds to the findings and recommendations of Internal Audit, External Audit, Scrutiny and Inspection bodies. The ELIJB Audit and Risk Committee is integral to overseeing assurance and monitoring improvements in internal controls, risk management and governance.

An Annual Performance Report for 2024/25 is being prepared to outline progress against strategic objectives over the year. The last Annual Performance Report for 2023/24 was approved by the Board in June 2024.

The Annual Accounts and Report for 2024/25 will set out the financial position in accordance with relevant accounting regulations and is being prepared for submission in draft to the June 2024 Board meeting.

#### **Review of Adequacy and Effectiveness**

The ELIJB is required to conduct an annual review of the effectiveness of its governance framework.

The review was informed by: an annual self-assessment carried out by Internal Audit against the ELIJB's Local Code of Corporate Governance; Internal Audit reports for the ELIJB; External Audit reports for the ELIJB; relevant reports by other external scrutiny bodies and inspection agencies; and relevant partners' (NHS Lothian and East Lothian Council) Internal Audit and External Audit reports.

In respect of the three improvement areas of governance identified by the ELIJB in 2024/25, there have been developments during the year in all three of these. Specifically, Structure and Governance Review of Change Boards was implemented through the strategic planning group in January 2025. The HSCP Performance Framework was approved by the IJB Board who are monitoring the implementation of the framework through the performance reports submitted to the Board. The IJB approved a revised Model publication scheme in June 2024 and published the scheme online in July 2024. Significant work has been ongoing during 2024/25 and continues on the IJB Five Year Financial Plan with regular reporting to the IJB Board. A new full time Chief Finance Officer was approved in December 2024 and appointed in January 2024 to support this process and the delivery of efficiencies across work programmes.

### **Improvement Areas of Governance**

The review activity outlined above has identified the following areas where further improvement in governance arrangements can be made to enhance compliance with the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016):

- The Internal Audit Report on Recovery Plan Monitoring highlighted that whilst the IJB approved recovery plans and Board members had access to information on the progression of these plans through Development Sessions no formal reporting framework on the delivery of the recovery plans was in place. Some reporting of the delivered savings has been completed within quarterly finance reports during the 2024/25 financial year reporting and this will continue to be enhanced during 2025/26.
- The East Lothian IJB has never formally approved a Local Code of Governance in line with the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016). As further guidance has recently been published by CIPFA in May 2025 a review of the Local Code of Governance will be completed and presented to the IJB in 2025 for approval.
- The East Lothian IJB Audit & Risk Committee approved a Risk Strategy and Policy following a review in December 2022, however the ELIJB Standing orders require the ELIJB Board to approve the Risk Management Policy and define the risk appetite and associated risk tolerance levels, a formal review is being undertaken and a revised Policy will be submitted for formal approval to the Board in 2025.
- The Revised IJB Five year financial Plan 2025/26 to 2029/30 as presented to the March 2025 ELIJB Board indicates total financial pressures of £30.3m over the plan period. The paper highlighted that recent IJB development sessions have focussed on the need for continued efficiency programmes delivering a combination of Grip and Control and Transformational change schemes which result in recurring savings. The 2025/26 budget requires £4.17 million delivered efficiencies to provide a breakeven position and continued focus on delivering efficiencies both in year and in future years will be required to provide a sustainable financial position for East Lothian IJB.
- Following the unusual decision in the middle of the financial year for East Lothian IJB Board to expend the remaining General Reserve of £3.1 million in support of the Health budgets ELIJB has no General reserves. A review of the ELIJB reserve policy will be completed during the 2025/26 financial year.

The implementation of these actions to enhance the governance arrangements in 2025/26 will be driven and monitored by the ELIJB Chief Officer in order to inform the next annual review. Internal Audit work planned in 2025/26 is designed to test improvements and compliance in governance.

**Conclusion and Opinion on Assurance**

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the EIJB's governance arrangements and system of internal control, while recognising that further improvements are required to fully demonstrate compliance with the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016) in order for the EIJB to fully meet its principal objectives. Systems are in place to regularly review and improve governance arrangements and the system of internal control.

**Andrew Cogan**  
Chair

**Fiona Wilson**  
Chief Officer



**REPORT TO:** East Lothian IJB – Audit and Risk Committee

**MEETING DATE:** 3 June 2025

**BY:** Chief Internal Auditor

**SUBJECT:** Annual Internal Audit Opinion and Report 2024/25

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4

## **1 PURPOSE**

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require that Internal Audit prepares an annual internal audit opinion and report that can be used by the Integration Joint Board (IJB) to inform its governance statement.
- 1.2 The purpose of this report is to inform the IJB Audit and Risk Committee of the internal audit work undertaken in 2024/25 and to provide an opinion on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and control.

## **2 RECOMMENDATION**

- 2.1 The IJB Audit and Risk Committee is asked to note that the Annual Internal Audit Opinion and Report 2024/25 is a formal confirmation of Internal Audit's opinion on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and control for the year ended 31 March 2025.

## **3 BACKGROUND**

### **Sound Internal Controls**

- 3.1 The IJB's senior management has responsibility for establishing a sound system of internal control and for monitoring the continuing effectiveness of these controls. The main objectives of internal control systems are:
  - Achievement of the IJB's strategic objectives.
  - Reliability and integrity of financial and operational information.
  - Effectiveness and efficiency of operations and programmes.
  - Compliance with laws, regulations, policies, procedures and contracts.

- 3.2 A sound system of internal control reduces, but cannot eliminate, the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls or the occurrence of unforeseen circumstances. The IJB is continually seeking to improve the effectiveness of its system of internal control.

### **Quality Assurance and Improvement Programme (QAIP)**

- 3.3 The Public Sector Internal Audit Standards (PSIAS) require that the annual report must incorporate a statement on Internal Audit's conformance with the PSIAS and Local Government Application Note and the results of the Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity. Internal Audit is continuously seeking to improve its service and aims to provide a service that remains responsive to the needs of the IJB and maintains consistently high standards. This was achieved in 2024/25 through the following processes:

- Compliance with PSIAS.
- A tailored audit approach utilising both East Lothian Council and NHS Internal Audit Resources effectively.
- A programme of quality control measures which include the supervision of staff conducting audit reviews and the detailed review of working paper files and audit reports.
- The development of personal and training plans – Internal Audit staff undertake a programme of Continuous Professional Development (CPD).

- 3.4 The PSIAS require the development of a Quality Assurance and Improvement Programme (QAIP). The QAIP is designed to enable evaluation of Internal Audit's conformance with the Definition of Internal Auditing, the Code of Ethics and the Standards. The QAIP must include both internal and external assessments. An External Quality Assessment of the Council's Internal Audit service was undertaken by the Chief internal Auditor of Dumfries and Galloway Council in 2024 and reported to the East Lothian Council Audit and Governance Committee in March 2024, which assessed the East Lothian Council Internal Audit service as Fully Conforming with PSIAS.

### **Delivery of the Internal Audit Service**

- 3.5 Internal Audit is an independent appraisal function established by the IJB to objectively examine, evaluate and report on the adequacy of governance, risk management and control systems. The provision of the Internal Audit service to the IJB is on an in-house basis by East Lothian Council's Internal Audit Unit. In addition to the work undertaken by the in-house team, work is also undertaken by the NHS Lothian Internal Audit team, through principles agreed between Lothian NHS and the Lothian IJB's as reported to the December 2021 Audit and Risk Committee.

- 3.6 Internal Audit reports functionally to the Audit and Risk Committee and has direct access to Senior Management, the Chair of the Audit and Risk Committee and the Chair of the IJB.
- 3.7 In March 2024, the Audit and Risk Committee approved the Internal Audit Plan for 2024/25.
- 3.8 Two of the scheduled three audit reviews have been completed for the 2024/25 year providing the assurance noted and having been reported to the following meetings of the Audit and Risk Committee:
- Financial Recovery Plan Monitoring: Reasonable Assurance, March 2025
  - IJB Governance Arrangements: Reasonable Assurance, May 2025
- 3.9 The planned review of participations and engagement was not completed as in discussion with the Audit & Risk Committee chair this was substituted with assurance work on the governance of the unusual decision to expend during the financial year the IJB's remaining c. £3.1 million general reserve to support the projected overspends in the IJBs 'Health budget which was approved by a majority vote of the Board in October 2024. This work has been reflected in the Annual Governance Statement, reflecting that this was a competent decision of the Board, however as a result of the financial position of the ELIJB that a review of the reserves policy is now required and is being taken forward by the ELIJB CFO.
- 3.10 The formal assessment on the systems of Governance, Risk Management and Internal Control has been made on utilising all the evidence from the work completed.
- 3.11 Internal Audit findings identifying system weaknesses or non-compliance with expected controls were brought to the attention of the IJB's Chief Officer, Chief Finance Officer, External Audit and the Audit and Risk Committee. The weaknesses outlined are those that have come to our attention during the course of our normal audit work and are not necessarily all of the weaknesses, which may exist. It is the responsibility of Management to ensure that proper consideration is given to internal audit reports and that appropriate action is taken on audit recommendations.

### **Conflicts of Interest**

- 3.12 There have been no instances during the year which have impacted on our independence and/or lead us to declare any interest.

### **Assessment of Controls and Governance**

- 3.13 Our evaluation of the IJB's control environment is informed by a number of sources including statutory and other compliance:
- Integration Scheme – an East Lothian Integration Scheme approved by Scottish Ministers in May 2023 and sets out how the IJB will

operate, including the scope of the services to be included within the IJB and the financial arrangements.

- Membership – membership of the IJB is in accordance with the Integration Scheme.
- The IJB has in place approved Standing Orders as amended in March 2020 and Financial Regulations.
- Committees – the IJB has an established Audit and Risk Committee. The terms of reference of the Audit and Risk Committee cover the IJB's governance, risk and control; internal audit; external audit; financial reporting and accountability arrangements.
- Strategic Plan – the IJB formally adopted a new Strategic Plan 2022-2025 in September 2022, work is now underway to develop a new strategic plan.
- Officers – appropriate officers (Chief Officer and Chief Finance Officer) with responsibility for maintaining and operating an effective system of internal control were in place during 2024/25, noting that a permanent full time Chief Finance Officer has been appointed for the IJB in January 2025.
- Code of Conduct for Members of the IJB, which was updated and approved in June 2022.
- The work undertaken by Internal Audit during 2024/25.

3.14 Operational matters covered by IJB Directions, and which are undertaken on behalf of the IJB by either East Lothian Council or NHS Lothian are outwith the scope of the annual audit plan and this audit opinion.

3.15 During 2024/25, areas identified with scope for improvement included the following:

- The Internal Audit Report on Recovery Plan Monitoring highlighted that whilst the IJB approved recovery plans and Board members had access to information on the progression of these plans through Development Sessions no formal reporting framework on the delivery of the recovery plans was in place. Some reporting of the delivered savings has been completed within quarterly finance reports during the 2024/25 financial year reporting and this will continue to be enhanced during 2025/26.
- The Internal Audit report of IJB Governance Arrangements highlighted the following two key points:
  - The East Lothian IJB has never formally approved a Local Code of Governance in line with the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016). As further guidance has recently been published by CIPFA in May 2025 a review of the Local Code of Governance will be completed and presented to the IJB in 2025 for approval.
  - The East Lothian IJB Audit & Risk Committee approved a Risk Strategy and Policy following a review in December 2022, however the ELIJB Standing orders require the ELIJB Board to approve the Risk Management Policy and define the risk appetite and associated risk tolerance levels, a formal review is being



undertaken and a revised Policy will be submitted for formal approval to the Board in 2025.

- Following the assurance review of unusual, although competent, decision in the middle of the financial year for East Lothian IJB Board to expend the remaining General Reserve of £3.1 million in support of the Health budgets ELIJB has no General Reserves. A review of the ELIJB reserve policy will be completed during the 2025/26 financial year to ensure clarity on the ELIJB's future expectations on maintenance and use of reserves.

- 3.16 The implementation by Management of agreed actions to address the weaknesses identified should provide assurance that the system of internal control is operating as intended.

### **Opinion**

- 3.17 It is our opinion, subject to the weaknesses outlined in section 3.15 above, 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.

## **4 ENGAGEMENT**

- 4.1 None

## **5 POLICY IMPLICATIONS**

- 5.1 None

## **6 INTEGRATED IMPACT ASSESSMENT**

- 6.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

## **7 DIRECTIONS**

- 7.1 The subject of this report does not require any amendment to or creation of Directions.

## **8 RESOURCE IMPLICATIONS**

- 8.1 Financial - None
- 8.2 Personnel - None
- 8.3 Other - None

## **9 BACKGROUND PAPERS**

9.1 None.

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<b>DATE</b>	22 May 2025

**REPORT TO:** East Lothian IJB - Audit & Risk Committee

**MEETING DATE:** 3 June 2025

**BY:** Chief Internal Auditor

**SUBJECT:** Internal Audit Report – ELIJB Governance Arrangements

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**5**

## **1 PURPOSE**

- 1.1 To inform the Audit and Risk Committee of the recently issued audit report on the ELIJB Governance Arrangements.

## **2 RECOMMENDATIONS**

- 2.1 The Audit & Risk Committee is asked to note the contents of the audit report.

## **3 BACKGROUND**

- 3.1 An assurance review of the ELIJB Governance Arrangements has been undertaken as part of the Audit Plan for 2024/25.
- 3.2 The main objective of the audit was to review the adequacy and effectiveness of the arrangements in place for ELIJB Governance Arrangements.
- 3.3 The main findings from our audit work are outlined in the attached report which has been graded Reasonable Assurance.

## **4 ENGAGEMENT**

- 4.1 The findings from the review have been discussed with Management, but do not require wider engagement.

## **5 POLICY IMPLICATIONS**

5.1 None

## **6 INTEGRATED IMPACT ASSESSMENT**

6.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

## **7 DIRECTIONS**

7.1 The subject of this report does not require any amendment to or creation of Directions.

## **8 RESOURCE IMPLICATIONS**

8.1 Financial – None

8.2 Personnel – None

8.3 Other – None

## **9 BACKGROUND PAPERS**

9.1 None.

### **Appendix 1: Internal Audit Report – ELIJB Governance Arrangements**

<b>AUTHOR'S NAME</b>	Duncan Stainbank
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<b>DATE</b>	26 May 2025



# East Lothian Integration Joint Board IJB Governance Arrangements May 2025

Conclusion

Reasonable Assurance

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# 1 Executive Summary: IJB Governance Arrangements

## Conclusion: Reasonable Assurance

The IJB governance arrangements in place are generally reliable and there is clear evidence of compliance with the Public Bodies (Joint Working) (Scotland) Act 2014. IJB Standing Orders and a Revised East Lothian Integration Scheme (May 2023) are in place, and the IJB has appropriate arrangements for strategic planning, performance management, workforce planning, Members Code of Conduct and Members Register of Interests. Some areas for further improvement have been highlighted, including the need to ensure that an IJB Local Code of Governance is prepared and presented to the IJB for formal approval, the provision of regular feedback to IJB members and staff on the IJB Participation and Engagement Strategy and ensuring that the IJB Risk Strategy and Risk Policy are approved by the IJB.

### Background

The Public Bodies (Joint Working) (Scotland) Act 2014 sets out the framework for integrated adult health and social care services. The Act seeks to ensure co-ordinated services for adults through the integration of health and social services previously provided separately by local authorities and health boards. The East Lothian Integration Scheme was approved by Scottish Ministers and the Public Bodies (Joint Working) (Integration Joint Board Establishment) (Scotland) Amendment Order 2015 was laid before the Scottish Parliament on 29 May 2015, and came into force on 27 June 2015. The first meeting of the East Lothian IJB was held on 1 July 2015. The East Lothian IJB Integration Scheme sets out how the Integration Joint Board (IJB) will operate, including the scope of the services to be included within the IJB and the financial arrangements. An updated East Lothian IJB Revised Integration Scheme (version 3, May 2023) was approved by the Scottish Ministers, with an effective date of 15 May 2023. The next review of the Integration Scheme will be in 2028, unless otherwise directed by the Scottish Ministers.

### Summary of findings & recommendations

The following key findings and recommendations are highlighted, which have all been **agreed by Management**:

- An IJB Local Code of Governance requires to be prepared and presented to the IJB for formal approval. *Management have confirmed that this will be done **by December 2025** following confirmation of the updated CIPFA/Solace guidance.*
- The IJB Risk Strategy and Risk Policy should be presented to the IJB for formal approval, as required by the IJB Standing Orders. *Management have confirmed that the IJB Risk Strategy and Risk Policy will be reviewed and updated and presented to the IJB for formal approval **by December 2025**.*
- Feedback on the IJB Participation and Engagement Strategy requires to be provided to IJB members and staff on a regular basis. *Management have confirmed that feedback will be on an annual basis with the updated strategy being in place **from December 2025**.*
- There is a need to ensure that the IJB Records Management Plan is reviewed on a regular basis. *Management have confirmed that there is no statutory requirement for an annual review and that in line with relevant guidance, the IJB will move to reviewing the Records Management Policy and Model Publication Scheme every two years **from June 2025**.*

### Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	-	5	-	5
Prior Report (March 2016)	2	2	-	4

### Materiality

The East Lothian Integration Joint Board has a projected financial outturn of £224.6 million for 2024/25. The East Lothian Integration Joint Board receives approximately two thirds of its funding from NHS Lothian and one third from East Lothian Council.

## 2 Headlines

Objectives	Conclusion	Comments
1. The IJB has appropriate arrangements in place to ensure compliance with the Public Bodies (Joint Working) (Scotland) Act 2014.	Substantial	An East Lothian Integration Scheme is in place, which sets out how the Integration Joint Board (IJB) will operate, including the scope of the services to be included within the IJB and the financial arrangements. The initial Integration Scheme was approved by Scottish Ministers in 2015. A review of the scheme commenced in 2021 (delayed from 2020 due to the Covid pandemic) and a Revised East Lothian Integration Scheme 2023 was approved by Scottish Ministers, effective from 15 May 2023.
2. Membership of the IJB complies with the Revised Integration Scheme.	Substantial	Voting membership of the IJB (4 from East Lothian Council and 4 from NHS Lothian), is in accordance with the Revised Integration Scheme and East Lothian IJB Standing Orders, and Non-voting Members are as per The Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014 (No 285).
3. The IJB has Standing Orders and a Local Code of Governance in place.	Reasonable	Standing Orders are in place to regulate the conduct and proceedings of the East Lothian Integration Joint Board (IJB) and were last updated and approved in March 2020 to reflect the emergency recess provisions. An IJB Local Code of Governance has not yet been formally approved by the IJB.
4. The Strategic Plan sets out the vision, values and strategic priorities for the IJB and is prepared in accordance with the Public Bodies (Joint Working) (Scotland) Act 2014.	Reasonable	The current East Lothian IJB Strategic Plan 2022-25 was approved by the Strategic Planning Group (SPG) on 6 September 2022 and the East Lothian IJB subsequently accepted the Plan at its meeting of 15 September 2022. The Strategic Plan identifies the IJB's seven strategic objectives for 2022-25, together with related delivery priorities. On 20 February 2025, the East Lothian IJB agreed the planned approach and timescales for carrying out a review of the current IJB Strategic Plan and developing a new Strategic Plan to cover an extended period of five years from 2025 to 2030.
5. Appropriate arrangements are in place for the effective oversight of Performance Management.	Reasonable	The East Lothian HSCP Performance Framework was approved by the East Lothian IJB at its meeting of 23 May 2024 and identifies four levels of Performance Management – Strategic, Assurance and Accountability, Operational and Tactical, and the East Lothian IJB Annual Performance Report (APR) 2023-24 was approved by the IJB at its meeting of 27 June 2024.
6. Effective scrutiny and risk management arrangements are in place for the IJB.	Reasonable	An ELIJB Audit and Risk Committee is in place, which meets four times a year. The IJB Risk Register is reported to each meeting of the Committee and is presented to the IJB on an annual basis. The IJB has a Risk Strategy and Risk Policy in place, which were approved by the IJB's Audit and Risk Committee in December 2022, although the IJB Standing Orders state that approval of the Risk Management Policy, together with defining risk appetite and risk tolerance levels, are matters reserved for the IJB itself.
7. Adequate arrangements are in place to ensure compliance with the Integration Scheme.	Reasonable	Appropriate arrangements are in place to ensure compliance with the Revised East Lothian Integration Scheme including a Strategic Workforce Development Plan 2022-25, IJB Participation and Engagement Strategy 2023-25, IJB Records Management Plan and Code of Conduct for Members of the IJB being in place, however there is a need to ensure that feedback on the Participation and Engagement Strategy is provided to the IJB on a regular basis and that there is appropriate review of the Records Management Plan. Completed IJB Members' Register of Interests are published on the Council's website for all current members of the IJB (voting and non-voting).



### 3 Areas where expected controls are met/good practice

No	Areas of Positive Assurance
1.	<p>The East Lothian IJB Strategic Plan 2022-25 was approved by the Strategic Planning Group (SPG) on 6 September 2022 and the SPG agreed to recommend it to the East Lothian IJB, who subsequently accepted the Plan at its meeting of 15 September 2022. The Strategic Plan identifies the IJB's seven strategic objectives for 2022-25, along with a range of strategic delivery priorities linked to each objective. The seven IJB strategic objectives for 2022-25 are:</p> <ol style="list-style-type: none"> <li>1. Develop services that are sustainable and proportionate to need.</li> <li>2. Deliver new models of community provision, working collaboratively with communities.</li> <li>3. Focus on prevention and early intervention.</li> <li>4. Enable people to have more choice and control and provide care closer to home.</li> <li>5. Further develop/embed integrated approaches and services.</li> <li>6. Keep people safe from harm.</li> <li>7. Address health inequalities.</li> </ol>
2.	<p>The East Lothian HSCP Performance Framework in place recognises that effective performance management arrangements are needed to:</p> <ul style="list-style-type: none"> <li>• Support East Lothian IJB in its governance role, ensuring that it has the information needed to maintain oversight and scrutiny of HSCP activity in relation to the delivery of IJB strategic objectives and delivery priorities;</li> <li>• Allow the effectiveness of transformation/change programmes and activities to be evaluated;</li> <li>• Provide accountability and assurance to delivery partners (ELC and NHS Lothian) in relation to the management of HSCP services; and</li> <li>• Inform tactical and operational planning, management and decision making by HSCP management and guide and support improvement activity at a service level.</li> </ul>
3.	<p>Scrutiny and risk management arrangements are in place for the IJB. The Financial Regulations of the IJB were adopted on 29 October 2015. The Financial Regulations state that the Chief Finance Officer shall make arrangements for the proper administration of the IJB's financial affairs, and will discharge this duty by:</p> <ul style="list-style-type: none"> <li>• establishing financial governance systems for the proper use of the delegated resources;</li> <li>• ensuring that the Strategic Plan meets the requirement for best value in the use of the IJB's resources;</li> <li>• ensuring that the directions to NHS Lothian and ELC require that the financial resources are spent according to the allocations in the Strategic Plan.</li> </ul> <p>An IJB Audit and Risk Committee is in place to ensure effective scrutiny. The Terms of Reference of the Committee were agreed at the IJB meeting of 29 October 2015 and include review of the IJB's governance, risk and control; internal audit; external audit; financial reporting and accountability arrangements.</p>

## 4 Detailed Recommendations

### Standing Orders and Local Code of Governance

Objective 3	Findings & Risk 1	Grade	Recommendation
	<p>Standing Orders are in place to regulate the conduct and proceedings of the East Lothian Integration Joint Board (IJB). The Standing Orders were initially approved by the IJB at its meeting on 1 July 2015 and were subsequently updated and approved in March 2020 to reflect the emergency recess provisions.</p> <p>Under the 2016 Governance Framework, CIPFA/Solace recommends that all local government bodies develop a Local Code of Governance, which should set out how the body's governance arrangements work towards meeting the seven principles of good governance, as set out in the Framework. However, it is recognised that many bodies do not have a local code and instead rely on their Annual Governance Statement to describe their governance arrangements.</p> <p>The East Lothian IJB Annual Governance Statement 2023-24 was presented to, and approved by, the IJB Audit and Risk Committee for inclusion in the IJB Annual Accounts for 2023-24. The Annual Governance Statement outlines the IJB's governance arrangements and system of internal control and reports on their effectiveness for the year ended 31 March 2024. The Annual Governance Statement covers the main features of the governance framework and internal control associated with each of the seven principles of good governance, as set out in the Framework, however there was no evidence to confirm that an IJB Local Code of Corporate Governance had been formally approved by the IJB.</p> <p>It is noted that CIPFA/Solace recently undertook a consultation exercise (which closed on 10 March 2025) on updating their guidance on completion of the Annual Governance Statement. The aims of the updated guidance are to support good governance, reflect the changes affecting local government bodies since 2016, encourage robust reviews of governance arrangements and improve accountability to stakeholders, including local communities.</p>	<b>Medium</b>	<b>3.1 Management should ensure that an IJB Local Code of Governance is prepared and presented to the IJB for formal approval.</b>

Management Response	Responsible Officer & Target Date
<b>3.1 Agreed – following confirmation of the updated guidance, an IJB Local Code of Governance will be prepared and presented to the IJB for formal approval.</b>	<b>3.1 Chief Internal Auditor December 2025</b>

## 4 Detailed Recommendations

### Strategic Plan

Objective 4	Findings & Risk 1	Grade	Recommendation
	<p>Section 29 of The Public Bodies (Joint Working) (Scotland) Act 2014 places a duty on Integration Joint Boards to develop a Strategic Plan setting out the arrangements for the carrying out of the integration functions; setting out how those arrangements are intended to achieve, or contribute to achieving, the national health and wellbeing outcomes; and including such other material as the integration authority thinks fit. The IJB's Standing Orders state that the:</p> <ul style="list-style-type: none"> <li>• The Integration Joint Board shall establish a Strategic Planning Group and appoint its membership (except for the members nominated by each constituent party); and</li> <li>• The Integration Joint Board shall approve its Strategic Plan and any other strategies that it may need to develop for all the function that have been delegated to it. The Integration Joint Board will also review the effectiveness of its Strategic Plan.</li> </ul> <p>A Strategic Planning Group (SPG) is in place and the East Lothian IJB Strategic Plan 2022-25 was approved by the SPG on 6 September 2022 and recommend it to the East Lothian IJB, who subsequently accepted the Plan on 15 September 2022. The new Strategic Plan identifies the IJB's seven strategic objectives for 2022-25, along with a range of strategic delivery priorities. The seven IJB strategic objectives for 2022-25 are:</p> <ol style="list-style-type: none"> <li>1. Develop services that are sustainable and proportionate to need.</li> <li>2. Deliver new models of community provision, working collaboratively with communities.</li> <li>3. Focus on prevention and early intervention.</li> <li>4. Enable people to have more choice and control and provide care closer to home.</li> <li>5. Further develop/embed integrated approaches and services.</li> <li>6. Keep people safe from harm.</li> <li>7. Address health inequalities.</li> </ol> <p>On 27 June 2024, an Annual Delivery Plan 2024/25 was presented to the IJB outlining planned activity across East Lothian HSCP services to support delivery of the IJB's strategic objectives as per the 2022-25 Strategic Plan. It is noted that the financial climate has changed significantly since the Strategic Plan was approved in September 2022 and there may be a need to review the strategic objectives given the financial challenges. On 20 February 2025, the East Lothian IJB agreed the planned approach and timescales for carrying out a review of the current IJB Strategic Plan and developing a new Strategic Plan to cover an extended period of five years from 2025 to 2030, with a review taking place in year three as required by the statutory guidance.</p>	<b>Medium</b>	<b>4.1 In developing the 2025 - 2030 Strategic Plan, the IJB should give due consideration to including appropriate flexibility to manage the plan over a five-year period in the light of a changing risk environment.</b>
Management Response		Responsible Officer & Target Date	
<b>4.1 Agreed – the Strategic Plan is developed over 2025 with the final version to be agreed in January 2026. The plan will be reviewed after 3 years to ensure relevance and if significant change is required as a result of the financial context.</b>		<b>4.1 Chief Officer, East Lothian IJB January 2026</b>	

# 4 Detailed Recommendations

## Scrutiny and Risk Management

Objective 6	Findings & Risk 1	Grade	Recommendation
	<p>We sought to ensure that effective scrutiny and risk management arrangements are in place for the IJB.</p> <p>The Financial Regulations of the IJB were adopted on 29 October 2015. The Financial Regulations state that the Chief Finance Officer shall make arrangements for the proper administration of the IJB's financial affairs, and will discharge this duty by:</p> <ul style="list-style-type: none"> <li>establishing financial governance systems for the proper use of the delegated resources;</li> <li>ensuring that the Strategic Plan meets the requirement for best value in the use of the IJB's resources;</li> </ul> <p>An IJB Audit and Risk Committee is in place to ensure effective scrutiny. The Terms of Reference of the Committee were agreed at the IJB meeting of 29 October 2015 and include review of the IJB's governance, risk and control; internal audit; external audit; financial reporting and accountability arrangements.</p> <p>The responsibilities of the IJB and its Committees in relation to the conduct of the IJB's financial affairs are defined in the IJB's Standing Orders and Integration Scheme. We note that the IJB's Standing Orders state (Section 12 Matters Reserved for the Integration Joint Board):</p> <ul style="list-style-type: none"> <li>The Integration Joint Board shall approve its Risk Management Policy; and</li> <li>The Integration Joint Board shall define its risk appetite and associated risk tolerance levels.</li> </ul> <p>We note that the IJB Audit and Risk Committee meets four times a year. The IJB Risk Register is reported to each meeting of the committee and is presented to the IJB on an annual basis. The IJB has a Risk Strategy and Risk Policy in place, and the Risk Strategy outlines the IJB's risk appetite and risk tolerance levels. The Risk Strategy and Risk Policy were first agreed by the Audit and Risk Committee in March 2018 and then approved by the IJB itself in June 2018. They were subsequently updated and approved by the Audit and Risk Committee in December 2022, with some changes to both documents, however there is no evidence of the updated Risk Strategy or Risk Policy being submitted to the IJB for approval. It is noted that the covering report to the December 2022 Audit and Risk Committee report states that these documents will be reviewed again in three years' time.</p>	<b>Medium</b>	<b>6.1 Management should ensure that the IJB Risk Strategy and Risk Policy are presented to the IJB for formal approval.</b>
Management Response		Responsible Officer & Target Date	
<b>6.1 Agreed – the IJB Risk Strategy and Risk Policy will be reviewed and updated during this calendar year and presented to the IJB for formal approval.</b>		<b>6.1 IJB Chief Finance Officer December 2025</b>	

## 4 Detailed Recommendations

### Compliance with the Integration Scheme

Objective 7	Findings & Risk 1	Grade	Recommendations
	<p>The Revised East Lothian Integration Scheme, effective from 15 May 2023, outlines requirements for the IJB in a number of areas including Workforce Development, Participation and Engagement, Records Management, Register of Interests and Code of Conduct for Members. The following points are noted:</p> <ul style="list-style-type: none"> <li>On 23 June 2022, the IJB adopted a new Code of Conduct for Members of the IJB (based on the Model Code for Members of Devolved Public Bodies). Further update and annual reminders was provided to the IJB on 26 October 2023 and 24 October 2024. It was confirmed that all current IJB members have signed the Code of Conduct;</li> <li>Completed IJB Members' Register of Interests are published on the Council's website for all current members of the IJB (voting and non-voting);</li> <li>On 25 August 2022, the IJB approved the IJB Records Management Plan and associated Memorandum of Understanding. The covering report advised that review of the RMP will be carried out annually on behalf of the IJB, although there was a lack of evidence to confirm if the annual reviews had been undertaken;</li> <li>On 23 February 2023, the IJB endorsed the ELHSCP Strategic Workforce Development Plan 2022-25, and the first annual update on the Workforce Plan was presented to the IJB on 23 May 2024;</li> <li>On 25 May 2023, the IJB approved the IJB Participation and Engagement Strategy 2023-25. The strategy commits to six-monthly feedback being provided to IJB members and staff, however although there was a lack of evidence to confirm if this feedback had been provided;</li> <li>On 20 March 2025, the IJB agreed to nominate the Council's Head of Corporate Support, Hayley Barnett as Standards Officer to the IJB (as a replacement to the IJB Chief Officer).</li> </ul>	<b>Medium</b>	<p><b>7.1 Management should ensure that there is appropriate review of the IJB Records Management Plan on a regular basis.</b></p> <p><b>7.2 Management should ensure that feedback on the IJB Participation and Engagement Strategy is provided to IJB members and staff on a regular basis.</b></p>

Management Response	Responsible Officer & Target Date
<b>7.1 Agreed – there is no statutory requirement for an annual review and in line with relevant guidance, the IJB will move to reviewing the Records Management Policy and Model Publication Scheme every two years from June 2025.</b>	<b>7.1 Project Support Manager June 2025</b>
<b>7.2 Agreed – feedback will be provided on an annual basis with the updated strategy being in place from December 2025.</b>	<b>7.2 General Manager – Planning and Performance December 2025</b>

# A Recommendation Grading/Overall Opinion Definitions

Recommendation	Definition
<b>High</b>	Recommendations relating to factors fundamental to the success of the control objectives of the system. The weaknesses may give rise to significant financial loss/misstatement or failure of business processes.
<b>Medium</b>	Recommendations which will improve the efficiency and effectiveness of the existing controls.
<b>Low</b>	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.

Levels of Assurance	Definition
<b>Substantial Assurance</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
<b>Reasonable Assurance</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Limited Assurance</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

## B Resource, acknowledgements & distribution list

Internal Audit	
Chief Internal Auditor: Duncan Stainbank	Senior Auditor: Stuart Allan
Review Dates	Completed By Date
Internal Audit Draft Report Submission	31 March 2025
Management Review Completion	15 May 2025
Final Report Issue	21 May 2025
Report Distribution	
Chief Officer, East Lothian IJB	General Manager – Planning and Performance
Interim General Manager – Strategic Integration	Chief Finance Officer, East Lothian IJB

### Acknowledgements:

The weaknesses identified during the course of our audit have been brought to the attention of Management. The weaknesses outlined are those, which have come to our attention during the course of our normal audit work and are not necessarily all of the weaknesses, which may exist.

Although we include a number of specific recommendations, it is the responsibility of Management to ensure that adequate arrangements are in place for IJB Governance Arrangements.

The content of this report has been discussed with relevant members of staff to confirm factual accuracy. The assistance and cooperation received during the course of our audit is gratefully acknowledged.





**REPORT TO:** East Lothian IJB – Audit and Risk Committee

**MEETING DATE:** 3 June 2025

**BY:** Chief Internal Auditor

**SUBJECT:** Internal Audit Update of NHS Lothian and East Lothian Council Internal Audit Reports

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6

## **1 PURPOSE**

- 1.1 To inform the Audit and Risk Committee of the recently issued audit reports relevant to IJB Governance, Internal Control and Risk Management processes submitted to the NHS Lothian Audit & Risk Committee and the East Lothian Council Audit & Governance Committee.

## **2 RECOMMENDATION**

- 2.1 That the Audit and Risk Committee note the contents of the audit reports and consider any governance, risk management and control implications for the East Lothian IJB.

## **3 BACKGROUND**

- 3.1 The NHS Lothian Internal Audit team reports key audit findings, conclusions and recommendations to the NHS Lothian Audit & Risk Committee. The East Lothian Council Internal Audit team reports key audit findings, conclusions and recommendations to the NHS Lothian Audit & Governance Committee. Some of this internal audit work will provide assurances that should be considered by the East Lothian IJB, however recommendations have been agreed within the partner organisations and will be tracked within the partners Internal Audit arrangements.
- 3.2 All audit reports are available publicly for review on the NHS Lothian website or the East Lothian Council website.
- 3.3 The NHS Lothian Internal Audit Review of Performance Data Integrity (Appendix 1) issued in January 2025 provides Substantial Assurance, to the Audit & Risk Committee on the Performance Data Integrity within

NHS Lothian. This is provided to demonstrate that substantial assurance can be taken in Performance Data Integrity from NHS Lothian although the report is clear that this did not cover NHS Lothian's actual performance against national targets.

- 3.4 The Executive Summary of the Adult Social Care Case Management Review (Appendix 2) highlights that the processes and internal controls in place for Adult Social Care (ASC) Case Management are generally reliable. There is clear evidence of improved financial monitoring, greater scrutiny, additional processes and enhanced controls being put in place to improve the control environment and address the financial challenges faced. Some areas for further improvement have been highlighted, including the need to ensure that all annual client reviews are carried out timeously, ensuring that timely follow-up action is taken of queries highlighted for clients with recurring invoice variations, improvements to the current authorisation process and opportunities for obtaining better alignment of budget holder responsibilities to client groups.

## **4 ENGAGEMENT**

- 4.1 Engagement with management will have been undertaken in accordance with the procedures in place for the relevant Internal Audit team.

## **5 POLICY IMPLICATIONS**

- 5.1 None

## **6 INTEGRATED IMPACT ASSESSMENT**

- 6.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

## **7 DIRECTIONS**

- 7.1 The subject of this report does not require any amendment to or creation of Directions.

## **8 RESOURCE IMPLICATIONS**

- 8.1 Financial - None
- 8.2 Personnel - None
- 8.3 Other - None

## **9 BACKGROUND PAPERS**

9.1 None

**Appendix 1:** NHS Lothian Internal Audit Review of Performance Data Integrity

**Appendix 2:** Executive Summary of the Adult Social Care Case Management Review

<b>AUTHOR'S NAME</b>	Duncan Stainbank
<b>DESIGNATION</b>	Chief Internal Auditor
<b>CONTACT INFO</b>	dstainbank@eastlothian.gov.uk
<b>DATE</b>	26 May 2025



# NHS Lothian

Internal Audit 2024/25

## Performance Data Integrity Review

January 2025

### FINAL REPORT

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# Contents



This report is confidential and is intended for use by the management and directors of NHS Lothian. It forms part of our continuing dialogue with you. It should not be made available, in whole or in part, to any third party without our prior written consent. We do not accept responsibility for any reliance that third parties may place upon this report. Any third party relying on this report does so entirely at its own risk. We accept no liability to any third party for any loss or damage suffered or costs incurred, arising out of or in connection with the use of this report, however such loss or damage is caused.

It is the responsibility solely of NHS Lothian management and directors to ensure there are adequate arrangements in place in relation to risk management, governance, control and value for money.



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## Report Distribution

### Executive Lead:

- Jim Crombie, Deputy Chief Executive

### For action:

- Luran Wands, Performance and Business Manager

### For Information:

- Caroline Hiscox, Chief Executive
- Craig Marriott, Director of Finance
- Andrew Jackson, Associate Director – Analytical Services
- Amanda Kirkpatrick, Programme Manager – Waiting Times Governance
- Audit and Risk Committee

# Executive summary



## Background

Effective performance management is an essential component in ensuring that healthcare services within NHS Scotland adhere to the required standards of care, efficiency, and regulatory compliance. It provides a structured approach to monitoring, evaluating, and improving service delivery. Using key performance indicators (KPIs), performance management helps identify areas for improvement, ensure accountability, optimise resource allocation, and enhances patient outcomes.

However, the accuracy of performance reporting and the effectiveness of decision-making are critically dependent on the integrity of the underlying data. Poor data integrity can lead to misguided decisions, non-compliance with standards, and erosion of trust. The Patient Rights (Scotland) Act 2011 and subsequent regulations, including the NHS Scotland National Access Policy, highlight the importance of maintaining high standards in data collection, validation, and reporting, to support decisions that ensure timely and equitable access to healthcare services.

Our internal audit review focused on assessing the effectiveness of performance management through three key performance indicators (KPIs) relevant to both Mental Health and Acute services. Specifically, this review evaluated the following KPIs:

- 18-week referral for psychological therapies (Mental Health)
- 12-week outpatient appointments (Acute)
- 4-hour waiting time for unscheduled care (Acute)

The scope of the review included examining the processes for data collection, validation, and reporting of these KPIs.

# Executive summary



## Objectives

Our review focussed on the following key risks:

- Clear guidance does not exist detailing KPI measurement criteria leading to unreliable performance data.
- Lack of well-documented data validation processes and/or the inconsistent application of internal controls for KPIs, resulting in potential inaccuracies in reporting.
- Reporting processes provide insufficient assurance of data quality dimensions, such as accuracy, completeness, and timeliness, resulting in reducing confidence in performance reports.



## Limitations in scope

Our findings and conclusions will be limited to the risks identified above. The scope of this audit does not allow us to provide an independent assessment of all risks and controls linked to this review.

Where sample testing is undertaken, our findings and conclusions will be limited to the sample tested only. Please note that there is a risk that our findings and conclusions based on the sample may differ from the findings and conclusions we would reach if we tested the entire population from which the sample is taken.

The review provides assurance on the processes around the data quality of key performance indicator data, specifically the three agreed KPIs in the audit scope. The assurance rating does not consider actual performance against the national targets.

This report does not constitute an assurance engagement as set out under ISAE 3000.



## Acknowledgement

We would like to take this opportunity to thank your staff for their co-operation during this internal audit.



# Headline messages



## Significant Assurance

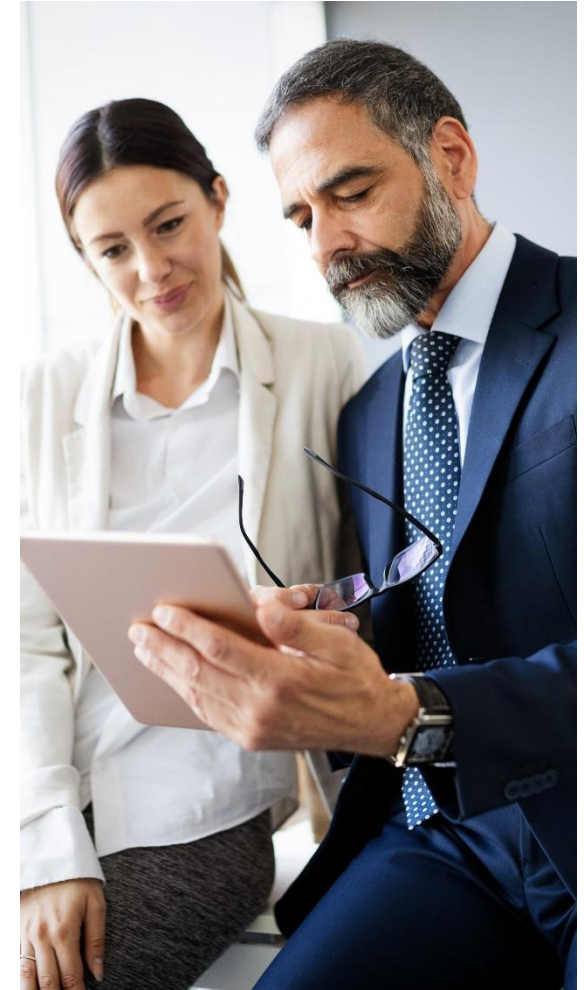
We have reviewed the processes and controls around (KPI) Performance Data Integrity and have concluded that the processes have provided **Significant Assurance**. This was confirmed through testing in specific areas of the organisation and through discussions with management. The assurance opinion is based on an assessment of data integrity and does not cover NHS Lothian's actual performance against national targets.

The review evaluated the internal controls supporting the measurement and reporting of Key Performance Indicators (KPIs) within NHS Lothian. The primary focus was to assess whether clear criteria, reliable data management practices, and robust reporting frameworks exist to ensure accurate performance data is reported. A key component of the review was sample testing of performance data for three KPIs using the TRAK system. For each of the three KPIs chosen by NHS Lothian management, a sample of 25 patient journeys was selected, with all referral and treatment dates matching supporting clinical notes, system time stamps and dates, confirming the accuracy of the reported data.

We confirmed the availability of clear and sufficient waiting time guidance on NHS Lothian's intranet, aligned with the latest Scottish Government standards (updated December 2023). This guidance defines processes for clock starts, pauses, restarts, and stops, supporting consistent understanding of KPI criteria across the organisation.

The August 2024 Performance Report (latest available at the time of our testing) was reviewed against the six key data quality dimensions, as defined in frameworks such as the UK Government Data Quality Framework and ISO 8000 (Data Quality Standard), to assess the reliability of KPI reporting. No reportable issues were identified.

Our one recommendation relates to changes in the criteria for A&E waiting time reporting and ensuring readers of the Performance Report are assured of the changes and their impact. In October 2024, the Four-Hour Emergency Access Standard Expert Working Group Recommendations Report was published, providing detailed guidance to standardise and enhance the accuracy of reporting the 4-hour A&E waiting time metric across NHS Scotland. The report's key recommendations, including revised definitions and the inclusion of planned attendances, aim to address inconsistencies and improve data reliability. Non-compliance with these recommendations presents a risk to the accuracy and comparability of KPI statistics. The Board should be provided with assurance on the implementation of the Four-Hour Emergency Access Standard recommendations, along with clarity on how the changes may impact compliance levels. The revised definitions and expanded inclusion criteria could impact reported performance metrics, potentially causing misunderstandings regarding changes in compliance figures.



# Headline messages



## Conclusion

We have raised one recommendation. The grading of this recommendation, based on risk, is summarised in the table below.

Objectives	Assurance rating	Number of recommendations			
		High	Medium	Low	Imp
Clear guidance does not exist detailing KPI measurement criteria leading to unreliable performance data.	Significant Assurance	-	-	-	-
Lack of well-documented data validation processes and/or the inconsistent application of internal controls for KPIs, resulting in potential inaccuracies in reporting.	Significant Assurance	-	-	-	-
Reporting processes provide insufficient assurance of data quality dimensions, such as accuracy, completeness, and timeliness resulting in reducing confidence in performance reports.	Significant Assurance	-	-	1	1

# Summary of findings



## Examples of where recommended practices are being applied

- NHS Lothian has well-documented guidelines for waiting times clock calculations which supports accurate measurement of key performance indicators (KPIs). These are aligned with national standards, including specific rules for "clock starts," "pauses," and "stops" in patient pathways, ensuring consistent measurement and reporting.
- Analytical expertise is available within Lothian Analytical Services (LAS). LAS has approximately 40 analysts supporting KPI measurement through data extraction, mapping, and validation.
- Data integrity was confirmed through testing. For each of the three KPIs in the audit scope a sample of 25 patient journeys were selected, with all referral and treatment dates matching supporting clinical notes, system time stamps and dates, confirming the accuracy of the reported data.
- The August 2024 Performance Report, which was the latest available on the NHS Lothian website when we did the testing, was reviewed to assess whether KPI reporting to the Board provides sufficient assurance against the data quality dimensions, as defined in frameworks such as the UK Government Data Quality Framework and ISO 8000 (Data Quality Standard). The Board's Performance Report meets national reporting requirements, and no reportable issues were identified against the six data quality dimensions.
- The Performance Report provides a good overview of most key waiting time standards, including Referral to Treatment (RTT), Treatment Time Guarantee (TTG), new outpatient appointments, and the 4-hour emergency access standard.

# Summary of findings



## Areas requiring improvement

- The Corporate Management Team has been briefed by the Associate Director, Analytics on the reporting changes introduced through the Four-Hour Emergency Access Standard Expert Working Group Recommendations Report (October 2024). These changes aim to standardise and improve the consistency of A&E performance monitoring across NHS Scotland. Key Changes are:
  - **Amending the Definition of A&E Care**  
The definition now includes all acute, medical, surgical, and mental health emergencies. This revised approach focuses on the facilities available rather than patient conditions, creating a clearer and more consistent national framework.
  - **Including Planned Attendances**  
Planned attendances, specifically New Planned attendances, will now be included in the Four-Hour Emergency Access Standard (EAS). Virtual consultations and Return Planned visits are excluded. This change promotes equity of care between planned and unplanned patients and supports standardised reporting across Health Boards.
  - **Clarifying Admission Alternative Pathways Reporting**  
Reporting for pathways such as Ambulatory Emergency Care, Acute Assessment Units, and Same Day Emergency Care has been clarified. Trolleyed assessment areas are temporarily excluded pending further guidance from the Society of Acute Medicine on their eligibility for inclusion under the EAS.

The Board of Directors should be assured that Key Performance Indicator (KPI) statistics fully comply with the Expert Working Group's recommendations, that the revised reporting methodology is implemented within the nationally agreed timeframe (to be published for the first time on the 4th February 2025), and that any changes in reported compliance or performance figures are clearly explained to avoid confusion or misunderstanding.

# Detailed findings & action plan

3.1	Significant Assurance	Reporting processes provide insufficient assurance of data quality dimensions, such as accuracy, completeness, and timeliness resulting in reducing confidence in performance reports.
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Finding and implication	Audit recommendation	Management response, including actions
<p><b><u>Risk to Accuracy of 4-Hour A&amp;E Reporting Metrics.</u></b></p> <p>The Four-Hour Emergency Access Standard Expert Working Group Recommendations Report (October 2024) was developed by clinical experts from Scotland’s Health Boards, information and data representatives, Data Management and Analytical Teams from Public Health Scotland, the Royal College of Emergency Medicine, and officials from the Scottish Government’s Health and Social Care Directorate. The group focused on clarifying which patients should or should not be included in the Four-Hour Emergency Access Standard to enhance consistency and accuracy in reporting across NHS Scotland.</p> <p>Key recommendations include amending the definition of A&amp;E care to include all acute, medical, surgical, and mental health emergencies, incorporating planned attendances, and clarifying reporting for ambulatory and acute pathways. NHS Lothian may need to update reporting processes to meet these changes.</p> <p>The Corporate Management Team has been informed of the reporting changes under the Four-Hour Emergency Access Standard recommendations, including instances where it has not been possible to comply with national recording guidance or where the use of proxy values has been necessary. However, the Board requires assurance on their implementation and clarity on the potential impact on compliance levels to avoid misunderstandings regarding shifts in compliance figures. It is currently understood that Public Health Scotland will implement the new methodology from 4 February 2025. Any delays or early implementation risk creating discrepancies in national reporting between Health Boards against A&amp;E standards.</p>	<p><b>Recommendation 1</b></p> <p>The Board should be provided with assurance that KPI statistics for the 4-hour Emergency Access Standard fully comply with the recommendations outlined in the Expert Working Group report, are implemented within the nationally agreed timeframe, and that any resulting changes in compliance are clearly explained.</p>	<p><b>Actions:</b></p> <p>The Board will receive its first performance paper including the reporting changes at its meeting in April 2025. A summary of the steps taken and implications arising from the changes will be included, drawing on the information provided to the Corporate Management Team and Public Health Scotland.</p> <p><b>Responsible Officer:</b></p> <p>Lauren Wands, Performance and Business Manager</p> <p><b>Executive Lead:</b></p> <p>Jim Crombie, Deputy Chief Executive</p> <p><b>Due Date:</b></p> <p>23<sup>rd</sup> April 2025.</p>

# Detailed findings & action plan

3.3	Significant Assurance	Reporting processes provide insufficient assurance of data quality dimensions, such as accuracy, completeness, and timeliness resulting in reducing confidence in performance reports.
-----	-----------------------	--

Finding and implication	Audit recommendation	Management response, including actions
<p><b><u>Enhancing Assurance Through a Data Quality Kite Mark.</u></b></p> <p>The Board's Performance Report meets national reporting requirements and provides compliance data for three KPIs in a standard format. While this demonstrates alignment with recognised frameworks, introducing a "Data Quality Kite Mark" or validation summary would strengthen assurance across data quality dimensions such as accuracy, completeness, and timeliness.</p> <p>The UK Government Digital Service (GDS), through its Government Data Quality Framework, emphasises the importance of clear communication about data quality in performance reports. This framework offers a structured approach to understanding, documenting, and improving data quality. Although it does not mandate the use of specific visual tools such as kite marks, these tools can effectively acknowledge data variability and assess the quality of evidence supporting performance metrics. For example, some Trusts in England use kite marks to provide readers with clear and standardised assurance of data quality.</p> <p>Adopting a similar approach in NHS Lothian's reports could enhance Board confidence, offering a practical tool to demonstrate commitment to robust data validation practices. This addition would align the Performance Report more closely with frameworks such as ISO 8000 and further reinforce trust in KPI reporting.</p>	<p><b>Improvement Recommendation</b></p> <p>Including a "Data Quality Kite Mark" or validation summary could further enhance assurance, strengthening confidence in the reliability of the metrics</p>	<p>This finding has attracted an 'Improvement Point' as opposed to a formal recommendation, and as such does not require a management response.</p>

# Appendices

# Appendix 1:

## Our assurance levels

The table below shows the levels of assurance we provide and guidelines for how these are arrived at. We always exercise professional judgement in determining assignment assurance levels, reflective of the circumstances of each individual assignment.

Rating	Description
<b>Significant Assurance</b>	<p>The Board can take reasonable assurance that the system(s) of control achieves or will achieve the control objective. There may be an insignificant amount of residual risk or none at all.</p> <p>There is little evidence of system failure and the system appears to be robust and sustainable. The controls adequately mitigate the risk, or weaknesses are only minor (for instance a low number of findings which are all rated as 'low' or no findings)</p>
<b>Moderate Assurance</b>	<p>The Board can take reasonable assurance that controls upon which the organisation relies to achieve the control objective are in the main suitably designed and effectively applied. There remains a moderate amount of residual risk.</p> <p>In most respects the "purpose" is being achieved. There are some areas where further action is required, and the residual risk is greater than "insignificant".</p> <p>The controls are largely effective and in most respects achieve their purpose with a limited number of findings which require management action (for instance a mix of 'medium' findings and 'low' findings)</p>
<b>Limited Assurance</b>	<p>The Board can take some assurance from the systems of control in place to achieve the control objective, but there remains a significant amount of residual risk which requires action to be taken.</p> <p>This may be used when:</p> <ul style="list-style-type: none"> <li>• There are known material weaknesses in key control areas.</li> <li>• It is known that there will have to be changes that are relevant to the control objective (e.g. due to a change in the law) and the impact has not been assessed and planned for.</li> </ul> <p>The controls are deficient in some aspects and require management action (for instance one 'high' finding and a number of other lower rated findings)</p>
<b>No assurance</b>	<p>The Board cannot take any assurance from the audit findings. There remains a significant amount of residual risk.</p> <p>The controls are not adequately designed and / or operating effectively and immediate management action is required as there remains a significant amount of residual risk (for instance a number of HIGH rated recommendations)</p>



# Appendix 2:

## Our recommendation ratings

The table below describes how we grade our audit recommendations based on risks:

Rating	Description	Possible features
High	Findings that are fundamental to the management of risk in the business area, representing a weakness in the design or application of activities or control that requires the immediate attention of management	<ul style="list-style-type: none"> <li>• Key activity or control not designed or operating effectively</li> <li>• Potential for fraud identified</li> <li>• Non-compliance with key procedures/standards</li> <li>• Non-compliance with regulation</li> </ul>
Medium	Findings that are important to the management of risk in the business area, representing a moderate weakness in the design or application of activities or control that requires the immediate attention of management	<ul style="list-style-type: none"> <li>• Important activity or control not designed or operating effectively</li> <li>• Impact is contained within the department and compensating controls would detect errors</li> <li>• Possibility for fraud exists</li> <li>• Control failures identified but not in key controls</li> <li>• Non-compliance with procedures/standards (but not resulting in key control failure)</li> </ul>
Low	Findings that identify non-compliance with established procedures, or which identify changes that could improve the efficiency and/or effectiveness of the activity or control but which are not vital to the management of risk in the business area.	<ul style="list-style-type: none"> <li>• Minor control design or operational weakness</li> <li>• Minor non-compliance with procedures/standards</li> </ul>
Improvement	Items requiring no action but which may be of interest to management or which represent best practice advice	<ul style="list-style-type: none"> <li>• Information for management</li> <li>• Control operating but not necessarily in accordance with best practice</li> </ul>



# Appendix 2: Executive Summary: ASC Case Management

## Conclusion: Reasonable Assurance

The processes and internal controls in place for Adult Social Care (ASC) Case Management are generally reliable and there is clear evidence of improved financial monitoring, greater scrutiny, additional processes and enhanced controls being put in place to improve the control environment and address the financial challenges faced. Some areas for further improvement have been highlighted, including the need to ensure that all annual client reviews are carried out timeously, ensuring that timely follow-up action is taken of queries highlighted for clients with recurring invoice variations, improvements to the current authorisation process and opportunities for obtaining better alignment of budget holder responsibilities to client groups.

### Background

The 2024/25 East Lothian Council Internal Audit Plan included a planned review of Adult Social Care (ASC) Case Management, to focus on the control of expenditure on commissioned services, from the identification and procurement of care packages through to the checking, authorisation and payment of invoices. It is recognised that services need to be robust, sustainable and financially efficient in the current challenging financial climate to deliver change and support reform within East Lothian's Health and Social Care system. This audit has sought to review the processes in place and the actions that have been taken by management to implement enhanced scrutiny and control arrangements for commissioned expenditure. Commissioned care packages are recorded on the Mosaic system, the Adult Social Care case management system, and Mosaic is also used to process payments for care provided following receipt of invoices from providers.

### Summary of findings & recommendations

The following key findings and recommendations are highlighted, which have all been **agreed by Management**:

- While improved processes have been put in place for reviewing and updating care packages on Mosaic, in a small number of cases examined reviews for clients were overdue, while reviews for in-house Care at Home provision, currently approximately 20% of care at home provision, are not currently held on the Mosaic system. *Management have confirmed that a performance framework is in place across Adult Social Work with set targets for reviews, which will be monitored monthly from April 2025.*
- Mosaic Forecast Reconciliations at periods 3, 6, 9 and the year-end are prepared on a quarterly basis, which highlight queries including clients with regular invoice variations. The variations highlighted are reviewed and appropriate action is taken for both Adult Social Work and Learning Disabilities clients, although in a few cases there were delays in follow-up action being taken. *Management have agreed to ensure timely follow-up by April 2025.*
- The current arrangements in place for the alignment of budget holder responsibilities to client groups and the authorisation of Mosaic expenditure batches require review. *Management have confirmed that budget alignment is currently being reviewed and will be implemented in new systems, revised signatory processes will be put in place alongside this review by September 2025.*
- In seeking to obtain enhanced assurance that all services invoiced by providers have been delivered, consideration should be given to reviewing further use of care logs and/or supplier reconciliations to obtain additional assurance. *Management have confirmed they will review this by September 2025.*

### Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	-	8	-	8
Prior Report	n/a	n/a	n/a	n/a

### Materiality

The Adult Wellbeing annual budget for 2024/25 was approximately £73.5 million and will be £81 million for 2025/26, of which nearly £50 million (approximately 60%) is for commissioned services, which are processed through the Mosaic system.

# Headlines

Objectives	Conclusion	Comment
1. Appropriate processes are in place for agreeing new packages of care and for recording these on the Mosaic system.	Reasonable	Appropriate arrangements are in place for approving new, or changes to, packages of care for clients. A weekly Resource Panel is in place within both Adult Social Work and Learning Disabilities to provide enhanced scrutiny and control of packages. For Learning Disabilities, all financial requests now go through the Resource Panel. Within Adult Social Work, the Panel is attended by senior managers and considers, and where appropriate approves, care packages for Direct Payments (option 1), Long Term and Replacement Care, while standard packages (e.g. options 2 and 3) are authorised at Team Manager level. All care packages are recorded on the Mosaic system, although there is a need to ensure that the cost aspects of care packages are completed in a standard way.
2. There is evidence of value for money considerations being demonstrated at the procurement stage for all new care packages.	Reasonable	All care packages are purchased by the Council's care brokers and purchase orders and Individual Purchase Agreements (IPAs) are in place for each package. A new Request for Funding document has been developed to assist the brokers when purchasing the care. Contracted rates are in place with providers, which are updated annually on the Mosaic system. From 4 November 2024 the Council started using the Scotland Excel Framework covering Care at Home (option 3), which has had cost implications, current market conditions result in extremely limited competition for individual packages of care.
3. Appropriate processes are in place for reviewing and updating care packages on Mosaic, to ensure the information held on Mosaic is up to date and accurate.	Reasonable	There has been a significant increase in the number of reviews carried out. Within Adult Social Work the Community Review Team has undertaken 629 reviews in the 11-month period from April 2024 to February 2025, in comparison to approximately 320 reviews being undertaken annually in previous years. Reviews should be undertaken within 12 weeks for new or amended packages and annually for all clients. The review process is comprehensive and includes coverage of whether the care is being delivered and if it is correctly purchased on Mosaic. Reviews undertaken for in-house Care at Home provision are not currently held on the Mosaic system, while in a small number of cases examined reviews for clients were overdue, further resources should be deployed here.
4. Appropriate review and reconciliation processes are undertaken of all care packages showing a significant monthly variation.	Reasonable	Finance prepare monthly Movement in Mosaic reports (including variations to date data) and Care at Home/Support Services Variations reports (which cover the forward forecasting of variations). Mosaic Forecast Reconciliations at periods 3, 6, 9 and the year-end are prepared on a quarterly basis, which highlight queries including clients with regular variations, clients never invoiced, and clients not invoiced since a particular period. This report is provided to the service area for further review of individual packages and responses/outcomes are tracked. There are some good examples of reviews being undertaken and actions taken (e.g. package amended), however in a few cases there were delays in addressing the queries identified. It is recommended that these reports are fully reviewed on a timely basis.

## Headlines continued.

Objectives	Conclusion	Comment
5. Robust processes are in place to ensure the Council is only paying for care packages delivered and services received.	Reasonable	The Mosaic system records commitments for each care package and an invoice matching process is in place, whereby the invoice amount is matched with the commitment. Where the invoice amount is equal or less than the commitment, the invoice is passed for payment, while additional authorisation is required for invoices in excess of the committed amount. Consideration should be given to reviewing further use of care logs and/or supplier reconciliations to obtain additional assurance.
6. Appropriate processes are in place for the checking of invoices and the authorisation of Mosaic expenditure invoice batches for payment.	Limited	Mosaic payment batches are based on payment cycle runs (e.g. care at home, residential care), rather than client groups or financial cost centres, and include clients under differing authorising managers. Authorisation is currently undertaken by officers at a high level, who may be less familiar with individual clients, and there are currently a limited group of authorisers, which may create issues in the timely release of payments. Payment runs currently involve a time-consuming manual process and there may be opportunities to make better use of the Mosaic system in the authorisation process.
7. There is appropriate alignment of budget holder responsibilities to client groups and sign-off responsibilities ensure effective control.	Reasonable	The current arrangements and the way budgets are set up do not always assist in ensuring cost centre managers and budget holders are sufficiently informed of spend against their cost centres. Issues have been highlighted with the alignment of budget holder responsibilities to client groups (for example, our sample of clients reviewed included a client within the Physical Disabilities client group, who also had a Learning Disability, and was assessed, supported and reviewed by the Learning Disabilities team). A review of Mosaic processes and groupings, together with the implementation of the Council's new finance system, may provide an opportunity to better align budget holder responsibilities with client groups.

## Areas where expected controls are met/good practice

No	Areas of Positive Assurance
1.	A range of actions have been taken to address the financial challenges that Adult Social Care currently face and to achieve tighter “grip and control”. This includes the setting up of weekly Resource Panel meetings, which seek to scrutinise requests for funding and ensure resources allocated are proportionate and prioritised towards those in greatest need. The Resource Panels are attended by senior managers from across Adult Social Work with the aim of enhancing and supporting quality, consistency and fairness of assessments. Other groups in place include the Financial Compliance Group, Debt Management Group (with has contributed to a significant reduction in outstanding debt) and Ordinary Residence Panel, while other initiatives include the tracking of Financial Assessments and the clawback of unused Direct Payments.
2.	The Council uses the Mosaic system, which is an Integrated Adult Social Care case management and finance system.
3.	During 2024/25, there has been a significant increase in the number of reviews undertaken of Adult Social Work and Learning Disabilities clients and their care packages. For Learning Disabilities, processes are in place for the allocation of reviews – the senior practitioners review the list every week and allocate based on urgency of need and they also look at the longest outstanding reviews. We are advised that Learning Disabilities are now in a position whereby they currently only have 11 outstanding reviews that are out with the annual review cycle. Within Adult Social Work the Community Review Team has undertaken 629 reviews in the 11-month period from April 2024 to February 2025, in comparison to approximately 320 reviews being undertaken annually in previous years. The review process is very comprehensive and includes ensuring that the care package is correctly purchased on Mosaic, checking for outstanding debt/charges/variances and provides assurance that the Council is being properly charged for the services provided.

**REPORT TO:** East Lothian IJB - Audit & Risk Committee

**MEETING DATE:** 3 June 2025

**BY:** Chief Finance Officer

**SUBJECT:** 2024/25 Risk Register Review

7

## 1 PURPOSE

- 1.1 The purpose of the report is to update the Audit & Risk Committee on the status of the current IJB Risk Register and discuss any proposed changes.

## 2 RECOMMENDATIONS

- 2.1 The IJB is asked to:
- i. Note the updates to the Risk Register since the last meeting.
  - ii. Consider if any further risks should be added to the register.

## 3 BACKGROUND

- 3.1 The Risk Register is a key part of the governance processes underpinning the work of the IJB. It records risks that impact on the business of the IJB and the controls in place to manage and mitigate the impact of each risk.

- 3.2 The Risk Register was reviewed and reported to this Committee in March 2025. There are 6 risks noted on the register with 2 set at 'Very High', 2 set at 'High' and 2 with a 'Medium' risk rating. Updates on these risks are provided below.

### 'Very High' Risk Rating

- 3.3 **Risk 3924** Financial resources may be insufficient to sustain the Strategic Plan – since the last review the IJB has accepted the funding offers from both partners and set a balanced budget. However, a number of emerging pressures have already been identified in year and it is clear that there will be financial challenges in delivering a break-even year end

position. In addition, the IJB's 5 Year Financial plan projects significant financial challenges in 2026/27 and beyond. The Strategic Plan review is underway and will conclude later this year.

- 3.4 **Risk 3925** Operational resources may be insufficient to deliver the Strategic Plan – the Strategic Plan review is underway and will conclude later this year. The drivers of this risk remain unchanged.

'High' Risk Rating

- 3.5 **Risk 4018** Impact of Partner's Decisions – there is an increased emphasis on the delivery of efficiencies across partner organisations and the HSCP officers are engaging with partner leads to ensure representation and involvement in their decision-making processes.
- 3.6 **Risk 5220** Demographic pressures – the population of East Lothian continues to grow at a higher rate than most other areas of Scotland and the population of over 65s is also growing. The impact on health and social care services is being continually assessed and monitored.

'Medium' Risk Rating

- 3.7 **Risk 5279** Impact of National Care Service proposals – no further information has been issued on this proposal and the risk is unchanged. remaining High
- 3.8 **Risk 5479** Accurate financial forecasting – a new principal accountant has been appointed by East Lothian Council and their engagement will be key to ensuring partners continue to provide accurate timely current and forecasting financial information.

## **4 ENGAGEMENT**

- 4.1 The Committee holds its meetings in public and makes its papers publicly available.

## **5 POLICY IMPLICATIONS**

- 5.1 There are no policy implications in this report.

## **6 INTEGRATED IMPACT ASSESSMENT**

- 6.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

## **7 DIRECTIONS**

- 7.1 There are no new directions nor amendments to then current directions required by this report.



## **8 RESOURCE IMPLICATIONS**

- 8.1 Financial – None
- 8.2 Personnel – None
- 8.3 Other – None

## **9 BACKGROUND PAPERS**

- 9.1 None

### **Appendices:** Summary and Extract of Risk Register

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<b>DESIGNATION</b>	Chief Finance Officer
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<b>DATE</b>	June 2025



# East Lothian IJB Risk Register

There are currently 6 risks on the East Lothian IJB risk register

- 2 very high risks
- 2 high risks
- 2 medium risk
- 1 risk closed - 5959 - Appointment of a permanent CFO
- 1 risk rating reduced from High to Medium – 5279 - Impact of National Care Service Proposals

# East Lothian IJB Risk Register

Risk	Title/Description	RAG
3924	<p><b>Financial resources may be insufficient to sustain the Strategic Plan</b> - There is a risk that the financial challenges faced by the NHS and East Lothian Council will result in allocations to the IJB that do not allow the Strategic Plan to be delivered leading to failure to achieve the planned outcomes and targets.</p> <p>2024/25 budget offers from partners accepted by IJB at March 2024 meeting 2025/26 funding offer from Council accepted by IJB and indicative funding offer from Health noted by IJB at March 25 meeting</p>	Very High
3925	<p><b>Operational resources may be insufficient to deliver the Strategic Plan</b> - There is a risk that the IJB fails to achieve its targets due to insufficient access to key services and resources e.g. General Practice, Community Pharmacy, Care at Home, Care Homes, Health Visiting, Housing, acute services, MH etc leading to failure to deliver the Strategic Plan resulting in risk to patients' and clients' safety, external review and reputational damage.</p>	Very High
5220	<p><b>Demographic Pressures</b> - There is a risk that because the population of East Lothian has increased over the past few years, the projections predict a further increase. Because of this the pressure is further compounded by the expectation that the population over the age of 65 will also increase from the current position. This will lead to increased demand for the health and social care services in East Lothian that have been delegated to the IJB.</p>	High

# East Lothian IJB Risk Register

Risk	Title/Description	RAG
4018	<p><b>Impact of Partners' Decisions</b> - There is a risk that Partners reach decisions on priorities and services (including service reviews) that impact negatively on the IJB leading to an inability to deliver the Strategic Plan</p> <p>Due to the financial position and the impact of decisions being made could have a negative impact on delivery of the strategic plan.</p>	High
5279	<p><b>Impact of National Care Service Proposals</b> - The IJB is mindful of the development of the NCS legislation and the impact this may have, along with the uncertainty around this proposal.</p>	Medium
5486	<p><b>Accurate financial forecasting</b> - There is a risk we don't get sufficient accurate financial forecasting from the systems in place. Monitoring in place while things progress over the year</p>	Medium



ID	Risk level	Division	Management Team	Service Area	Site	Risk Owner	Handler	Title	Description	Controls in place	Adequacy of controls	Consequence (current)	Likelihood (current)	Rating (current)	Risk level (current)	Consequence (Target)	Likelihood (Target)	Rating (Target)	Risk level (Target)	Date Opened	Date Risk Reviewed	Review date	Close Date	ID	Description	Progress	Start date	Due date	Done date
5486		Integrated Joint Board	East Lothian HSCP			Wilson, Fiona M	Porteous, Mike	Accurate financial forecasting	There is a risk we don't get sufficient accurate financial forecasting from the systems in place. Monitoring in place while things progress over the year	1 - The Scheme of Integration 2 – Recruitment for permanent IJB CFO in progress 3 – Monthly financial reporting 4 - Attendance at Financial Overview 5 - Permanent IJB CFO appointed	Moderate (3)	UNLIKELY (2)	6	Medium	Minor (2)	UNLIKELY (2)	4	Medium	18/11/2022	21/05/2025	30/08/2025		17124	Ongoing dialogue with East Lothian Council	ELC reporting timetable provided ELC will move to quarterly reporting for the IJB ELC actively recruiting  ELC Finance department returned to business as usual in Mid March 2024. Principle accountant to support social care appointed in 2023. Regular financial reporting (monthly) and attendance at Financial Overview meetings. An Internal Audit report is now being actioned and being kept under review. CF 12/5/23  ELC principal accountant recruited to. Q1 financial forecast received from ELC in July 23. Additional recruitment within the HSCP for HSCP local finance manager. - CF 22/08/2023  Update DK 19/2/24 - A number of ELC services are still currently operating under Business Continuity Plans. In particular Legal services remain in business continuity and therefore this could lead to services not having a robust response to an incident affecting the IJB  ELC Finance department returned to business as usual in Mid March 2024. Principle accountant to support social care appointed in 2023. Regular financial reporting (monthly) and attendance at Financial Overview meetings. Still challenges with financial reporting from Mosaic but recent Internal Audit report is now being actioned. Being kept under review. DK 15/5/24	18/11/2022	30/08/2025		
5220		Integrated Joint Board	East Lothian HSCP	East Lothian HSCP Management Team		Wilson, Fiona M	Porteous, Mike	Demographic Pressures	There is a risk that because the population of East Lothian has increased over the past few years, the projections predict a further increase. Because of this the pressure is further compounded by the expectation that the population over the age of 65 will also increase from the current position. This will lead to increased demand for the health and social care services in East Lothian that have been delegated to the IJB.	This will be managed through the IJB's Strategic Planning processes.  Change boards should be operating with recognition of demographic changes within the area.  Commissioned Cap Gemini to access future demand on care at home services.  Closer links with public health to understand our demographics better.	Satisfactory: All controls are working and can be demonstrated through measurement	Major (4)	LIKELY (4)	16	High	Moderate (3)	POSSIBLE (3)	9	Medium	20/08/2021	21/05/2025	30/08/2025		16402	Community Transformation provisioning work	Gillian Neil leading with an April 2024 timescale	01/09/2022	30/04/2024	27/05/2024
																							16403	Strategic delivery	Laura Kerr leading with a timescale of April 2023	01/09/2022	31/03/2023	11/05/2023	
																							17123	Primary Care Overview	Primary Care GM working with NHSL on practice capital requirements. IJB officers working with ELC officers on large population change plans (e.g. Blindwells)	#####	#####		
																							18161	Provisioning Strategy Project	extensive engagement to assess how to develop services for older people - LK 11/5/23  ongoing engagement and redesign of services reporting to the IJB. The final report to the Integration Joint Board is currently scheduled for their meeting on 5th February 2025. LK 15/5/24  May 2025 update - Provisioning work now complete with agreed actions to take forward.	11/05/2023	30/08/2025		
																							18162	Housing strategy	Continued involvement by the HSCP with East Lothian Councils housing department to develop comprehensive local Housing Strategy - LK 22/08/2023	#####	#####	#####	
																							21205	Redesign of Care at home	project team established and reporting into the IJB, CAH change board.	#####	#####		
																							6950	Creation of appropriate financial planning processes	Meetings have taken place regularly. IJB financial plan policy agreed by IJB and drafts presented to IJB	17/06/2016	30/09/2016	30/03/2017	

3924
Integrated Joint Board
East Lothian HSCP
Wilson, Fiona M
Porteous, Mike
Financial resources may be insufficient to sustain the Strategic Plan
There is a risk that the financial challenges faced by the NHS and East Lothian Council will result in allocations to the IJB that do not allow the Strategic Plan to be delivered leading to failure to achieve the planned outcomes and targets.
2024/25 budget offers from partners accepted by IJB at March 2024 meeting 2025/26 funding offer from Council accepted by IJB and indicative funding offer from Health noted by IJB at March 25 meeting
1. Financial assurance process carried out by IJB 2. Engagement of IJB Officers and members in NHS and Council budget setting processes 3. Regular financial monitoring reports to IJB 4. Scheme of integration risk sharing and dispute resolution processes 5. Permanent IJB Chief Finance Officer 6. Strategic Planning Group in place 7. Efficiency and recovery plans are developed in year by operational teams to "break even". 8. There is a programme of meetings and discussion between IJB, Council and Health Board leading to an IJB financial planning process being approved by the IJB and supported by Council and Health Board 9. The IJB take a lead role in policy decisions to support the Financial Plan. 10. Developed a longer term rolling financial plan for the IJB. 11. IJB no longer holds a general reserve. 12. IJB set a balanced budget at its March 2024 meeting. 13. Regular reports will be presented to the IJB updating the financial position in year. 14. IJB set a balanced budget at its March 2025 meeting
Some weaknesses: Improvement can be demonstrated however not at optimal level.
Extreme (5)
LIKELY (4)
20
Very High
Moderate (3)
LIKELY (4)
12
High
26/02/2016
21/05/2025
30/08/2025



4018	Integrated Joint Board	East Lothian HSCP	Wilson, Fiona M Porteous, Mike	Impact of Partners' Decisions	There is a risk that Partners reach decisions on priorities and services (including service reviews) that impact negatively on the IJB leading to an inability to deliver the Strategic Plan  Due to the financial position and the impact of decisions being made could have a negative impact on delivery of the strategic plan.	1. Involvement of IJB membership in the Partners' decision making process including voting members and Officers 2. Involvement in Partners' service reviews 3. Good working relationships and regular formal /informal meetings 4. Participation in MSG self-evaluation to inform improvement actions for better partnership working. 5. Attendance and participation at the NHSL Board meetings 6. Attendance and participation at governance meetings 7. Directions agreed for 2024/25 IJB at the July 2024 meeting.	Some weaknesses: Improvement can be demonstrated however not at optimal level.	Moderate (3)	LIKELY (4)	12	High	Minor (2)	POSSIBLE (3)	6	Medium	17/06/2016	21/05/2025	30/08/2025	6956	Clarity and monitoring of directions	Action extended to cover the period April 2017 to March 2018. 16/05/19 directions for 2019-2020 currently in review. 23/12/19: Directions agreed at IJB on 31/10/19 - ongoing action. 7/1/20: Directions being finalised for publication. 25/02/20: Directions (including links) will be taken to the Core and Extended CMT on 18th March. 26/02/2021: Development Session ran on the 27th Aug 2020 on Directions, the fitness of purpose of the current directions, the potential impact of Covid on directions, how direction will support remobilisation plans locally and nationally. A paper on Directions following this session was presented to the IJB at the September business meeting of the IJB.  East Lothian IJB directions are currently undergoing review. A report containing recommendations for changes / additions to directions will go to the June 22nd meeting of the IJB. The review has been carried out to ensure that directions reflect the requirements of the revised IJB Directions Policy as agreed at the October 2022 meeting of the IJB. Recommendations will include the introduction of four additional 'core directions' to ensure that all delegated functions are covered, and budgets specified for delivery of each of these functions as required by Statutory Guidance. Claire Goodwin 17/5/23  Directions were agreed at the IJB on 26/10/23 - LK 22/11/23  Directions for 2024/25 will be presented to the IJB. The Lothian IJB Chief Officers group will consider how the impact of decisions by NHSL and ELC can be influenced and any potential impacts identified and mitigated - DV	03/04/2017	30/08/2025	6953	Develop Joint Workforce Plan	This will be taken to IJB in May 2019 for approval. Joint Workforce Plan approved at IJB on 23/5/19.		
5279	Integrated Joint Board	East Lothian HSCP	Wilson, Fiona M Porteous, Mike	Impact of National Care Service Proposals	The IJB is mindful of the development of the NCS legislation and the impact this may have, along with the uncertainty around this proposal			Moderate (3)	POSSIBLE (3)	9	Medium	Moderate (3)	POSSIBLE (3)	9	Medium	29/11/2021	21/05/2025	30/08/2025	16280	Scottish Government	CO engaging with the Scottish Government and inputting to the consultation - 16/8/22  CO has a meeting with Scottish Government Officials in June 2023 - SO 11/5/23  National announcement confirmed in July 2023 that local authorities and NHS boards would share accountability for social care and social work support. Under this proposal, local authorities keep service delivery functions, staff and assets. LK 22/8/23  The National Care Service Bill passed Stage 1 of the legislative process on 29th Feb 2024 and now progresses to stage 2. Proposals now do not include creation of separate local Care Boards but to retain IJB's in reformed structures. Details of these reforms and implications are currently not available - DH 8/5/24  The bill has passed through stage 1 (29/2/24) and is in the stage 2 process. As part of the Stage 2 process there is a call for views on the National Care Service (Scotland) Bill with a deadline of 20th September 2024. ELC and EL IJB are preparing separate submissions as part of this process. - FW August 2024  November 2024 update - COSLA withdrawn support for NCS. We have replied to the submission in September 2024	15/08/2022	30/08/2025	21206	IJB is preparing a revised five year financial plan.	Position will be closely monitored in year  there's an IJB finance workshop scheduled for 5/9/24 at which we will report the Q1 24/25 update, an update of the five year financial plan and a further discussion around management actions that can be taken to bring the position back into financial balance - DK August 2024  May 2025 update - Updated 5 Year Plan taken to March IJB meeting setting out financial challenges facing IJB in coming years. Requirement to align financial projections and revised strategic plan when complete	15/05/2024	30/08/2025

