



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

**TUESDAY 3 JUNE 2025
VIA DIGITAL MEETINGS SYSTEM**

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Committee Members Present:

Dr P Cantley
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:

None

Declarations of Interest:

None

The clerk advised that this 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.

The clerk confirmed the attendance of Committee members by roll call.

1. MINUTES OF THE EAST LoTHIAN IJB AUDIT AND RISK COMMITTEE MEETING OF 18 MARCH 2025 (FOR APPROVAL) AND MATTERS ARISING

The minutes of the East Lothian IJB Audit and Risk Committee meeting held on 18 March 2025 were approved.

There were no matters arising.

2. 2024/25 DRAFT (UNAUDITED) ANNUAL ACCOUNTS

A report was submitted by the Chief Finance Officer presenting the IJB's draft (unaudited) annual accounts for 2024/25.

Mike Porteous presented the report highlighting some of the key information contained in the draft accounts and outlining the next steps in the process. He advised that recommendation 2.1ii in the report should read that the Committee "recommends to the IJB that the draft annual accounts can be published and presented for audit".

There were no questions from members.

The Chair said that the management commentary gave a clear indication of the scale of the work covered by the IJB and its efforts to make the best use of diminished resources. Overall, the accounts provided a very full examination of the business over the last year.

Decision

The Committee agreed to:

- i. Consider the IJB's draft (unaudited) Annual Accounts; and
- ii. Recommend to the IJB that the draft annual accounts can be published and presented for audit.

3. ELIJB ANNUAL GOVERNANCE STATEMENT 2024/25

A report was submitted by the Chief Internal Auditor presenting the draft Annual Governance Statement 2024/25 for the East Lothian Integration Joint Board (IJB) which explained the IJB's governance arrangements and system of internal control and reports on their effectiveness for the year ended 31 March 2025.

Duncan Stainbank presented the report highlighting key aspects of the statement which would be included in the annual accounts. He drew particular attention to the areas of improvement from last year outlining progress and advising that the rating for 2024/25 was one of 'reasonable assurance' whilst recognising that further improvements were still required.

Mr Stainbank and Mr Porteous responded to questions from members on reserve levels and the planned review of the IJB's reserves policy.

Elizabeth Gordon and the Chair expressed concern about the IJB's ability to build reserves in the current financial situation and how this would influence a revised policy. They requested that the committee members be given the opportunity to review any new draft policy as part of a development session and this was agreed by officers.

David Binnie suggested a change of wording as "...*unusual* decision..." in the context of the decision on use of reserves, sounded like a criticism. Members discussed this proposal and agreed that a change of wording was appropriate. They also discussed adding additional information on the rationale for the reserves policy review.

John Boyd pointed out that the annual governance statement, and more so management commentary, was the IJB's opportunity to explain the rationale around these decisions rather than to question whether or not the decisions were right.

Mr Stainbank agreed to make the changes suggested by members.

Decision

The Committee agreed to consider the ELIJB draft Annual Governance Statement 2024/25 which explained 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.

4. ANNUAL INTERNAL AUDIT OPINION AND REPORT 2024/25

A report was submitted by the Chief Internal Auditor informing the Committee of the internal audit work undertaken in 2024/25 and providing an opinion on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and control.

Mr Stainbank presented the report setting out the background, drawing attention to the areas identified with scope for improvement, and confirming the overall audit opinion. He reminded members that audit opinion would be included in the IJB's 2024/25 annual accounts.

There were no questions from members.

Decision

The Committee agreed to note that the Annual Internal Audit Opinion and Report 2024/25 was 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.

5. INTERNAL AUDIT REPORT – ELIJB GOVERNANCE ARRANGEMENTS

A report was submitted by the Chief Internal Auditor informing the Committee of the recently issued audit report on the ELIJB Governance Arrangements.

Mr Stainbank presented the report summarising the key findings of this audit work and drawing attention to the recommendations contained in the action plan.

Mr Stainbank responded to questions from members. He provided further detail of the timeline for the IJB's approval of its new Strategic Plan. He also set out some of factors considered when establishing targets for the completion of internal audit work throughout the year and for the implementation of recommendations for action resulting from individual audits. Although internal audit reports always had a strong focus on areas for improvement, an opinion of 'reasonable assurance' meant that there were many aspects of the IJB's governance arrangements which were working appropriately. He had no significant concerns about how the Committee was operating or the work it was bringing forward.

Decision

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

6. INTERNAL AUDIT UPDATE OF NHS Lothian and East Lothian Council 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 and the East Lothian Council Audit & Governance Committee.

Mr Stainbank presented the report drawing members' attention to 2 reports which were relevant to wider IJB governance and risk management processes: NHS Lothian Internal Audit Review of Performance Data Integrity; and the Executive Summary of the Adult Social Care Case Management Review. He outlined the key findings of both reports and advised that some improvement actions were already underway.

Members thanks Mr Stainbank for bringing these reports forward. They discussed the social care payments system and the work being done to improve this and allow better tracking of budget spend and forecasting of potential in year overspends.

Both Mr Stainbank and Fiona Wilson acknowledged that a significant amount of work had gone into improving processes. There had been challenges but there had been good progress and things were in a much better position. They would continue to monitor progress to maintain these improvements going forward.

Mr Binnie asked how the IJB could audit its legal responsibilities in respect of social care and how this would link with management of its finances. Mr Stainbank referred to the role of other bodies such as the Care Commission in reviewing non-financial aspects of governance, as well as the scrutiny of the external auditors which could sometimes trigger other reviews of specific areas of work.

Ms Wilson added that questions remained around how best to audit unmet need, quality and cost, particularly in relation to high-risk individuals.

The Chair agreed that they needed to consider how best to explore this issue through the IJB.

Decision

The Committee agreed to note the contents of the audit reports and consider any governance, risk management and control implications for the East Lothian IJB.

7. 2024/25 RISK REGISTER REVIEW

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

Mr Porteous presented the report summarising the key risks and his recommendations that their ratings should remain unchanged.

The members discussed in detail any emerging pressures in relation to each risk acknowledging that some of these issues were out with their control. However, they were minded to agreed with Mr Porteous' proposal that the ratings for these risks remain unchanged.

Members also discussed the introduction of increased employer National Insurance Contributions and the potential impact on the IJB's ability to deliver its strategic priorities, particularly in relation to commissioned services. There was some debate about where this risk should sit as some of the impacts were operational as well as strategic. Members finally agreed that the Risk 5279 (Impact of National Care Service (NCS) Proposals) should be removed from the register, and a 'Legislative' Risk added with sub-categories to cover the impacts of the proposed NCS, immigration rules and changes to NICs.

Decision

The Committee agreed to:

- i. Note the updates to the risk register since the last meeting.
- ii. Remove Risk 5279 (Impact of NCS Proposals) and add a 'Legislative Risk' to the register.

Signed:

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

23 September 2025

EAST LOTHIAN INTEGRATION JOINT BOARD

Audit of 2024/25 annual accounts

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Independent auditor's report

1. My audit work on the 2024/25 annual accounts is now complete. Subject to receipt of a revised set of annual accounts for final review, I anticipate being able to issue unmodified audit opinions in the independent auditor's report following approval of the annual accounts by the East Lothian IJB on 25 September 2025 (the proposed report is attached at [Appendix A](#)).

Annual Audit Report

2. Under International Standards on Auditing in the UK, I report specific matters arising from the audit of the annual accounts to those charged with governance of East Lothian IJB in sufficient time to enable appropriate action. For East Lothian IJB, those charged with governance is the Audit and Risk Committee. I present for the committee's consideration my draft Annual Audit Report on the 2024/25 audit. The section headed "Significant findings and key audit matters" sets out the issues identified in respect of the annual accounts.

3. The report also sets out conclusions on the wider scope areas that frame public audit as set out in the Code of Audit Practice.

4. This report will be issued in final form after the audit of the annual accounts has been completed.

Unadjusted misstatements

5. I also report to those charged with governance all unadjusted misstatements in the annual accounts which I have identified during the course of my audit, other than those of a trivial nature, and request that these misstatements be corrected.

6. I have no unadjusted misstatements to be corrected.

Fraud, subsequent events, and compliance with laws and regulations

7. In presenting this report to the IJB I seek confirmation from those charged with governance of any instances of any actual, suspected, or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting East Lothian IJB that should be brought to my attention.

Representations from Section 95 Officer

8. As part of the completion of our audit, I am seeking written representations from the Chief Finance Officer, who is the Section 95 Officer, on aspects of the annual accounts, including the judgements and estimates made.

9. A draft letter of representation is attached at [Appendix B](#). This should be signed and returned to me by the Section 95 Officer with the signed annual accounts prior to the independent auditor's report being certified.



John Boyd CPFA
Audit Director
Audit Scotland
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Appendix A: Proposed Independent Auditor's Report

Independent auditor's report to the members of East Lothian Integration Joint Board and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of East Lothian Integration Joint Board for the year ended 31 March 2025 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the 2024/25 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the East Lothian Integration Joint Board as at 31 March 2025 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 2 December 2022. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the East Lothian Integration Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the East Lothian Integration Joint Board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the East Lothian Integration Joint Board's ability to continue to adopt the going concern basis of

accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the East Lothian Integration Joint Board's current or future financial sustainability. However, I report on the East Lothian Integration Joint Board's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Chief Finance Officer and East Lothian Integration Joint Board for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the East Lothian Integration Joint Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the East Lothian Integration Joint Board's operations.

The East Lothian Integration Joint Board is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the South Lanarkshire Integration Joint Board;
- inquiring of the Chief Finance Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the East Lothian Integration Joint Board;
- inquiring of the Chief Finance Officer concerning the East Lothian Integration Joint Board's policies and procedures regarding compliance with the applicable legal and regulatory framework;

- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the East Lothian Integration Joint Board's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report

I have audited the parts of the Remuneration Report described as audited. In my opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

The Chief Finance Officer is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

John Boyd FCPFA
Audit Scotland
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Appendix B: Letter of Representation (ISA 580) - to be reproduced on client's letterhead

John Boyd, Audit Director
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

Dear John

East Lothian Integration Joint Board Annual Accounts 2024/25

1. This representation letter is provided in connection with your audit of the annual accounts of East Lothian Integration Joint Board for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view and have been properly prepared, and for expressing other opinions on the Remuneration Report, Management Commentary, and Annual Governance Statement.
2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Joint Board, East Lothian Council and NHS Lothian, the following representations given to you in connection with your audit of East Lothian Integration Joint Board's annual accounts for the year ended 31 March 2025.

General

3. East Lothian Integration Joint Board and I have fulfilled our statutory responsibilities for the preparation of the 2024/25 annual accounts. All the accounting records, documentation, and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by East Lothian Integration Joint Board have been recorded in the accounting records and are properly reflected in the financial statements.
4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

Financial Reporting Framework

5. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (2024/25 accounting code), mandatory guidance from LASAAC, and the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003, and The Local Authority Accounts (Scotland) Regulations 2014.
6. In accordance with the 2014 Regulations, I have ensured that the financial statements give a true and fair view of the financial position of the East Lothian Integration Joint Board at 31 March 2025 and the transactions for 2024/25.

Accounting Policies and Estimates

7. All material accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2024/25 accounting code, where applicable. Where the accounting code does not specifically apply, I have used judgement in developing

and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to East Lothian Integration Joint Board circumstances and have been consistently applied.

8. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

Going Concern Basis of Accounting

9. I have assessed East Lothian Integration Joint Board's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on East Lothian Integration Joint Board's ability to continue to adopt the going concern basis of accounting.

Assets

10. All assets at 31 March 2025 of which I am aware have been recognised in the annual accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

11. There are no plans or intentions that are likely to affect the carrying value or classification of the assets recognised in the financial statements

Liabilities

12. All liabilities at 31 March 2025 of which I am aware have been reported in the financial statements.

13. There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

Fraud

14. I understand my responsibilities for the design, implementation, and maintenance of internal control to prevent fraud and I believe I have appropriately fulfilled those responsibilities.

15. I have provided you with all information in relation to

- my assessment of the risk that the financial statements may be materially misstated as a result of fraud,
- any allegations of fraud or suspected fraud affecting the financial statements, and
- fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

Laws and Regulations

16. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Related Party Transactions

17. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2024/25 accounting code. I have made available to you the identity of all the East Lothian Integration Joint Board's related parties and all the related party relationships and transactions of which I am aware.

Remuneration Report

18. The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014, and all required information of which I am aware has been provided to you.

Management Commentary

19. I confirm that the Management Commentary has been prepared in accordance with the statutory guidance and the information is consistent with the financial statements.

Corporate Governance

20. I confirm that the East Lothian Integration Joint Board has undertaken a review of the system of internal control during 2024/25 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.

21. I confirm that the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2025, which require to be reflected.

Events Subsequent to the Date of the Balance Sheet

22. All events subsequent to 31 March 2025 for which the 2024/25 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Mike Porteous
Chief Finance Officer



REPORT TO: East Lothian IJB - Audit and Risk Committee

MEETING DATE: 23 September 2025

BY: Chief Finance Officer

SUBJECT: 2024/25 Audited Annual Accounts

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1 PURPOSE

- 1.1 This report presents the IJB's Annual Accounts for 2024/25.

2 RECOMMENDATIONS

- 2.1 The Audit & Risk Committee is asked to:
- i. Note the Independent Auditors review of the IJB's Annual Accounts; and
 - ii. Recommend to the IJB that the Board approves the 2024/25 Annual Accounts.

3. BACKGROUND

- 3.1 As a body governed by section 110 of the Local Government Scotland Act (1973) and the appropriate regulations and subsequent Acts, the IJB must prepare a set of Annual Accounts. The accounts must fulfil the requirements of the Act and the regulations and must give a true and fair view of the IJB's financial position.
- 3.2 The accounts must then be reviewed by an Independent Auditor whose findings will be reported to the IJB's Audit & Risk Committee in the first instance. This will allow the auditors to bring any matters to the committee's attention. If there are no issues arising from the auditor's report, then the committee can recommend the IJB approve the annual accounts.
- 3.3 The auditors report on the 2024/25 Annual Accounts is unqualified - that is that the auditors consider that the accounts meet the regulations and requirements of the Act and that the accounts are a true and fair view of the IJB's financial position.
- 3.4 The accounts will be signed electronically by the IJB's Chair, the Chief Officer, the Chief Finance Officer and the appointed auditor at the close of the next IJB Board meeting once approved by the IJB.

4 ENGAGEMENT

- 4.1 The IJB makes its papers and reports available on the internet.

5 POLICY IMPLICATIONS

- 5.1 This paper is covered within the policies already agreed by the IJB.

6 INTEGRATED IMPACT ASSESSMENT

- 6.1 There are no implications for health inequalities or general equality and diversity issues arising directly from the issues and recommendations in this paper.

7 RESOURCE IMPLICATIONS

- 7.1 Financial – there are none.
7.2 Personnel – there are none.

8 BACKGROUND PAPERS

- 8.1 None

AUTHOR'S NAME	Mike Porteous
DESIGNATION	Chief Finance Officer
CONTACT INFO	Mike.Porteous@nhs.scot
DATE	25 September 2025

Appendices

1. East Lothian IJB's Annual Accounts 2024/25

East Lothian Integration Joint Board

Audited 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

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:

Member	Nominated/Appointed by	Role
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)
Michael 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)

Changes in Membership:

- Jonathan Blazeby replaced Fiona Ireland as a Health nominated voting member from 1 May 2024.
- Dr Kalonde Kasengele replaced Dr Philip Conaglen from 20 June 2024 as Public Health representative.
- Darren Bradley filled the vacant role as East Lothian Council Union representative from 26th September 2024.
- Following David King's retiral Michael Porteous became Interim Chief Finance Officer on 16th December 2024 and was appointed permanently to the role on 3rd March 2025.

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 which will be monitored by the Workforce Steering Group and through service workforce plans.
- Direction 20 – to implement the decision at the March 2024 IJB meeting to close the Belhaven Hospital Site. This will be overseen by a dedicated Operational Group.

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 (CAH) 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 agreed to fund this deficit from its reserves.

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 2025/26. Some of the planned 2024/25 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 (HSCP), 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 East Lothian HSCP 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 the end of the year 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 the end of the year 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
Position at Year end	0	0	

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. The Health balance includes the release of £3,096,000 of General Reserves.
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.

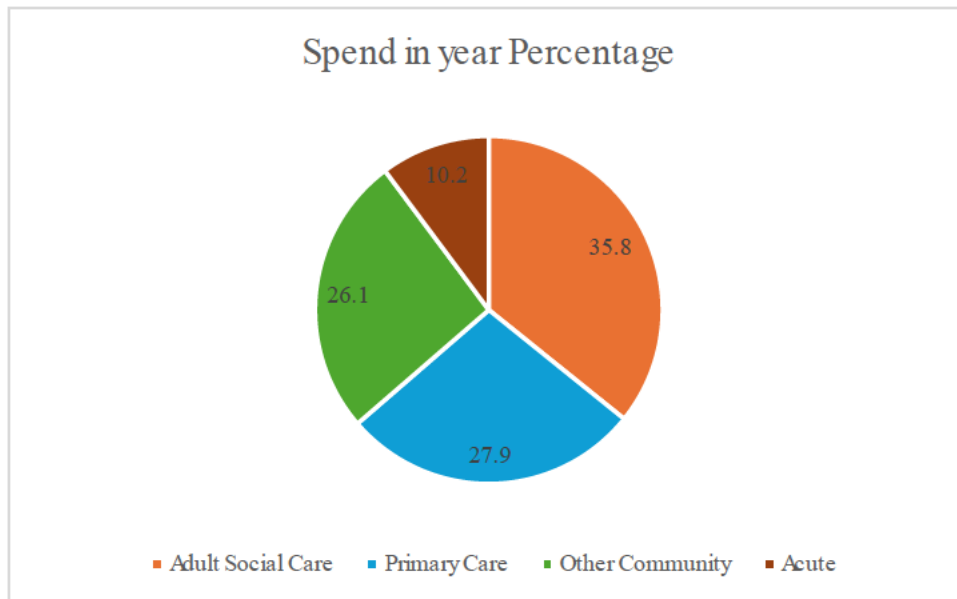
Reserves

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.

Key risks, challenges and uncertainty

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

Michael 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 East Lothian Integration Joint Board on 25th September 2025.

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 adequate 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.

Michael 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 Chief Finance Officer 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 Chief Finance Officer was undertaken by Mike Porteous on an interim basis. Following a formal interview process Mike Porteous was permanently appointed to the Chief Finance Officer post on 3 March 2025 and has 2 roles – the IJB’s Chief Finance Officer 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.

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

Notes:

David King ceased employment on 6th December 2024. He was remunerated through the NHS Lothian Staff bank arrangement.

Mike Porteous commenced on 16 December 2024. His full year equivalent is £42,294 in 2024/25.

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			Accrued Pension Benefits at	
	For year to				
	31/03/2024	31/03/2025		31/03/2024	31/03/2025
	£k	£k		£k	£k
Claire Flanagan	9	-	Pension	22	-
			Lump Sum	55	-
Fiona Wilson	22	14	Pension	35	42
			Lump Sum	93	106
Michael Porteous	-	3	Pension	-	33
			Lump Sum	-	85

Note: The Employer Pension contributions for the year to 31 March 2025 are 50% of the total amount for each individual reflecting the dual roles they have with the IJB and the HSCP. The full year equivalent for the Chief Officer is £27k and £6k for the Chief Finance Officer.

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

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 unaudited Annual Accounts and Report for 2024/25 set out the financial position in accordance with relevant accounting regulations and was submitted in draft to the June 2025 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 four improvement areas of governance identified by the ELIJB in 2023/24, there have been developments during the year in all four 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 permanent Chief Finance Officer was approved in December 2024 and appointed in January 2025 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 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. As a result of the lack of any current general reserves and the challenging financial position 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 ELIJB'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 ELIJB 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

Independent Auditor's Report

Independent auditor's report to the members of East Lothian Integration Joint Board and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of East Lothian Integration Joint Board for the year ended 31 March 2025 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the 2024/25 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the East Lothian Integration Joint Board as at 31 March 2025 and of its income and expenditure for the year then ended;

- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Code; and

- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 2 December 2022. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the East Lothian Integration Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the East Lothian Integration Joint Board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the East Lothian Integration Joint Board's current or future financial sustainability. However, I report on the East Lothian Integration Joint Board's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Chief Finance Officer and East Lothian Integration Joint Board for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the East Lothian Integration Joint Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

East Lothian Integration Joint Board is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

using my understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the body;

inquiring of the Chief Finance Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the East Lothian Integration Joint Board;

inquiring of the Chief Finance Officer concerning the East Lothian Integration Joint Board's policies and procedures regarding compliance with the applicable legal and regulatory framework;

discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and

considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the East Lothian Integration Joint Board's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report

I have audited the parts of the Remuneration Report described as audited. In my opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

The Chief Finance Officer is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and

the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

adequate accounting records have not been kept; or

the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or

I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

John Boyd FCPFA

Audit Scotland

8 Nelson Mandela Place

Glasgow

G2 1BT

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.

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
160,470		160,470	Health Delegated	165,845		165,845
66,930		66,930	Social Care Delegated	71,869		71,869
227,400	0	227,400	Cost Of Services	237,714	0	237,714
	(221,621)	(221,621)	Taxation & non- specific grant Income		(234,837)	(234,837)
227,400	(221,621)	5,779	(Surplus)/Deficit on Provision of Services	237,714	(234,837)	2,877
5,779			Total Comprehensive (Income) and Expenditure	2,877		

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

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

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.

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

The unaudited accounts were authorised for issue on 26th June 2025.

Michael 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
Total	4,343	1,466

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
Community Living Change Fund	45	0
Carers	93	118
Locally Committed Programmes	1,109	1,348
Earmarked General Fund Reserves	1,247	1,466
Uncommitted General Fund Reserves	3,096	0
Total Usable Reserves	4,343	1,466

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
221,621	Total	234,837

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:

2023/24 £000's		2024/25 £000's
54	Staff (Chief Officer)	61
3	CNORIS	3
33	Audit Fee	34
90	Total	98

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.

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

2023/24 Expenditure £000's		2024/25 Expenditure £000's
160,470	NHS Lothian	165,845
66,930	East Lothian Council	71,869
227,400	Total	237,714

2023/24 Net Transactions £000's		2024/25 Net Transactions £000's
(2,658)	NHS Lothian	(2,857)
(3,121)	East Lothian Council	(20)
(5,779)	Total	(2,877)

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

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: EL IJB Audit & Risk Committee

MEETING DATE: 23 September 2025

BY: Chief Finance Officer

SUBJECT: 2025/26 Risk Register Review

5

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 on to this committee in June 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 – In year financial monitoring has not altered the forecast emergence of pressures highlighted in the last report. The IJB's 5 Year Financial plan projection is expected to be updated in the next month

and will provide a high-level indication of any change that will inform this risk.

- 3.4 Risk 3925 Operational resources may be insufficient to deliver the Strategic Plan – the Strategic Plan review is scheduled to conclude in December. The drivers of this risk remain unchanged, and services are operating under pressure.

High Risk rating

- 3.5 Risk 4018 Impact of Partner's Decisions – longer term financial planning is underway across the partner organisations and there is an increased emphasis on the delivery of efficiencies. IJB officers are engaging with partner leads to ensure decisions are made collaboratively.
- 3.6 Risk 5220 Demographic pressures – the population of East Lothian continues to grow at a higher rate than almost all 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, monitored and modelled.

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 as Medium.
- 3.8 Risk 5479 Accurate financial forecasting – the finance functions of both partners are now up to establishment and aligned to providing accurate timely financial information for the HSCP and the IJB.

4 ENGAGEMENT

- 4.1 The IJB 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: Extract of Risk Register

AUTHOR'S NAME	Michael Porteous
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DATE	September 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

East Lothian IJB Risk Register

Risk	Title/Description	RAG
3924	<p>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.</p> <p>Funding offer from Council been accepted by IJB and indicative funding offer from Health noted by IJB at March 2025 meeting.</p>	Very High
3925	<p>Operational resources may be insufficient to deliver the Strategic Plan - 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>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.</p>	High

East Lothian IJB Risk Register

Risk	Title/Description	RAG
4018	<p>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</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>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.</p>	Medium
5486	<p>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</p>	Medium

ID	Risk level	Division	Management Team	Service Area	Site	Risk Owner	Handler	Title	Description	Controls in place	Adequacy of controls	Decision to either Treat, Tolerate, Transfer or 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	Closed 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 – Monthly financial reporting 3 - Attendance at Financial Overview 4 - Work closely with East Lothian Council finance manager to ensure shared understanding of financial position		Moderate (3)	UNLIKELY (2)	6	Medium	Minor (2)	UNLIKELY (2)	4	Medium	18/11/2022	19/08/2025	26/11/2025		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 November 2024 update - a new principal accountant appointed May 2025 update - a new principal accountant appointed	18/11/2022	30/08/2025	19/08/2025	
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	19/08/2025	26/11/2025		16402	Community Transformation provisioning Strategic delivery	Gillian Neil leading with an April 2024 timescale	01/09/2022	30/04/2024	27/05/2024
																							###							
																							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)	18/11/2022	01/11/2025			
																							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	19/08/2025		
																							18162	Housing strategy	Continued involvement by the HSCP with East Lothian Councils housing department to develop comprehensive local Housing Strategy - LK 22/08/2023	11/05/2023	30/04/2024	27/05/2024		
																							21205	Redesign of Care at home	project team established and reporting into the IJB, CAH change board.	15/05/2024	01/11/2025			
																							6950	Creation of appropriate financial	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		

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7346	Financial Reporting	Ongoing throughout current financial year. 7/1/20: Regular financial reporting takes place. Agreement to close risk and add to controls.	01/04/2017	31/03/2020	07/01/2020
##	IJB and Policy Decisions	This action has now become a control	01/04/2017		16/05/2019
8949	Development of a longer term rolling financial plan for the IJB	<p>This went to IJB in June 2019 and was accepted.</p> <p>23/11/20: A further update of the IJB rolling financial plan was presented to the IJB in October 2020. This iteration of the plan will require to be refined once clarity on the impact COVID-19 has on the IJB delegated functions moving forward.</p> <p>13/06/2022 Through the routine financial monitoring reported to the IJB the future year financial projections and challenges have been shared</p> <p>18/11/2022 - An IJB financial plan has been developed and due to be presented to the IJB at its meeting on 8/12/2022</p> <p>IJB financial plan presented to IJB meeting on the 8th December 2022</p> <p>IJB budget development session ran during January 2023 following the financial plan and associated financial gaps- CF 14/2/23</p>	16/05/2019	31/12/2022	20/02/2023
10548	Annual National and Scottish Budget Allocation	<p>7/1/20: Annual budget settlement is currently unclear. Awaiting further information.</p> <p>23/11/20: Scottish Government Annual Budget for 2021/22 to be set February 2021 will require to work with Partners to assess the impact this will have on the IJB.</p> <p>26/02/2021: Scottish Government Budget announced and correspondence from Scottish Government has been received by the IJB and Partners. Awaiting formal budget offers from Partners. Paper on budget offers will be updated at the next IJB meeting.</p> <p>08/05/21: IJB agreed budget offer from both Partners at April 2021 meeting. This business was followed by an IJB budget challenge 2021/22 development session.</p> <p>13/06/2022 The IJB set its budget at its March 2022 meeting for financial year 2022/23</p>	07/01/2020	31/12/2022	16/08/2022

3924	Integrated Joint Board	East Lothian HSCP					Wilson, Fiona M	Porteous, Mike	Financial resources may be insufficient to sustain the Strategic Plan	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.	Funding offer from Council been accepted by IJB and indicative funding offer from Health noted by IJB at March 2025 meeting.	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. Regular reports will be presented to the IJB updating the financial position in year. 13. IJB set a balanced budget at its March 2025 meeting	Some weaknesses: improvement can be demonstrated how		Extreme (5)	LIVELY (4)	20	Very High	Moderate (3)	LIVELY (4)	12	High	26/02/2016	19/08/2025	26/11/2025																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																														

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REPORT TO: EL IJB Audit & Risk Committee

MEETING DATE: 23 September 2025

BY: Chief Internal Auditor

SUBJECT: Internal Audit Report – Financial Planning

6

1 PURPOSE

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

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 Financial Planning has been undertaken as part of the Audit Plan for 2025/26.
- 3.2 The main objective of the audit was to review the adequacy and effectiveness of the arrangements in place for Financial Planning within the East Lothian IJB.
- 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 Financial Planning

AUTHOR'S NAME	Duncan Stainbank
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DATE	16 September 2025



East Lothian
Integration Joint Board



East Lothian Integration Joint Board

Financial Planning

September 2025

Conclusion

Reasonable Assurance

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1 Executive Summary: Financial Planning

Conclusion: Reasonable Assurance

The East Lothian Integration Joint Board has internal controls and governance in place for Financial Planning, however improvements are required to provide a fully effective control process, including formally approving a multi-year financial plan based on the budget offers of partner bodies, undertaking an exercise to review financial resilience and sustainability and changing the approach adopted for projecting both social care and health deficits in the latter years of the financial plan.

Background

The East Lothian Integration Joint Board (ELIJB) produced its latest strategic plan for the period from 2022 to 2025, and the Board agreed at its meeting in February 2025 to undertake a review of the current plan with the aim of developing a new strategic plan later this financial year (an initial set of high-level strategic objectives and delivery priorities have been developed for inclusion in the revised strategic plan). The East Lothian Integration Joint Board is also required to prepare a multi-year financial plan which lays out how the Board will resource the delivery of its strategic plan (what resources will be used to deliver the functions that have been delegated to the East Lothian Integration Joint Board). Financial Planning is vital for demonstrating financial sustainability within the East Lothian Integration Joint Board moving forward, considering the significant financial challenges faced by the partner bodies. The most recent cumulative financial projections for the period from 2025/26 to 2029/30 forecast an overspend of approximately £30.3 million in financial year 2029/30. The Board utilised its remaining general reserves in 2024/25 and there is no general reserves in place to support the future financial position.

Summary of findings & recommendations

The following key findings and recommendations are highlighted, which have all been **agreed by the Chief Finance Officer**:

- The East Lothian Integration Joint Board have not formally approved a multi-year financial plan laying out how it will resource the delivery of its strategic plan. *Management have agreed to present the new five-year financial plan for approval by March 2026.*
- The financial projections for the period from 2025/26 to 2029/30 presented to the East Lothian Integration Joint Board in March 2025 forecast large overspends in the latter years, and an exercise has not been undertaken to demonstrate financial resilience, and sustainability in relation to the CIPFA FM Code. *Management advised that the East Lothian Integration Joint Board are carrying out a review to address elements of the financial gap and to demonstrate that service plans are more sustainable in future years by March 2026.*
- There was a lack of appropriate methodology in place for projecting both social care and health deficits in the latter years of the financial plan – the social care and health deficits from the previous year in the financial projections were also included as a budgeted increase in costs for the next financial year, resulting in large forecast overspends. *Management advised that the current review should identify efficiencies by March 2026.*
- The existing arrangements in place for explaining the assumptions made when forecasting financial deficits require review. *Management have agreed to provide more details on the assumptions made when forecasting financial deficits by March 2026.*

Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	-	4	-	4
Prior Report	-	2	1	3

Materiality

The East Lothian Integration Joint Board (ELIJB) had a budget of £210 million in 2025/26, the ELIJB receives approximately 60% of its funding from NHS Lothian and 40% from East Lothian Council. The financial projections presented in March 2025 forecast an overspend of approximately £30.3 million in financial year 2029/30.

2 Headlines

Objectives	Conclusion	Comments
1. The East Lothian Integration Joint Board has an appropriate medium term financial plan in place.	Reasonable	The East Lothian Integration Joint Board have prepared a multi-year financial plan for the period from 2025/26 to 2029/30, however the plan has not been formally approved. The financial projections presented to the East Lothian Integration Joint Board in March 2025 forecast large overspends in the latter years, and an exercise has not been undertaken to demonstrate financial resilience and sustainability in relation to the CIPFA FM Code.
2. A clear audit trail exists to ensure that the reported information in the financial plan is accurate and complete.	Limited	We sought to establish if there was a clear audit trail for the East Lothian Integration Joint Board's financial projections for the period from 2025/26 to 2029/30 to ensure that the reported information was accurate and complete, and we found that the funding uplifts and expenditure growth for the partner bodies were correctly included within the combined plan. However, the existing arrangements in place for explaining the assumptions made when forecasting financial deficits require review. There was a lack of appropriate methodology in place for projecting both social care and health deficits in the latter years of the financial plan – the social care and health deficits from the previous year in the financial projections were also included as a budgeted increase in costs for the next financial year, resulting in large forecast overspends e.g. approximately £30.3 million in financial year 2029/30.
3. The assumed movements for financial savings and pressures in the financial plan are comparable with the levels indicated by the Scottish Government's Medium-Term Health and Social Care Financial Framework.	Reasonable	The Scottish Government's Medium-Term Health and Social Care Financial Framework guidance states that for the purposes of modelling a growth rate of 4% has been used for social care, together with a growth rate of 3.5% for health. For NHS Lothian services the financial plan was prepared based on information provided by NHS Lothian finance – pay awards were modelled in full and the plan assumed a 3% increase for AFC staff, medicines growth was based on detailed horizon scanning completed in conjunction with pharmacy colleagues etc. (a 10% growth rate had been applied primarily for drugs within the expenditure for Growth and Other Commitments). The financial plan prepared for East Lothian Council included modelling adjustments for growth and inflation and indexation in social care costs.
4. Adequate arrangements are in place for the effective monitoring of the financial plan.	Substantial	Adequate arrangements are in place for monitoring the financial plan throughout the financial year, the Chief Finance Officer holds regular meetings with East Lothian Council and NHS Lothian to discuss any changes in finances and to reflect the revised in year forecast financial outturns.
5. The East Lothian Integration Joint Board's financial plan is updated with the ongoing financial planning of the partner bodies.	Reasonable	Appropriate arrangements are in place to ensure that the East Lothian Integration Joint Board's financial plan is correlated with the planning of both partners – the financial plan incorporates the ongoing financial planning carried out by East Lothian Council and NHS Lothian, and the Chief Finance Officer presents regular financial updates to the East Lothian Integration Joint Board reporting on the latest financial position.

3 Areas where expected controls are met/good practice

No.	Areas of Positive Assurance
1.	A clear audit trail exists to ensure that funding uplifts and expenditure growth for the partner bodies are correctly included within the East Lothian Integration Joint Board's financial plan.
2.	Adequate arrangements are in place for monitoring the financial plan throughout the financial year, the Chief Finance Officer holds regular meetings with East Lothian Council and NHS Lothian to discuss any changes in finances and to reflect the revised in year forecast financial outturns.
3.	Appropriate arrangements are in place to ensure that the East Lothian Integration Joint Board's financial plan is correlated with the planning of both partners – the financial plan incorporates the ongoing financial planning carried out by East Lothian Council and NHS Lothian, and the Chief Finance Officer presents regular financial updates to the East Lothian Integration Joint Board reporting on the latest financial position.

4 Detailed Recommendations

Financial Plan

Objective 1	Findings & Risk 1	Grade	Recommendations
	<p>The East Lothian Integration Joint Board produced its latest strategic plan for the period from 2022 to 2025 and the Board agreed at its meeting in February 2025 to undertake a review of the current plan with the aim of developing a new strategic plan later this financial year (an initial set of high-level strategic objectives and delivery priorities have been drafted for inclusion in the revised strategic plan).</p> <p>The East Lothian Integration Joint Board is also required to prepare a multi-year financial plan which lays out how it will resource the delivery of its strategic plan. The following points were noted:</p> <ul style="list-style-type: none"> • The East Lothian Integration Joint Board were presented with a financial plan for the period from 2024/25 to 2028/29 on the 14 December 2023, however the East Lothian Integration Joint Board did not formally approve the new five-year financial plan. • A revised financial plan for the period 2024/25 to 2028/29 was presented to the East Lothian Integration Joint Board in April 2024 reflecting on further financial planning information provided by the partner bodies, including the financial recovery actions agreed as part of the 2024/25 budget setting process. • In March 2025, the East Lothian Integration Joint Board were presented with the cumulative financial projections for the period from 2025/26 to 2029/30 based on the most recent iterations of partner financial plans. However, the financial plan was not formally approved and these financial projections forecast large overspends in the latter years (e.g. an overspend of approximately £30.3 million is forecast in financial year 2029/30) and an exercise has not been undertaken to demonstrate service plans are financially resilient and sustainable moving forward. The East Lothian Integration Joint Board have adopted the CIPFA FM Code, and principle I states that: ‘the authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.’ <p>The risks of not formally approving the financial plan include failing to meet statutory obligations leading to legal actions for the ELIJB, a significant negative impact on health and social care users due to cuts in services to close the budget gap, reputational damage and increased regulatory scrutiny.</p> <p>The risks of not being financially sustainable include service disruption, a funding gap leading to potential overspends, workforce instability due to recruitment and retention issues, an inability to transform services to meet rising demand and an overall failure to deliver on the strategic objectives.</p>	Medium	<p>1.1 Management should ensure that the revised five-year financial plan is formally presented to the East Lothian Integration Joint Board for approval.</p> <p>1.2 Management should undertake an exercise to review the financial resilience and sustainability of service plans in compliance with the CIPFA FM Code.</p>

4 Detailed Recommendations

Financial Plan			
Objective 1	Findings & Risk 1 (cont)	Grade	Recommendations
Management Response		Responsible Officer & Target Date	
1.1 Agreed – a new five-year financial plan will be prepared and presented to the East Lothian Integration Joint Board for approval.		1.1 Chief Finance Officer March 2026	
1.2 Agreed – we are currently undertaking an exercise to address elements of the financial gap in conjunction with preparing a new financial plan.		1.2 Chief Finance Officer March 2026	

4 Detailed Recommendations

Audit Trail

Objective 2	Findings & Risk 1	Grade	Recommendations
	<p>We sought to establish if there was a clear audit trail for the East Lothian Integration Joint Board's financial projections for the period from 2025/26 to 2029/30 to ensure that the reported information was accurate and complete. The following points were noted:</p> <ul style="list-style-type: none"> In March 2025, the East Lothian Integration Joint Board were presented with the cumulative financial projections for the period from 2025/26 to 2029/30 based on the information provided by the partner bodies. We found that the funding/income uplifts and expenditure growth for the partner bodies were correctly included in the combined plan, however, the plan assumes East Lothian Council will not fund inflationary and pay increases and the existing arrangements in place for explaining the assumptions made when forecasting financial deficits require review. There was a lack of appropriate methodology in place for projecting both social care and health deficits in the latter years of the combined financial plan – the social care and health deficits from the previous year in the financial projections were also included as a budgeted increase in costs for the next financial year, resulting in large forecast overspends. <p>There is a risk that overstating deficits may hinder services provision planning and the ELIJB relies on costly one-off solutions e.g. stopping services rather than utilising sustainable recurring savings.</p> <p>There is a risk that the assumptions used in the later years of the financial plan do not provide full clarity and overstates the savings targets required.</p>	Medium	<p>2.1 Management should ensure that all assumptions made for forecasting financial deficits are properly explained to the Board, including if the partner bodies are expected to fund pay and inflationary increases.</p> <p>2.2 Management should ensure that an appropriate approach is adopted for projecting social care and health deficits in the latter years of the financial plan.</p>

Management Response

2.1 Agreed – we will provide more details on the assumptions made when forecasting financial deficits in the new financial plan.

2.2 Agreed – the exercise currently being undertaken should identify efficiencies to help reduce the projected deficits included as an increase in costs for the later years in the financial plan.

Responsible Officer & Target Date

**2.1 Chief Finance Officer
March 2026**

**2.2 Chief Finance Officer
March 2026**

A Recommendation Grading/Overall Opinion Definitions

Recommendation	Definition
High	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.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.

Levels of Assurance	Definition
Substantial Assurance	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.
Reasonable Assurance	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.
Limited Assurance	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.
No Assurance	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.

