

Scottish Borders Integration Joint Board

2023/24 Annual Audit Report



 AUDIT SCOTLAND

Prepared for Scottish Borders Integration Joint Board and the Controller of Audit
January 2025

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Key messages

2023/24 annual accounts

- 1 The audit opinions on the annual accounts of the Scottish Borders IJB are unmodified i.e. the financial statements and related reporting are free from material misstatement.

Financial management

- 2 Scottish Borders IJB reported an overspend of £4.5 million against its revised budget. The overspend related to health delegated services.
- 3 A £3 million deficit on the provision of services was reported in the financial statements and this was supported by using one-off reserves.
- 4 Scottish Borders IJB financial reporting in 2023/24 was limited which made scrutiny challenging. There are significant improvements to budget monitoring reporting in 2024/25.

Financial sustainability

- 5 A medium-term financial plan is being developed. Principles for this work have been shared with the Board and a five-year plan is due in March 2025.
- 6 Financial sustainability remains a significant risk for Scottish Borders IJB. The Accounts Commission reported that financial sustainability is a challenge for Integration Joint Boards across Scotland.

Vision, leadership, and governance

- 7 Whilst governance arrangements are generally appropriate and operate effectively, there is scope for improvement identified by members from their self-evaluation process. An improvement plan is in place and actions are ongoing.

Use of resources to improve outcomes

- 8 Scottish Borders IJB have made improvements in performance reporting in 2023/24, This can continue to be enhanced by delivering more insights into the datasets and how this relates to its commissioning role.
- 9 Scottish Borders IJB's performance in year has shown some improvements with reductions in both emergency admissions and the falls rate. There remains significant challenges with delayed discharges.

- 10** Scottish Borders IJB requires to ensure there are arrangements in place for securing Best Value.

Introduction

1. This report summarises the findings from the 2023/24 annual audit of Scottish Borders Integration Joint Board (Scottish Borders IJB). The scope of the audit was set out in an Annual Audit Plan shared by correspondence in November 2024 and presented to the 16 December 2024 meeting of the Audit Committee. This Annual Audit Report comprises:

- significant matters arising from an audit of Scottish Borders IJB’s annual accounts
- conclusions on the following wider scope areas that frame public audit as set out in the [Code of Audit Practice 2021](#):
 - Financial Management
 - Financial Sustainability
 - Vision, Leadership, and Governance
 - Use of Resources to Improve Outcomes.
- conclusions on Scottish Borders IJB’s arrangements for meeting its Best Value duties.

2. This report is addressed to the board of Scottish Borders IJB’s and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

Audit appointment

3. John Boyd has been appointed by the Accounts Commission as auditor of Scottish Borders IJB for the period from 2022/23 until 2026/27.

4. We would like to thank Audit Committee members, senior management, and in particular those staff involved in the preparation of the annual accounts for their cooperation and assistance in this year and we look forward to working together constructively over the course of the remainder of the five-year appointment.

Responsibilities and reporting

5. Scottish Borders IJB has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. Scottish Borders IJB is also responsible for compliance with legislation, and putting arrangements in

place for governance and propriety that enable it to successfully deliver its objectives.

6. My responsibilities as independent auditor are established by the Local Government (Scotland) Act 1973 the Code of Audit Practice 2021, and supplementary guidance, and International Standards on Auditing in the UK.

7. Weaknesses or risks identified are only those which have come to my attention during my team's normal audit work and may not be all that exist. Communicating these does not absolve management of Scottish Borders IJB from its responsibility to address the issues raised and to maintain adequate systems of control.

8. This report contains an agreed action plan at [Appendix 1](#). It sets out specific recommendations, the responsible officers, and dates for implementation.

Auditor Independence

9. I can confirm that my team and I comply with the Financial Reporting Council's Ethical Standard. I can also confirm that my team and I have not undertaken any non-audit related services and therefore the 2023/24 audit fee of £33,360 as set out in the 2023/24 Annual Audit Plan remains unchanged. I am not aware of any relationships that could compromise our objectivity and independence.

10. The annual audit adds value to Scottish Borders IJB by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations
- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, arrangements to ensure the best use of resources and financial sustainability.
- sharing intelligence and good practice identified.

1. Audit of 2023/24 annual accounts

Public bodies are required to prepare annual accounts comprising financial statements and other related reports. These are principal means of accounting for the stewardship public funds.

Main judgements

The audit opinions on the annual accounts of the Scottish Borders IJB are unmodified i.e. the financial statements and related reporting are free from material misstatement.

Audit opinions on the annual accounts are unmodified

11. The Board approved the annual accounts for Scottish Borders IJB for the year ended 31 March 2024 on 22 January 2025. As reported in the independent auditor's report, in my opinion as the appointed auditor:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- the audited part of the Remuneration Report was prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014
- the Management Commentary and Annual Governance Statement were consistent with the financial statements and properly prepared in accordance with the applicable requirements.

Overall materiality was assessed on receipt of the annual accounts as £4.8 million

12. Broadly, the concept of materiality is applied by auditors to determine whether misstatements identified during the audit could reasonably be expected to influence the economic decisions of users of the financial statements, and hence impact their opinion set out in the independent auditor's report. Auditors set a monetary threshold when considering materiality, although some issues may be considered material by their nature. It is ultimately a matter of the auditor's professional judgement.

13. My initial assessment of materiality was carried out during the risk assessment phase of the audit. This was reviewed and revised on receipt of the unaudited annual accounts and is summarised in [Exhibit 1](#).

Exhibit 1

Quantitative materiality values

Materiality level	Amount
Overall materiality	£4.8 million
Performance materiality	£3.6 million
Reporting threshold	£0.24 million

14. The overall materiality threshold for the audit of the annual accounts of Scottish Borders IJB was set with reference to gross expenditure, which we judged as the figure most relevant to the users of the financial statements.

15. Performance materiality is used by auditors when undertaking work on individual areas of the financial statements. It is a lower materiality threshold, set to reduce the probability of aggregated misstatements exceeding overall materiality. Performance materiality was set at 75% of overall materiality, reflecting our cumulative knowledge about Scottish Borders IJB and no significant issues identified during our planning work

16. It is my responsibility to request that all misstatements, other than those below the reporting threshold are corrected. However, the final decision on making the correction lies with those charged with governance.

Significant findings and key audit matters

17. Under ISA (UK) 260, we communicate significant findings from the audit to the board, including our view about the qualitative aspects of the body's accounting practices.

18. The Code of Audit Practice also requires me to highlight key audit matters, which are defined in ISA (UK) 701 as those judged to be of most significance.

19. I have no significant issues to report from the audit.

Audit work responded to the risks of material misstatement identified in the annual accounts

20. My team and I obtained audit assurances over the identified significant risks of material misstatement in the annual accounts. [Exhibit 2](#) sets out the significant risks of material misstatement to the financial statements we identified in the 2023/24 Annual Audit Plan. It also summarises the further audit

procedures performed during the year to obtain assurances over these risks and the conclusions from the work completed.

Exhibit 2

Significant risks of material misstatement in the annual accounts

Audit risk	Assurance procedure	Results and conclusions
<p>1. Risk of material misstatement due to fraud caused by management override of controls</p> <p>As stated in ISA (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<ul style="list-style-type: none"> • Agreement of balances and transactions to Scottish Borders Council and NHS Borders financial reports / ledger / correspondence. • Assurances will be obtained from the auditors of Scottish Borders Council and NHS Borders over the completeness, accuracy and allocation of income and expenditure. • Review of any significant adjustments made to figures from the partner bodies at year-end where we consider there to be greatest risk of material misstatement through management override of controls. • Review of financial monitoring reports during the year. • Assess the adequacy of controls in place for identifying and disclosing related party relationship and transactions in the financial statements • Evaluate any significant unusual transactions outside the norm. 	<p>Through our performed audit procedures, we have not identified any indication of material misstatement in the financial statements through fraud or error caused by management override of controls.</p> <p>Conclusion: there is no evidence of management override of controls.</p>

There were no identified misstatements in the financial statements above our reporting threshold

21. We have not identified any misstatements above our reporting threshold in the completion of our audit work.

Amendments have been made to the management commentary and remuneration report

22. There have been some minor amendments made to the management commentary following on from our audit work. These have been made to clarify some narrative and these have been addressed by officers. Amendments were made to the remuneration report as part of the audit process.

The unaudited annual accounts were received in line with the agreed revised audit timetable

23. The unaudited annual accounts were received in line with the agreed revised audit timetable on 25 July 2024. A later date for completion of the audit was agreed with management due to the late signing of the 2022/23 annual accounts (July 2024).

Due to the timing of the 2022/23 annual audit report, progress during the 2023/24 financial year was not possible. We note that progress has been made during 2024/25 financial year

24. Scottish Borders IJB has started to make progress on the majority of the audit recommendations during 2024/25 financial year. We will look to fully conclude on these improvements as part of the 2024/25 audit. For actions not yet implemented, revised responses and timescales have been agreed with management and are set out in [Appendix 1](#).

2. Financial management

Financial management means having sound budgetary processes, and the ability to understand the financial environment and whether internal controls are operating effectively.

Conclusion

Scottish Borders IJB reported an overspend of £4.5 million against its revised budget. The overspend related to health delegated services.

A £3 million deficit on the provision of services was reported in the financial statements and this was supported by using one-off reserves.

Scottish Borders IJB financial reporting in 2023/24 was limited with insufficient detail which would make scrutiny challenging. There are significant improvements to budget monitoring reporting in 2024/25.

The initial 2023/24 budget was updated to reflect changes in planned expenditure and funding

25. The 2023/24 budget was initially shared with the Board in March 2023 and updated in April 2023. It identified a budget for total delegated services of £202 million and a set aside budget of £28.8 million. It noted that any in year allocations from Scottish Government, relating to health delegated services would be recognised during the year. The budget identified that savings of £10.9 million in delegated services would be required to set a balanced budget. The level of reserves which were expected to be used in year was not reported and there is an opportunity for officers to enhance the transparency of reporting around reserves.

26. During 2023/24 the financial plan was updated to reflect changes to planned expenditure and updated funding levels. The final 2023/24 budget was £206.0 million planned expenditure on delegated services to be met by £70.3 million from Scottish Borders Council and £135.7 million from NHS Borders. In addition, the set aside health care functions had a year-end budget of £32.5 million to be met wholly by NHS Borders.

Scottish Borders IJB reported a deficit in the provision of services of £3.0 million and an overspend in 2023/24 against its revised budget of £4.5 million

27. Scottish Borders IJB does not have any assets, nor does it directly incur expenditure or employ staff, other than the Chief Officer and Chief Finance

Officer. All funding and expenditure for Scottish Borders IJB is incurred by partner bodies and processed in their accounting records with information then shared and compiled to produce the annual financial statements.

28. Scottish Borders IJB returned a deficit on the provision of services of £3.0 million in the Comprehensive Income and Expenditure Statement. This underlying financial position is reflected in the General Fund movement in reserves. Reserves reduced from £9.8 million to £6.8 million in year. Reserves are all held for specific purposes and no contingency reserves are held.

29. There was an overspend on delegated health services of £5.7 million which has been funded by NHS Borders through an additional payment. The largest areas of overspend were prescribing (£2.4 million) and generic services (£2.5 million). There was an underspend of £1.2 million on delegated social work services. The underspend was returned to Scottish Borders Council.

30. There was an overspend on set aside services of £3.6 million relating to demand and capacity for services. The overspend has been absorbed within NHS Borders financial outturn.

31. The financial position is consistent with that in 2022/23, seeing overspends in delegated health services and an increased use of one-off reserves compared to the initial budget position.

32. The initial budget identified savings of £10.9 million were required to balance the budget. Scottish Borders IJB reported savings of £2.5 million made in delegated social care services, of which £1.3 million was made on a recurring basis which was consistent with the target. Savings of £3.7 million in delegated health services (generic services) were not achieved. Separate to the delegated budgeted savings, £0.9 million of savings in set aside were not achieved. There was limited reporting on savings in year. Financial monitoring of savings during 2023/24 did not provide a clear trail from budgeted savings to savings outcomes, which would highlight financial challenges being faced by Scottish Borders IJB.

Scottish Borders IJB had a significant period of 2023/24 without a Section 95 officer

33. Due to long-term absence in 2023/24, Scottish Borders IJB did not have a substantive Section 95 officer in place for seven months of 2023/24. During this time the Directors of Finance for NHS Borders and Scottish Borders Council supported the partnership. An interim Chief Finance Officer (CFO), who also took on the role of Section 95 officer, was appointed in March 2024. The absence of the CFO and a lack of capacity within the partner finance teams meant that financial reporting of the IJB was not prioritised. This resulted in less financial reporting to the Board than planned.

Financial reporting during 2023/24 was limited and did not provide sufficient information for scrutiny by Scottish Borders

IJB, instead relying on partner operational financial arrangements which remained in place

34. Budget monitoring reports during 2023/24 were limited. They were not shared on a regular basis and whilst they provided details on spend in year, did not provide sufficient information to monitor progress on savings, and use of reserves. We reported this in our 2022/23 annual audit report and recommended this as an area for improvement. We have concluded that the reporting during 2023/24 was not sufficient to support scrutiny and decision-making. This was primarily as a result of ill health, as the IJB did not have a CFO in post for seven months of the year. We note that this has been reported in the annual governance statement, recognising the reduced frequency and format of reporting.

35. We have reviewed reporting since the appointment of an interim CFO. The year end outturn reporting for 2023/24 is clear and provides sufficient detail for scrutiny. Further during 2024/25 we can see improvements in quarterly reporting which includes a clear overview of the financial position, movements in budgets, savings plans, reserves and performance including where there are significant variances.

36. This issue has been addressed in 2024/25 and we have concluded that Scottish Borders IJB is now receiving regular and accurate financial information on the financial position. The reports, which continues to develop each quarter, provide the required information to support scrutiny and decision-making.

Internal audit's opinion was that there are generally sound systems of governance, risk management and control in place

37. Scottish Borders IJB's internal audit function is carried out by the Scottish Borders Council internal audit team. The 2023/24 planned work was completed in full and the Annual Audit Report was presented to the July 2024 Audit Committee.

38. Two medium recommendations were made by internal audit in its report both relating to financial governance; the need for a medium-term financial plan and that financial plans and delivery plans should be based on reasonable assumptions, supported by scenario planning, to better deal well with uncertainty over funding and other financial risks.

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

39. In the public sector there are specific fraud risks, including those relating to payments and other claims made by individuals and organisations. Public sector bodies are responsible for implementing effective systems of internal control, including internal audit, which safeguard public assets and prevent and detect fraud, error and irregularities, bribery, and corruption.

40. The IJB relies on the arrangements in place at the partner bodies to prevent and detect fraud or other irregularities. As part of our audit approach, we sought assurances from the external auditor of NHS Borders and Scottish Borders

Council. Neither the health board nor council auditors reported any significant weaknesses in these arrangements. We are not aware of any specific issues we require to bring to your attention.

3. Financial sustainability

Financial Sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

Conclusion

A medium-term financial plan is being developed. Principles for this work have been shared with the Board and a five-year plan is due in March 2025.

Financial sustainability remains a significant risk for Scottish Borders IJB. The Accounts Commission reported that financial sustainability is a challenge for Integration Joint Boards across Scotland.

Audit work was completed in response to the risk relating to financial sustainability identified in the 2023/24 Annual Audit Plan

41. [Exhibit 3](#) sets out the wider scope risk relating Financial Sustainability identified in the 2023/24 Annual Audit Plan. It summarises the audit procedures performed during the year to obtain assurances over this risk and the conclusions from the work completed.

Exhibit 3

Risk identified from my wider responsibility under the Code of Audit Practice

Audit risk	Assurance procedure	Results and conclusions
<p>1. Financial sustainability</p> <p>In recent years, Scottish Borders IJB has only achieved short-term financial balance, by receiving additional funding from NHS Borders to support overspends in delegated health services and through use of reserves.</p> <p>It continues to be faced with significant financial</p>	<ul style="list-style-type: none"> Review financial monitoring reports to assess the financial position, including progress in realising savings by each partner. Review the updates to financial plans and work to assess financial sustainability, including plans to deliver a medium term financial plan by spring 2025. 	<p>2023/24 financial reports did not provide sufficient detail to fully assess the financial position, but we note significant improvements in reporting during 2024/25.</p> <p>We note work ongoing and the plans in place to support delivery of a medium term financial plan due March 2025.</p> <p>Conclusion: we note that there are now steps in place</p>

Audit risk	Assurance procedure	Results and conclusions
<p>challenges, and difficult decisions will be required.</p> <p>Work is still required to ensure that there is sustainable financial balance including the development of medium term financial planning.</p>	<ul style="list-style-type: none"> Review the decision making for financial sustainability by members of the Joint Board. Ensuring resources are aligned to the strategic priorities of Scottish Borders IJB. 	<p>to improve financial reporting which will support decision making and ensuring resources are aligned to strategic priorities. These plans should support financial sustainability and identification of financial risks.</p>

Scottish Borders IJB is developing a medium-term financial plan

42. Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

43. Scottish Borders IJB is developing a medium-term financial plan, having only issued annual financial plans to date. This was a recommendation in our 2022/23 Annual Audit Report which is due to be completed by March 2025. We note that this was also included in internal audit's annual assurance report for 2023/24. We have brought forward our recommendation from 2022/23.

Recommendation 1

Developing a long-term financial strategy underpinned by a medium-term financial plan, including scenario planning, is required to support delivery of the Strategic Commissioning Framework and help support make challenging decisions. (brought forward from our 2022/23 Annual Audit Report – agreed due date March 2025)

44. Officers have confirmed that work is ongoing to deliver a medium-term five-year financial plan in March 2025 as part of the budget papers for 2025/26. Reporting to the November 2024 Board meeting provided an update on progress noting that assumptions for both partner bodies are being reviewed and will be updated to reflect the Scottish Government budget set in December 2024.

45. The medium-term financial plan should look to include scenario planning, identifying actions to address funding and budget gaps and should include details on how transformation of service delivery will help support the future sustainability of Scottish Borders IJB.

46. The Interim Chief Finance Officer is meeting regularly with the Directors of Finance at NHS Borders and Scottish Borders Council and has agreed that draft financial offers will be provided in January 2025 to support the medium-term plan. Funding principles are due to be developed to ensure that best value

is considered to achieve the best balance of cost and quality in delivering all delegated and set aside services.

47. There remains a significant risk to medium and longer term financial sustainability, due to the financial pressures being faced by the partner bodies, in particular, NHS Borders. During 2023/24 there was limited reporting on savings and there was no evidence of reporting on how reserves would be used. Transformation programmes and efficiency plans were not reported, and without the medium term plan it is unclear how planned future savings will be achieved.

The Accounts Commission reported on the financial sustainability challenges facing Integration Joint Boards across Scotland

48. The Accounts Commission reported the [Integration Joint Boards' Finance and performance 2024](#) in July 2024 identified the financial sustainability challenges faced by Boards across Scotland. In the report's key messages, the Commission reported the challenging financial outlook given rising inflation, pay uplifts and legacy costs related to the pandemic. The financial outlook means that it is more important than ever to engage with key stakeholders regarding the difficult decisions that need to be made to achieve sustainability. The report also noted the funding gaps for Boards across Scotland almost tripled in 2023/24 compared to the previous year, with both non-recurring savings and use of reserves being used to help reduce the funding gaps. It concluded this was not a sustainable approach to balancing budgets.

4. Vision, leadership, and governance

Public sector bodies must have a clear vision and strategy and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation.

Conclusion

Whilst governance arrangements are generally appropriate and operate effectively, there is scope for improvement identified by members from their self-evaluation process. An improvement plan is in place and actions are ongoing.

An improvement action plan is ongoing to address a self-assessment evaluation of Scottish Borders IJB in 2023 has been put in place to address the findings

49. In line with ministerial guidance, a periodic self-evaluation of the effectiveness of Scottish Borders IJB was completed. A workshop was held in April 2023 by the Improvement Service to identify areas for further focus, and a development session was held by Scottish Borders IJB in October 2023. A self-assessment improvement action plan has been prepared and is periodically brought to the Audit Committee to show progress against the plan.

50. There are 3 key themes in the improvement plan against which a number of actions have been identified:

- Consider how the IJB can further align resources to facilitate the desired shift to early intervention and prevention.
- Clarify the roles and responsibilities of IJB members to ensure they are clear on what is expected of them
- Reflect upon the IJB's current mechanisms for engaging with service users and the wider public to more effectively seek their view

51. Work continues to be classified as ongoing in most of the areas identified. A number of actions have been put in place, but there are few actions which are currently complete, noting that many of the activities will become business as usual. Reporting on progress should continue to be brought to the appropriate meetings to allow scrutiny of progress in this area.

The Audit Committee completed its annual self-evaluation

52. The Audit Committee carried out its annual self-evaluation using the toolkit from the CIPFA Audit Committees Guidance which details best practice and reported in July 2024. The outcome of the self-assessment was a high degree of performance against the good practice principles and a medium degree of effectiveness with evidence of improvement during the year.

53. From attendance at meetings, we recognise that meetings are conducted in an open and transparent manner. Papers are detailed on the Scottish Borders Council website for both the Board and Audit Committee. We consider that there is effective scrutiny and challenge by members at these meetings.

Changes in senior officers

54. The Accounts Commission reported the [Integration Joint Boards' Finance and performance 2024](#) in July 2024 identified the challenges faced by Boards across Scotland in recruiting and retaining staff.

55. A new CFO was appointed on an interim basis in March 2024 for a period of one year. Given the financial challenges facing Scottish Borders IJB in the short to medium term, and the recent resignation of the permanent CFO it is important that plans are put in place to ensure there is recruitment for a new permanent CFO.

5. Use of resources to improve outcomes

Public sector bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities.

Conclusion

Scottish Borders IJB have made improvements in performance reporting in 2023/24, This can continue to be enhanced by delivering more insights into the datasets and how this relates to its commissioning role.

Scottish Borders IJB's performance in year has shown some improvements with reductions in both emergency admissions and the falls rate. There remains significant challenges with delayed discharges.

Scottish Borders IJB requires to ensure there are arrangements in place for securing Best Value.

Performance reporting has improved during 2023/24

56. Quarterly reporting of the Scottish Borders IJB performance has improved throughout 2023/24. There are now clearer linkages between the data being shared and the six strategic objectives with the introductory summary in the reports showing greater linkages with the Annual Delivery Plan. The Directions tracker now forms part of this report which allows increased visibility of that as part of the wider performance framework.

57. There are numerous datasets and tables shared in the Performance and Delivery Reports detailing how Scottish Borders IJB is performing compared to the Scotland wide position. The reporting has evolved during 2023/24 to give some insights into what the data is telling the reader. Continuing to build on the insights, and making it clear what the data is telling about performance and how this relates to the commissioning role of Scottish Borders IJB will support scrutiny of these reports.

58. Reporting has identified that there is a need to develop datasets to monitor progress in health inequalities. This will continue into 2024/25.

Scottish Borders IJB performance aligned with the national position, with delayed discharges continuing to be a challenge

59. The Accounts Commission reported the [Integration Joint Boards' Finance and performance 2024](#) in July 2024. It noted that where performance data is available, nationally there has been a general decline in performance of services and outcomes for people. It also noted that data quality and availability is insufficient to fully assess the performance of IJBs and inform how to improve outcomes for people who use services with a lack of joined-up data sharing.

60. The Public Bodies (Joint Working) (Scotland) Act 2014 requires Scottish Borders IJB to produce an annual performance report covering areas such as assessing performance in relation to national health and wellbeing outcomes, financial performance and best value, reporting on localities, and the inspection of services.

61. Scottish Borders IJB's 2023/24 Annual Performance Report and 2024/25 Delivery Plan identified that for the 2023/24 actions; 40% (25 actions) were complete, 56% (35 actions) were on track and continuing into 2024/25, and 4% (2 actions) were at risk of delay. Actions successfully completed include delivery of a Mental Health and Suicide Prevention Plan, the opening of Millar House accommodation in partnership with third parties, and development of the Macmillan Improving the Cancer Journey programme. It notes that there is increasing demand for many of the services, with this also affected by the demographics in the Scottish Borders.

62. Scottish Borders IJB also reported performance against national indicators and against Scotland wide performance. General trends are aligned to the Scottish performance.

63. Areas where performance is better than the Scottish average include:

- Premature mortality rates, which are broadly consistent year on year
- Emergency admission rates, where the rates show a downward trend
- Falls rate per 1,000 population aged 65+, where rates show a downward trend.

64. The main area where performance is poorer than the Scottish average include:

- Number of days people aged 75+ spend in hospital when they are ready to be discharged, per 1,000 population, there is a significant upward trend and rates in the Borders are significantly higher than the national average (78% higher).

65. This is noted as an area of focus for Scottish Borders IJB during 2023/24 and continues to be into 2024/25. The Annual Delivery Plan for 2024/25 notes this as key action which is jointly owned by both partner bodies.

Scottish Borders IJB requires to ensure there are arrangements in place for securing Best Value

66. Integration Joint Boards have a statutory duty to have arrangements to secure Best Value. To achieve this, all boards should have effective processes for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account.

67. Scottish Borders IJB statutory reporting, including both financial and performance reporting arrangements, does demonstrate key aspects set out in the statutory Best Value guidance. Scottish Borders IJB does not make an overall assessment of how it delivers Best Value, and it relies on the existing principles within Scottish Borders Council and NHS Borders but does not have its own overarching strategy on how Best Value will be achieved.

Recommendation 2

An annual assessment on how Scottish Borders IJB delivers Best Value should be carried out. This should be supported by introducing an overarching strategy on how Best Value will be achieved for Scottish Borders IJB.

Appendix 1. Action plan 2023/24

2023/24 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>1. Medium-term financial plan and long-term financial strategy</p> <p>Given the financial challenges facing the IJB, a medium-term financial plan and longer-term financial strategy are required.</p> <p>Risk – without these the building blocks for the Strategic Commissioning Framework are not in place and risks to financial sustainability may not be identified.</p>	<p>Developing a long-term financial strategy underpinned by a medium-term financial plan, including scenario planning, is required to support delivery of the Strategic Commissioning Framework and help support make challenging decisions.</p>	<p>Agreed Action</p> <p>A plan for delivering a medium-term financial plan was presented to the board during Summer 24 with a forward looking medium term plan being presented before the end of the financial year.</p> <p>Responsible Officer</p> <p>Interim Chief Finance Officer</p> <p>Timing</p> <p>31st March 2025</p>
<p>2. Appropriate arrangements for securing Best Value should be put in place</p> <p>Given the financial and service delivery challenges faced by Scottish Borders IJB, overarching arrangements for Best Value are required.</p> <p>Risk - Without arrangements to support the delivery of Best Value in place, it may not be achieved.</p>	<p>An annual assessment on how Scottish Borders IJB delivers Best Value should be carried out. This should be supported by introducing an overarching strategy on how Best Value will be achieved for Scottish Borders IJB.</p>	<p>Agreed Action</p> <p>A review of Best Value arrangements will be undertaken during 2025/26</p> <p>Responsible Officer</p> <p>Chief Officer</p> <p>Timing</p> <p>31st March 2026</p>

Follow-up of prior year recommendations

Issue/risk	Recommendation	Progress
<p>b/f 2022/23 AAR</p> <p>1. Incomplete accounts were shared for public inspection and the accounts required significant changes.</p> <p>The accounts shared for public inspection were incomplete. A quality control process for the accounts is required before publication.</p> <p>Risk – no effective public inspection could be completed.</p>	<p>Sufficient planning is required to ensure there is time to prepare the annual accounts, so they are complete and of a good standard before they are subject to public inspection. A quality control process should be put in place.</p> <p>Improvements to working papers are required to provide a clear audit trail. Contingency planning should be put in place to prevent these issues going forward.</p>	<p>Implemented and closed</p>
<p>b/f 2022/23 AAR</p> <p>2 Budget monitoring reporting</p> <p>Budget monitoring requires to give additional information on savings, use of reserves to support expenditure in year and recovery plans.</p> <p>Risk – reporting does not give the full picture of the IJB performance and risks to the financial position are not scrutinised.</p>	<p>Whilst improved accessibility of reporting is important and this has been introduced in 2023/24, key information on savings, the use of reserves to support expenditure in year, and any recovery plans in place should also be included in reporting to ensure there is sufficient information for member scrutiny.</p>	<p>Implemented and closed</p> <p>We note that budget monitoring reports in 2023/24 was limited, which we have concluded in our report.</p> <p>2024/25 reporting shows significant improvement and includes information on reserves, savings and recovery plans.</p>
<p>b/f 2022/23 AAR</p> <p>3 Medium-term financial plan and long-term financial strategy</p> <p>Given the financial challenges facing the IJB, a medium-term financial plan and longer-term financial strategy are required.</p>	<p>Developing a long-term financial strategy underpinned by a medium-term financial plan, including scenario planning, is required to support delivery of the Strategic Commissioning Framework and help support make challenging decisions.</p>	<p>Brought forward into 2023/24 – recommendation 1, as due date not until March 2025.</p>

Issue/risk	Recommendation	Progress
<p>Risk – without these the building blocks for the Strategic Commissioning Framework are not in place and risks to financial sustainability may not be identified.</p> <hr/> <p>b/f 2022/23 AAR</p> <p>4 Performance management reporting</p> <p>This can be enhanced to give more timely information along with what actions will be taken to address performance issues, aligned to the new strategic objectives.</p> <p>Risk – performance against objectives and outcomes is not clear and does not show improvement.</p>	<p>There is an opportunity to enhance performance management arrangements to clearly link the new strategic objectives to the nine outcomes detailed in the Strategic Framework. Including reporting on quality of the integrated service and whether it is providing value for money should also be future development areas.</p>	<p>Implemented and closed</p> <p>Performance reporting is now linked to strategic objectives. More insights into the datasets are now also provided, and this can continue to evolve to support scrutiny.</p>
<p>b/f 2020/21 AAR</p> <p>3. Hospital Acute Services (Set Aside)</p> <p>As reported in the previous four years, arrangements for the sum set aside for hospital acute services under the control of the IJB are not yet operating as required by legislation and statutory guidance. A notional budget has been agreed and included in the annual accounts. This was a transitional arrangement for 2016/17 that was agreed by the Scottish Government to continue into 2020/21. In 2019/20 management agreed that the Set Aside group would be re-formed with representatives from the</p>	<p>The IJB and NHSB should prioritise establishing revised processes for planning and performance management of set aside hospital functions and associated resources in 2021/22.</p>	<p>Outstanding</p> <p>New Agreed Action</p> <p>This activity will be prioritised when resource allows.</p> <p>Responsible Officer</p> <p>Interim CFO</p> <p>Timing</p> <p>Review 31st March 2026</p>

Issue/risk	Recommendation	Progress
<p>Senior Management of the IJB and NHSB however this has not happened.</p> <p>Risk – the sum set aside in the annual accounts is not being managed by the IJB as expected by the legislation.</p>		

Scottish Borders Integration Joint Board

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