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East Renfrewshire Integration Joint Board

Annual Audit Report
[Provisional]

24 September 2025



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About this report

This report has been prepared in accordance with Terms of Appointment Letter, through which the Accounts Commission has appointed us as external auditor of East Renfrewshire Integration Joint Board for financial years 2022/23 to 2026/27.

This report is for the benefit of the IJB and is made available to the Accounts Commission, the Controller of Audit and Audit Scotland (together the Recipients). This report has not been designed to be of benefit to anyone except the Recipients. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Recipients, even though we may have been aware that others might read this report.

Any party other than the Recipients that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Recipient's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, Ernst & Young LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Recipients.

Accessibility

Our Report may be available on Audit Scotland's website, and we have therefore taken steps to comply with the Public Sector Bodies Accessibility Regulations 2018. Responsibility rests with the publishing organisation to ensure that standards are met.

Executive summary

This report summarises the findings from the 2024/25 annual audit of East Renfrewshire Integration Joint Board (“the IJB”). The scope of the audit was set out in our Annual Audit Plan, presented to the 26 March 2025 meeting of the IJB’s Performance and Audit Committee. The report summarises:

- Our conclusions arising from the audit of the IJB’s financial statements; and
- A summary of significant matters and conclusions on the wider scope areas that frame public audit as set out in the Code of Audit Practice 2021.

Financial statements

Including our consideration of management’s assessment of going concern

We have [concluded] our audit of the financial statements of East Renfrewshire Integration Joint Board for the year ended 31 March 2025.

The draft financial statements and supporting working papers were of a good quality and we identified [no] adjusted or unadjusted differences arising from the audit which require to be reflected within the financial statements. Minor disclosure amendments were processed within the financial statements as part of the audit process.

We were satisfied that the Annual Governance Statement, reflects the requirements of CIPFA’s updated Delivering Good Governance Framework, including the identification and disclosure of relevant areas for improvement.

In accordance with the CIPFA Code of Practice on Local Government Accounting, the IJB prepares its financial statements on a going concern basis unless informed by the Scottish Government of the intention for dissolution without transfer of services or function to another entity. Under auditing standard ISA 570, we are required to undertake greater challenge of management’s assessment of going concern, including testing of the adequacy of the supporting evidence we obtained.

The IJB has concluded that there are no material uncertainties around its going concern status, however, it has disclosed the extent of the cumulative pressures identified in the Medium-Term Financial Plan which we have considered in the financial sustainability section of this report. The Integration Scheme sets out the responsibilities of the IJB’s partners, East Renfrewshire Council and NHS Greater Glasgow and Clyde, in the event that the IJB has insufficient general reserves to respond to additional financial pressures.

Best Value

Integration Joint Boards have a statutory duty to have arrangements to secure Best Value. The IJB should have effective processes for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account.

Overall, we concluded that the IJB’s performance management and financial reporting framework allows the IJB to demonstrate that it meets its Best Value responsibilities. The Annual Performance Report describes the key achievements and areas for improvement against the priorities within the Strategic Plan 2022-25.

The financial outlook for the IJB remains very challenging. While the IJB was able to rebuild General Reserves in 2024/25, key pressures including the decision to defer charging for non-residential services, and ongoing prescribing demand and costs mean that the contingency is likely to be depleted again in the short term. At this stage, General Reserves are projected to fall to 0.1% of net expenditure in 2025/26. This is unsustainable and presents real risk that services will have to be scaled back in an unplanned and reactive basis. IJB members need to work at pace with officers to ensure that adequate savings and transformation can be developed to reduce the level of financial challenge facing the IJB.

Executive summary: Wider Scope responsibilities

Financial management

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

The IJB's financial outturn in 2024/25 records an overall underspend of £1.48 million in operational service delivery. A key factor in the delivery of the underspend was an additional non-recurring allocation of £1 million from NHS Greater Glasgow and Clyde in relation to ongoing and significant prescribing pressures.

Within other areas of the savings programme, the IJB achieved significant savings on a recurring basis in 2024/25. The Chief Financial Officer has plans to review the content of financial reports during 2025/26, including seeking feedback from members of the Integration Joint Board.

Our assessment: **Green**

Financial Sustainability

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.

The IJB was able to rebuild its General Reserves in 2024/25 to £1.4 million but current projections highlight that the balance could fall to 0.01% of the IJB's net budget in 2025/26, and there remains a risk that they will be exhausted in full. This is in breach of the IJB's policy to hold 2% of net budget in General Reserves and presents a risk to the IJB's ability to set a balanced budget in future years.

The IJB's Medium Term Financial Plan outlines a cumulative budget gap of up to £32.6 million in the period to 2029/30. As a result, there remains a critical need to identify recurring savings or reductions in services to remain financially sustainable.

Our assessment: **Red**

Vision, Leadership and Governance

The effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.

Governance arrangements functioned in line with expectations throughout 2024/25.

The IJB's partners continued to make progress to update the Integration Scheme, following a period of mandatory consultation but the approval has been further delayed as a result of significant changes by partner bodies.

The IJB appointed a new Chief Officer effective from May 2025 and approved an updated Strategic Plan to support the prioritisation of services to 2027/28.

Our assessment: **Green**

Use of Resources

The IJB's approach to demonstrating economy, efficiency, and effectiveness through the use of resources and reporting outcomes.

The IJB has a well-developed approach in place to monitor and report on progress against strategic priorities and was able to demonstrate key achievements in 2024/25.

The IJB continues to highlight an ongoing financial sustainability risk within its risk registers that may undermine the delivery of the Strategic Plan.

The IJB was subject to several external inspections in 2024/25 with positive findings published in Care Inspectorate reports and few recommendations made.

Our assessment: **Green**

1 Introduction

Purpose of our report

The Accounts Commission for Scotland appointed EY as the external auditor of East Renfrewshire Integration Joint Board (the IJB) for the five-year period to 2026/27.

We undertake our audit in accordance with the Code of Audit Practice (June 2021); Auditing Standards and guidance issued by the Financial Reporting Council; relevant legislation; and other relevant guidance issued by Audit Scotland.

This Annual Audit Report is designed to summarise the key findings and conclusions from our audit work. It is addressed to both members of the IJB and the Accounts Commission and presented to those charged with governance. This report is provided to Audit Scotland and is published on their website.

A key objective of audit reporting is to add value by supporting the improvement of the use of public money. We aim to achieve this through sharing our insights from our audit work, our observations around where the IJB employs best practice and where practices can be improved, and how risks facing the IJB can be mitigated. We use these insights to form audit recommendations to support the IJB.

Such areas we have identified are highlighted throughout this report together with our judgements and conclusions regarding arrangements, and where relevant recommendations and actions agreed with management. We also report on the progress made by management in implementing previously agreed recommendations. We draw your attention to the fact that our audit was not designed to identify all matters that may be relevant to the IJB. Our views on internal control and governance arrangements have been based solely on the audit procedures performed in respect of the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

The Code of Audit Practice sets out the responsibilities of both the IJB and the auditor (refer to Appendix A). We outlined the scope of our work within our Annual Audit Plan which was presented to the IJB's Performance and Audit Committee on 26 March 2025. There have been no material changes to the plan.

Financial Statements audit

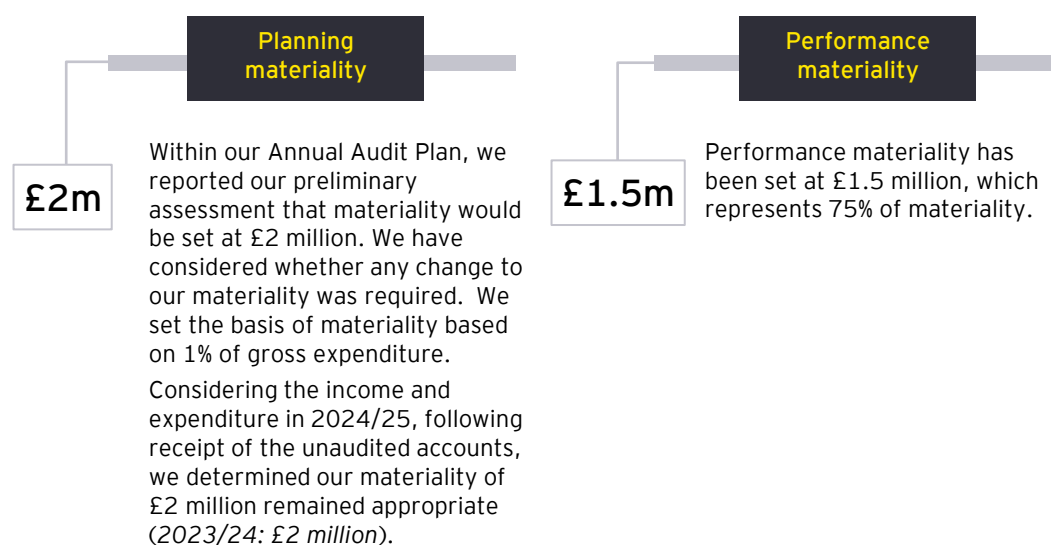
We are responsible for conducting an audit of the IJB's financial statements. We provide an opinion as to:

- Whether they give a true and fair view of the state of the affairs of the IJB 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.
- Whether they 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.

We also review and report on the consistency of the other information prepared and published along with the financial statements. We outlined the significant risks and other focus areas for the 2024/25 audit in our Annual Audit Plan, which was presented to the Performance and Audit Committee on 26 March 2025.

One significant risk was identified in relation to the risk of fraud in expenditure recognition, which includes the risk of management override of controls. We consider this risk to manifest itself through the manipulation of expenditure recognition. In addition, we continued to place increased focus on management's assertion regarding the going concern basis of preparation in the financial statements. Our findings are summarised in Section 3 of this report.

Exhibit 1: Updated assessment of materiality



We outlined our intention to report on misstatements that exceeded £1 million within our Annual Planning Report. There were no misstatements identified that breached this reporting level. We identified disclosure adjustments that we assessed as material on the basis of public interest, as they relate to disclosures within the Remuneration Report. Our consideration of these disclosures is set out in Appendix F.

Wider Scope and Best Value audit

Under the Code of Audit Practice, our responsibilities extend beyond the audit of the financial statements. Due to the nature of the IJB, our wider scope work requires significant allocation of resources in the audit. The Code requires auditors to provide judgements and conclusions on the four dimensions of wider scope public audit:

- The IJB's arrangements to secure sound financial management.
- The regard shown to financial sustainability.
- Clarity of plans to implement the vision, strategy and priorities of the IJB, and the effectiveness of governance arrangements for delivery.
- The use of resources to improve outcomes.

Our Annual Audit Plan identified one area of significant risk in relation to the wider scope dimensions, regarding the development of sustainable and achievable savings plans. Our findings are summarised in Section 3 of this report.

Our annual assessment of the IJB's arrangements to secure best value is integrated within our wider scope annual audit work.

Financial Statements

Status of the audit:

Our work is materially complete. Areas that remain outstanding at the time of reporting include:

- Consideration of NHS Greater Glasgow and Clyde's auditor assurances;
- The completion of partner and manager review and other quality assurance arrangements and post balance sheet event procedures; and
- Receipt and review of an updated version of the financial statements.

Introduction

The annual financial statements allow the IJB to demonstrate accountability for the resources that it has the power to direct, and report on its overall performance in the application of those resources during the year.

This section of our report summarises the audit work undertaken to support our audit opinion, including our conclusions in response to the significant and other risks identified in our Annual Audit Plan.

The plan highlighted one area that we identified as a fraud risk relating to the presumed risk of fraud in revenue and expenditure recognition, including through management override of controls. For the IJB, we consider this risk to manifest itself as an expenditure recognition risk.

The IJB complied with key regulations, including the submission of draft financial statements for audit within the sector deadline and arrangements for public inspection.

The financial statements were prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2024/25. The draft financial statements and supporting working papers were submitted for audit, following the consideration by the Integration Joint Board, ahead of the required sector deadline of 30th June 2025.

As part of our oversight of the IJB's financial reporting process we consider key aspects of the IJB's preparation of the financial statements and supporting documentation, predominantly by the finance team, to support the audit. We also reviewed the financial statements and made comments aimed at improving the compliance with the Code of Accounting Practice, or to enhance the understanding of the financial statements.

The key qualitative aspects that we consider in relation to the preparation of the financial statements, along with our conclusions, are set out within Exhibit 2, overleaf.

Audit outcomes

[We identified minor presentational changes which have been reflected within the financial statements. There were no unadjusted differences.]

As part of the audit process, we review the financial statements and make comments aimed at improving the compliance with the Code of Accounting Practice. In June 2025, the Performance and Audit Committee noted that there is scope to reduce the length and of the financial statements to ensure that they are succinct and user-friendly. While significant changes were not made within the audited financial statements, we worked with management to make minor amendments to the disclosures. We will support management to carry out a more comprehensive review of the financial statements in 2025/26.

There were no adjusted or unadjusted differences arising from the audit which required to be reflected in the financial statements.

Our assessment of the quality of the financial statements preparation and support is summarised in Exhibit 2.

Exhibit 2: Factors impacting the execution of the audit

Area	Status	Explanation
Timeliness of the draft financial statements	Effective	<ul style="list-style-type: none"> The financial statements were presented to the Performance and Audit Committee on 25th June 2025, and draft accounts were shared with audit ahead of the required sector deadline of 30th June 2025.
Delivery of working papers in accordance with agreed client assistance schedule	Effective	<ul style="list-style-type: none"> The working papers to support the audit were provided prior to 30th June in line with the client assistance schedule shared with the Finance team.
Timeliness and quality of evidence supporting key accounting estimates	Effective	<ul style="list-style-type: none"> Management identified one judgement within the financial statements, related to hosted services where, for example, East Renfrewshire IJB provides services for other IJBs. Supporting evidence for hosted services was provided prior to 30th June in line with the client assistance schedule shared with the Finance Team.
Access to finance team and personnel to support the audit in accordance with agreed project plan	Effective	<ul style="list-style-type: none"> There have been no changes to the finance team in 2024/25 and we received good support from the CFO throughout the audit.
Volume and value of identified misstatements	Effective	<ul style="list-style-type: none"> We did not identify any differences arising from the audit in relation to the financial statements.
Volume of misstatements in disclosure	Effective	<ul style="list-style-type: none"> We identified two adjustments in relation to disclosures within the Remuneration Report that we assessed as material on the basis of public interest. Refer to Appendix F.
Adherence to public inspection period	Effective	<ul style="list-style-type: none"> We were satisfied that the IJB made the financial statements available for public inspection in accordance with Regulation 9 of The Local Authority Accounts (Scotland) Regulations 2014.

Audit Approach

We adopted a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

During our planning procedures, we determine which accounts, disclosures and relevant assertions could contain risks of material misstatement. Our audit involves:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud, error or design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the IJB's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting. Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence to express an opinion on the financial statements.
- Reading other information contained in the financial statements to form assessment, including that the annual report is fair, balanced and understandable.
- Ensuring that reporting to the Performance and Audit Committee appropriately addresses matters communicated by us and whether it is materially inconsistent with our understanding and the financial statements.
- We rigorously maintain auditor independence (refer to Appendix B).

Our overall audit opinion is summarised on the following page.

Exhibit 3: Our Audit Opinion

Element of our opinion	Basis of our opinion	Conclusions
Financial statements <ul style="list-style-type: none"> Truth and fairness of the state of affairs of the IJB at 31 March 2025 and its expenditure and income for the year then ended. Financial statements in accordance with the relevant financial reporting framework and relevant legislation. 	<ul style="list-style-type: none"> We report on the outcomes of our audit procedures to respond to the most significant assessed risks of material misstatement that we have identified, including our judgements within this section of our report. We did not identify any areas of material misstatement. We are satisfied that accounting policies are appropriate, and estimates are reasonable. We have considered the financial statements against Code requirements, and additional guidance issued by CIPFA and Audit Scotland. 	We [have issued] an unqualified audit opinion on the 2024/25 financial statements for the IJB.
Going concern <ul style="list-style-type: none"> We are required to conclude on the appropriateness of the use of the going concern basis of accounting. 	<ul style="list-style-type: none"> We conduct core financial statements audit work, including review and challenge of management's assessment of the appropriateness of the going concern basis. Wider scope procedures including the forecasts are considered as part of our work on financial sustainability. 	In accordance with the work reported on page [14], we have not identified any material uncertainties.
Other information <ul style="list-style-type: none"> We are required to consider whether the other information in the financial statements is materially inconsistent with other knowledge obtained during the audit. 	<ul style="list-style-type: none"> The Chief Financial Officer is responsible for other information included in the financial statements. We conduct a range of substantive procedures on the financial statements, and our conclusion draws upon review of committee and IJB minutes and papers, regular discussions with management, our understanding of the IJB and the wider sector. 	We are satisfied that the Annual Report meets the core requirements set out in the Code of Practice on Local Authority Accounting.
Matters prescribed by the Accounts Commission <ul style="list-style-type: none"> Audited part of remuneration report has been properly prepared. Management commentary / annual governance statement are consistent with the financial statements and have been properly prepared. 	Our procedures include: <ul style="list-style-type: none"> Reviewing the content of narrative disclosures to information known to us. Our assessment of the Annual Governance Statement against the requirements of the CIPFA Delivering Good Governance Code. 	We issued an unqualified opinion.
Matters on which we are required to report by exception	We are required to report on whether: <ul style="list-style-type: none"> Adequate accounting records have been kept. Financial statements and the audited part of the remuneration report are not in agreement with the accounting records. We have not received the information or explanations we require. 	[We have no matters to report.]

Our response to significant and fraud audit risks

We identified one significant risk within our 2024/25 Annual Audit Plan:

Risk of fraud in expenditure recognition, including through management override of control (a key audit matter).

What is the risk?

As we outlined in our Annual Audit Plan, ISA (UK) 240 requires us to assume that fraud risk from income recognition is a significant risk. In the public sector, we extend our consideration to the risk of material misstatement by manipulation of expenditure.

As there is no material judgement associated with the recognition of the IJB's funding from East Renfrewshire Council and NHS Greater Glasgow and Clyde, we have determined that the risk of revenue recognition does not materialise. We therefore consider this risk to be most prevalent in expenditure balances.

What judgements are we focused on?

We focused on the risk in relation to the existence and occurrence of expenditure incurred by the IJB in commissioning services from the partners. There may be judgement in the timing of the recognition of expenditure, including any differences to the Direction issued by the IJB.

What did we do?

We undertake specific, additional procedures for income and expenditure streams where we identified a fraud risk. For 2024/25 our work included:

- Challenging management on how the IJB gains assurance over the expenditure it incurs and the basis of payments it makes to its partner bodies to deliver commissioned services.
- Reviewing the financial information that management present to the IJB that clarifies the source of information provided by each of the IJB partners. Reports to the IJB at the year end also made clear that the year end outturn represented the approval by the IJB of the final expenditure incurred in commissioning services from East Renfrewshire Council and NHS Greater Glasgow and Clyde.
- Reviewing additional revenue streams and cut-off testing for additional income received.
- As part of the year end process, we obtained written confirmation statements from the Director of Finance at NHS Greater Glasgow and Clyde and the Section 95 Officer at East Renfrewshire Council of the spend by the respective bodies on delivering services, and therefore their request for payment from the IJB to cover those costs. We obtained a copy of those confirmations and agreed figures within the financial statement to source documentation.
- We obtained independent confirmation from the appointed auditor at both the Council and NHS Greater Glasgow and Clyde of the income and expenditure transactions recorded at their respective audited bodies. The confirmations agreed the income and expenditure amounts transacted in the year.

Impacted balances within the financial statements:

- Cost of services: £227.3 million; and
- Cost of services prior year comparator: £224.7 million.

Refer to Significant Accounting policies (pages 57-60) and notes 2, 4 and 5 of the Financial Statements.

Risk of management override

Our Annual Audit Plan recognises that under ISA (UK) 240, management is considered to be in a unique position to perpetrate fraud in financial reporting because of its ability to manipulate accounting records directly or indirectly by overriding controls that otherwise appear to be operating effectively. We respond to this risk on every engagement, including the following procedures:

- **Risk of fraud:** We considered the risk of fraud, including through our enquiries with management about their assessment of the risks of fraud and the controls to address those risks. We also developed our understanding of the oversight of those charged with governance over management's processes over fraud by receiving written confirmations from the Chair of the Performance and Audit Committee.
- **Testing on journal entries:** We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. We obtained all journals posted by management to record the transactions of the IJB, which are hosted on the East Renfrewshire Council financial ledger. All of the journals for the IJB's transactions were reviewed in the course of our work.
- **Judgements and estimates:** Management identified one judgement within the financial statements, relating to hosted services where, for example, East Renfrewshire IJB provides services for other IJBs. We reviewed supporting documentation on the basis for the assessment of consumption of hosted services, agreed hosting arrangements for each service back to the integration scheme and reperformed calculations as appropriate. As a result of this work, we have not identified any audit adjustments. We confirmed the process for ensuring that there were no claims applicable to the IJB that required provision to be made in relation to the CNORIS (Clinical Negligence & Other Risks Indemnity Scheme).
- **Accounting policies:** We considered the consistency and application of accounting policies, and the overall presentation of financial information. We consider the accounting policies adopted by the IJB to be appropriate and there were no significant accounting practices which materially depart from the Code.

Our conclusions:

- Our testing has not identified any material misstatements relating to revenue and expenditure recognition.
- We have not identified any material weaknesses in the design and implementation of controls around journal processing. We did not identify any instances of evidence of management override of controls.
- There was no disagreement during the course of the audit over any accounting treatment or disclosure, and we encountered no significant difficulties in the audit.

Going Concern

International Auditing Standard 570 Going Concern, as applied by Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom, requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report.

Under ISA (UK) 570, we are required to undertake challenge of management's assessment of going concern, including testing of the adequacy of the supporting evidence we obtained. In light of the unprecedented nature of the scale of financial challenges facing IJBs, including inflationary and demand pressures, we place increased focus on management's assertion regarding the going concern basis of preparation in the financial statements, and particularly the need to report on the impact of financial pressures on the IJB and its financial sustainability. Management's going concern assessment and associated disclosures cover the period following approval of the financial statements, to 31 March 2027.

After completing its going concern assessment in line with the information and support provided through earlier discussions in the audit process, the IJB has concluded that there are no material uncertainties around its going concern status. We have outlined our consideration of the IJB's financial position going forward in the financial sustainability section of this report.

We considered this in conjunction with management's assessment on going concern, focusing on:

- The completeness of factors considered in management's going concern assessment.
- The completeness of disclosures in the financial statements in relation to going concern and future financial pressures and how savings challenges in the short and medium term will be addressed.

All information provided by management to support its assessment, including key reports to the IJB and financial plans, were verified to supporting records.

Our conclusions:

- We concur with management's assessment that there are no material uncertainties in relation to the going concern of the IJB, but we note the increasingly challenging financial position facing both the IJB and the wider sector.
- During 2024/25, the IJB successfully achieved savings on a recurring basis with the exception of prescribing pressures and the associated savings gap of £2 million. As a result, the IJB has £1.48 million within General Reserves as at 31 March 2025.
- We highlight within "Financial Sustainability" that the outlook remains challenging in the period to 2029/30. A deterioration in financial position would result in recovery planning and possibly the necessity for additional contributions from the IJB's partners, East Renfrewshire Council and NHS Greater Glasgow and Clyde, under the provision of the Integration Scheme.

Wider Scope and Best Value audit

Introduction

In June 2021, Audit Scotland and the Accounts Commission published the current Code of Audit Practice. This establishes the expectations for public sector auditors in Scotland for the term of the current appointment.

Risk assessment and approach




The Code sets out the four dimensions that comprise the wider scope audit for public sector in Scotland:

- Financial management.
- Financial sustainability.
- Vision, Leadership and Governance.
- The use of resources to improve outcomes.

We apply our professional judgement to risk assess and focus our work on each of the wider scope areas. In doing so, we draw upon conclusions expressed by other bodies including the IJB's internal auditors and the Care Inspectorate, along with national reports and guidance from regulators and Audit Scotland. The findings from our wider scope work have informed our assessment on Best Value themes in 2024/25.

For each of the dimensions, we have applied a RAG rating, which represents our assessment on the adequacy of the IJB's arrangements throughout the year, as well as the overall pace of improvement and future risk associated with each dimension.

Exhibit 4: Our RAG ratings

	Red	Our auditor judgements are RAG rated based on our assessment of the adequacy of the IJB's arrangements throughout the year, as well as the overall pace of improvement and future risk associated with each area.
	Amber	
	Green	This takes account of both external risks not within the IJB's control and internal risks which can be managed by the IJB, as well as control and process observations made through our audit work.

Financial Management

Introduction

Financial management means having sound budgetary processes. Audited bodies require the ability to understand the financial environment and whether internal controls are operating effectively. Our focus is therefore on in-year monitoring and reporting arrangements, including the achievement of planned savings, and the IJB's financial outturn for 2024/25.

The 2024/25 budget relied upon the delivery of £9.82 million of savings to meet the IJB's statutory responsibility to set a balanced budget

The 2024/25 budget was set in March 2024 and relied upon the delivery of £9.82 million of savings to meet the IJB's statutory responsibility to set a balanced budget. The budget recognised that 2024/25 represented a further step change in the level of financial pressure facing the IJB. Pressures identified within the budget totalled £17.02 million and included:

- Inflation and living wage (£4.74 million);
- Recurring impact of legacy savings that were not delivered as planned (£3.84 million);
- Prescribing (£3.3 million);
- Service pressures (£2.1 million); and
- Demographic pressures leading to increase in demand for services (£2 million)

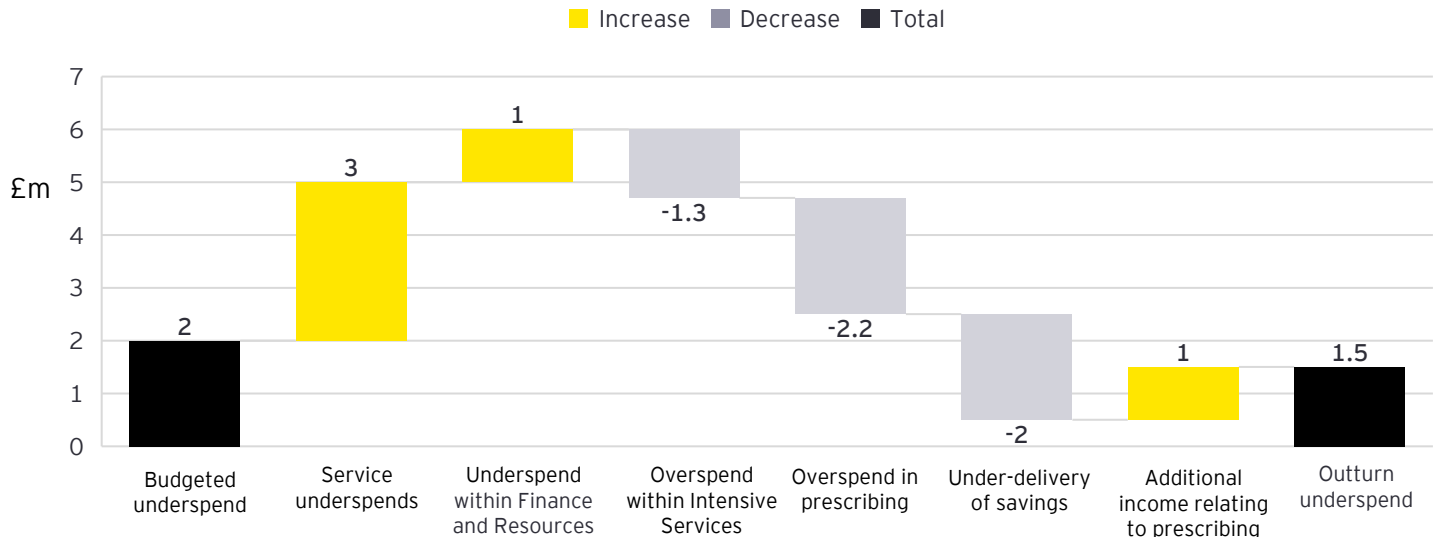
Additional funding, including £2.3 million of non-recurring pension gain due to reduced contribution level, offset £7.21 million of the cost pressures, leaving a remaining gap of £9.8 million. The IJB's General Reserves were fully depleted in 2023/24, which meant that recovery planning was required with partners, and the IJB was in breach of its policy to hold 2% of net expenditure. As a result, the IJB planned to develop proposals for a further £2.1 million of savings, beyond the £9.8 million of other savings. This over-recovery was intended to provide a degree of risk cover in the case of any under-delivery of savings, and if achieved, would support the IJB's longer-term aspiration to rebuild reserves.

The IJB's financial outturn records an operational underspend of £1.48 million

The 2024/25 financial statements record that the IJB delivered an operational underspend of £1.48 million (2023/24: *overspend of £4.75 million*). This represents a significant improvement in financial position, and allowed the IJB to rebuild a small General Reserves balance.

As Exhibit 5 demonstrates, the recovery was slightly below the stretch ambition to deliver an underspend and reflects a number of key movements, including a non-recurring funding allocation from NHS Greater Glasgow and Clyde in recognition of the scale of the prescribing challenge (additional £1 million).

Exhibit 5: The IJB delivered an underspend of £1.48 million, below the ambition of £2 million in 2024/25



Source: East Renfrewshire IJB Outturn Report 2024/25

Note: Subject to rounding

Key movements include:

- An underspend of £1.08 million within Children and Families, partly as a result of additional income from the Home Office for unaccompanied children and young people;
- An underspend within community based care for adults and older people as a result of staff turnover;
- A £1.125 million underspend within Finance and Resources, reflecting the lower expenditure in 2024/25 associated with changes to the employer contribution rates to Strathclyde Pension Fund.

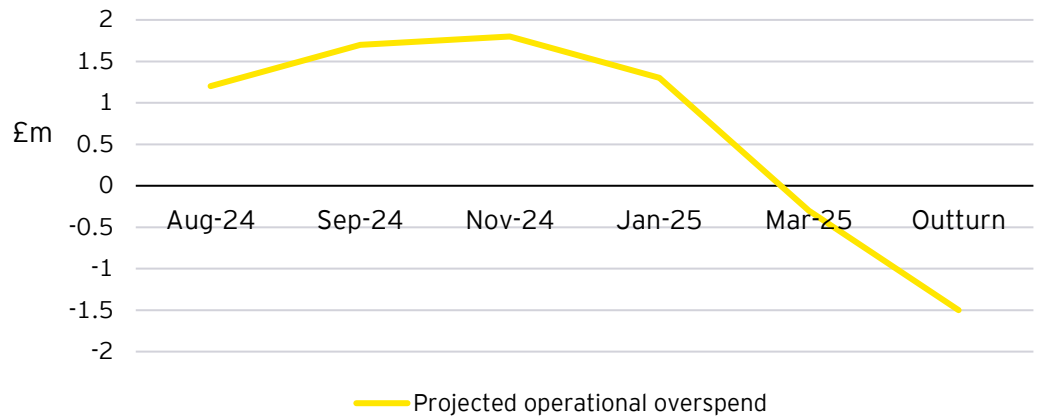
The 2024/25 financial outturn represents a significant improvement to 2023/24, reflecting the delivery of £9.8 million (83%) of planned savings. Areas where savings were not delivered as planned, including prescribing and £1 million of Care at Home savings, will represent recurring pressures in future years.

Budget monitoring reports addressed key areas of risk and uncertainty throughout the financial year

The IJB received regular budget monitoring reports throughout the financial year which reflected the scale of the challenge facing the organisation. The reports included the forecasted outturn for the financial year, and therefore the projected impact on the IJB's reserve balances (refer to Exhibit 6).

The budget monitoring reports reflected shortfalls in savings against plans throughout 2024/25. Dashboard reporting was used to report on specific progress against the Supporting People Framework, including the total reviews completed and actual savings delivered to date.

Exhibit 6: Budget monitoring to the IJB highlighted a projected overspend prior to the application of additional funding from its NHS partner



Source: East Renfrewshire IJB Financial Monitoring reports 2024/25

The IJB's monitoring reported a projected overspend prior to the additional non-recurring allocation from NHS Greater Glasgow and Clyde in relation to prescribing pressures. We were therefore satisfied that forecasting was accurate throughout the year.

We concluded that the budget monitoring reports are comprehensive, but contain much more detail than we would normally expect. We note that the Chief Financial Officer has plans to review the content of reports during 2025/26, including seeking feedback from members of the Integration Joint Board.

Our conclusions:

- The IJB's financial outturn in 2024/25 records an overall underspend of £1.48 million in operational service delivery. A key factor in the delivery of the underspend was an additional non-recurring allocation of £1 million from NHS Greater Glasgow and Clyde in relation to ongoing and significant prescribing pressures.
- Within other areas of the savings programme, the IJB achieved significant savings on a recurring basis in 2024/25. The Chief Financial Officer has plans to review the content of financial reports during 2025/26, including seeking feedback from members of the Integration Joint Board.

Financial Sustainability

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.

Our focus is therefore on the strategic planning that the IJB has undertaken to support its sustainability and ability to deliver balanced budgets in the medium term.

The Accounts Commission's Financial Bulletin 2023/24 highlighted the precarious nature of the sectors finances

In March 2025, the Accounts Commission reported that total reserves held by IJBs reduced by 40% overall in 2023/24. Nine IJBs, including East Renfrewshire IJB held no contingency reserves at 31 March 2024, a rise from five in the previous year. A funding gap of £457 million was projected across the sector for 2024/25, requiring realistic and achievable budget planning and collaboration with partners.

While most planned savings were achieved by IJBs in 2023/24, a significant portion was non-recurring, necessitating ongoing identification of savings for future budgets. The report highlights that NHS boards and councils face significant financial challenges themselves and IJBs cannot therefore continue to rely on their partners being able to find additional money to support them over the short to medium term.

The Commission have previously highlighted that a whole system approach is needed to meet the scale of the challenges facing IJBs. They note that uncertainty regarding the plans for a National Care Service contributed to the difficult context for planning and delivering effective services. In future reporting, expected in late 2025, the Commission and Auditor General will expand the scope of their work to include community health and social care as a whole system and look at how different parts work together when planning and delivering services.

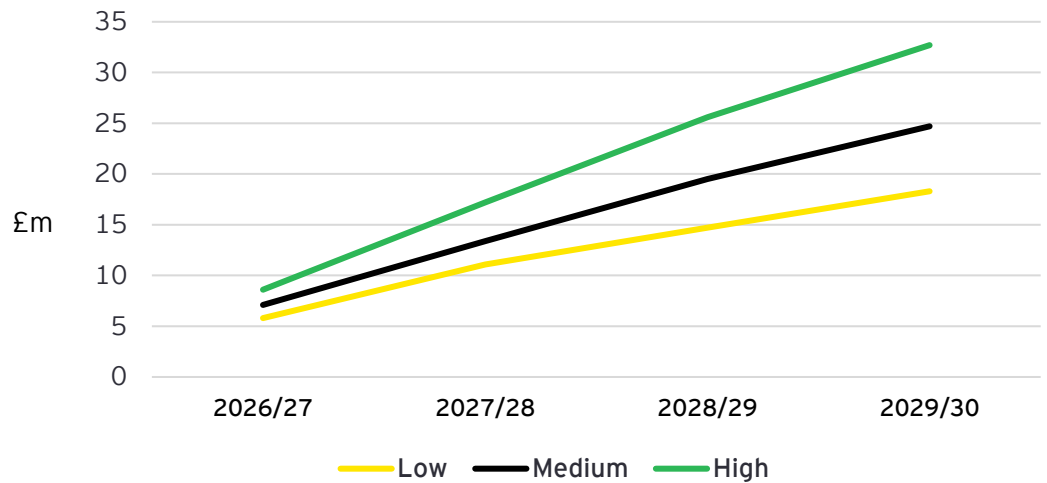
The IJB has identified a potential funding gap ranging from £18.4 million to £32.6 million in the period to 2029/30

The latest iteration of the Medium-Term Financial Plan (MTFP) was presented to the IJB in June 2025 and was refreshed to cover the five-year period from 2025/26 to 2029/30 on the basis of a flat cash settlement.

The MTFP outlines a number of scenarios based on a range of assumptions on key cost pressures and funding expectations, prior to the impact of any transformational plans in progress within the partner bodies. Exhibit 6 highlights that current projections for the medium term highlight a potential recurring budget gap of between £18.4 million to £32.6 million through to 2029/30.

This reflects the level of uncertainty facing the IJB, with the level of potential cost pressures based on "what if" percentages and are not an indication of where any settlement or agreement may crystallise. The scenarios also do not make any allowance for any funding that may offset a future cost and assume a flat cash approach, with the exception of the Scottish Government indication that the cost of the pay award will be funded for NHS workforce.

Exhibit 6: The IJB's Medium Term Financial Outlook identifies a funding gap of up to £32.6 million by 2029/30



Source: East Renfrewshire IJB Medium Term Financial Plan, June 2025

The IJB's financial planning notes that the delivery of significant savings in 2024/25 was fundamental to mitigating legacy pressures. A new Change and Improvement programme of work is currently under development to support a review of all services, to drive efficiency and, if required, reduce the level of service to remain financially sustainable.

A key factor in the IJB's planning relates to future charging for non-residential care. The IJB proposed charging to bring it in line with the majority of other Scottish areas in 2024/25. East Renfrewshire Council are required to approve any changes to charging arrangements, and elected to defer a decision until October 2025. The Council has committed to provide additional support of up to £1.5 million in 2025/26 should additional funding be required to address this shortfall in the IJB's financial planning.

The IJB was able to restore a small General Reserve in 2024/25, but the balance remains significantly below the level set within the Reserves Policy

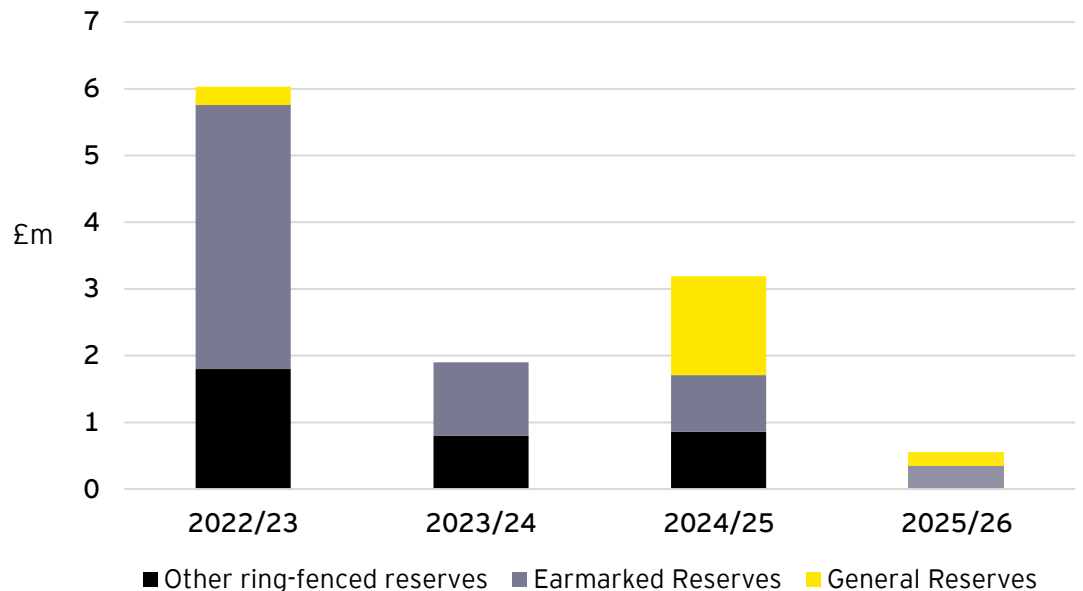
Within the 2024/25 budget, the IJB set a challenging savings target to allow it to restore a General Reserves balance, providing some flexibility to meet future challenges. As a result of the significant savings achieved, alongside additional support from partner bodies, the IJB was able to rebuild a small General Reserve (£1.48 million). This remains significantly below the IJB's target to hold 2% of net expenditure within reserves, at around 0.8%.

During 2025/26, as a result of the deferred decision in relation to charging, the IJB expects to draw upon the General Fund balance to contain the resulting overspend against budget. In its most recent revenue monitoring position (August 2025), the IJB continues to expect to be able to bridge this £1.5 million budget gap on a non-recurring basis. Any further financial pressures, including inability to deliver planned savings may mean that General Reserves are fully depleted within the financial year.

Exhibit 7 highlights that overall, as a result of the underspend, the IJB's reserves position improved significantly in 2024/25, rising from £1.9 million overall to £3.2 million. However, to deliver a balanced budget in 2025/26, the IJB is again reliant on non-recurring measures. Current projections indicate that General Reserves will fall to £0.2 million, while all ring-fenced funding from the Scottish Government will be used in full.

The current level of spend would result in a General Reserves balance of just £0.2 million by 31 March 2026, which represents 0.1% of the IJB's net budget for 2025/26. Significant financial risks remain, including demand pressures such as prescribing, which are difficult to predict or control.

Exhibit 7: Overall reserves fell by £1.9 million in 2024/25 and are projected to fall by another £5.6 million in 2025/26



Source: East Renfrewshire IJB Financial Statements and Revenue Monitoring report August 2025

Our conclusions:

- The IJB was able to rebuild its General Reserves in 2024/25 to £1.48 million but current projections highlight that the balance could fall to 0.01% of the IJB's net budget in 2025/26, and there remains a risk that they will be exhausted in full. This is in breach of the IJB's policy to hold 2% of net budget in General Reserves and presents a risk to the IJB's ability to set a balanced budget in future years.
- The IJB's Medium Term Financial Plan outlines a cumulative budget gap of up to £32.6 million in the period to 2029/30. As a result there remains a critical need to identify recurring savings or reductions in services to remain financially sustainable.

Vision, Leadership and Governance

This considers the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.

The Annual Governance Statement demonstrates that the IJB has the key requirements for good governance in place

The key aspects of the IJB's governance arrangements are required to be disclosed in the Annual Governance Statement within the financial statements. The IJB concluded that they have obtained assurance that the system of internal control was operating effectively during the year.

We reviewed the governance statement against the requirements outlined in the CIPFA framework for Delivering Good Governance in Local Government, and against our understanding of the IJB's arrangements in the period to 31 March 2025. We were satisfied that it was consistent with both the governance framework, key findings from relevant audit activity and management's assessment of its own compliance with the CIPFA framework.

We have attended each of the Performance and Audit Committees during the year and we were satisfied that there was an appropriate level of challenge and scrutiny at meetings, and that management's assessment of compliance is consistent with matters arising at the committee. We note the Annual Governance Statement states a member of the East Renfrewshire Council's Audit and Scrutiny Committee is co-opted to the IJB Performance and Audit Committee to promote transparency.

Within the IJB's Annual Governance Statement, the IJB has concluded that they have obtained assurance that the system of internal control was operating effectively during the year. As part of our audit on the financial statements, we consider the design and implementation of key controls related to areas of significant risk to the financial statements. This work has included documenting the key internal financial controls and performing walkthroughs to ensure controls are implemented as designed.

We undertook an assessment of the financial control environment as part of our planning work and updated our understanding as part of the year end audit. For the IJB, this required us to assess the systems across partner organisations, including East Renfrewshire Council. Our work did not identify any significant weaknesses in the systems of internal control relevant to the preparation of the IJB's financial statements.

The IJB approved a Refreshed Strategic Plan in June 2025 which covers the period 2025-28

The IJB approved the updated HSCP Strategic Plan covering the period 2025-28 in June 2025, which is the fourth iteration of the strategy following the establishment of the HSCP. The updated plan sets out the vision and priorities of East Renfrewshire HSCP between 2025-28 and emphasises the broad partnership approach the HSCP is taking with third and independent sector partners and communities to meet the range of needs in East Renfrewshire.

The Chief Internal Auditor identified no unsatisfactory or limited assurance opinions in IJB reviews during 2024/25

The Internal Audit Annual Plan for 2024/25 was presented to the East Renfrewshire Council Audit and Scrutiny Committee in March 2024. No specific audits were planned for the IJB or Health and Social Care Partnership (HSCP), and the plan therefore identified 15 internal audit days available as contingency days for any emerging reviews.

The Chief Internal Auditor noted that there were planned audits with an impact on the IJB within the Council audit plan, for example, planned audits on Bonnyton House, St Andrews House and Payments to Care Providers.

The IJB's Internal Audit Annual Report was considered by the Performance and Audit Committee in September 2025. The report summarises the opinions for the two partner bodies as the IJB uses the systems of East Renfrewshire Council and NHS Greater Glasgow and Clyde (NHSGGC) to manage its financial records.

The Council's internal audit's annual report and assurance statement concludes that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and internal control for the year ended 31 March 2025. A total of ten audits were conducted and reports issued by NHSGGC's internal auditors. None of the reports were classified as requiring immediate major improvement.

The Chief Internal Auditor provides summary details of all relevant internal auditors to the Performance and Audit Committee as they became available. In addition, follow up work is conducted on Council related actions to ensure that recommendations are implemented as agreed. The Internal Audit Annual Report notes that there are no outstanding IJB specific recommendations in 2024/25.

The approval of the Integration Scheme was further delayed as a result of changes identified through wider engagement

Councils and their partner health boards have a statutory duty under the Public Bodies (Joint Working) (Scotland) Act 2014 to review the integration scheme every five years. The IJB is responsible for making any required changes to the Scheme, which is then submitted to the partner bodies for approval and final approval from Scottish Ministers is then required.

East Renfrewshire IJB's Integration Scheme was last updated in 2018, and the review is therefore overdue by 2 years. The consultation period for the East Renfrewshire integration scheme ended in January 2024 and is expected to go to the Partner bodies during the 2025/26 period.

We note the review of the Integration Scheme is disclosed as an ongoing action in the Annual Governance Statement with no agreed timeline for approval due to pan-GGC HSCP issues to be resolved before Integration Schemes can be finalised for review and approval. The revised Integration Scheme will be reconsidered by local governance processes at the partner bodies. The changes proposed include:

- Sections that referred to actions that have been completed since they were committed to in the original Scheme, or outdated terminology, such as the name of specific groups or structures

- Changes in legislation since the original Scheme, including the Carers Act and General Data Protection Regulation (GDPR); and
- Revised arrangements for services that are hosted by one IJB on behalf of one or more of the six within the Greater Glasgow and Clyde area.

Any changes to hosted services will be subject to detailed operational planning, and it is likely that a shadow year will be required. As a result, there are no imminent changes to arrangements that are required to be disclosed within the financial statements.

The IJB's Performance and Audit Committee considered an update of progress against the CIPFA Financial Management Code in June 2025

In June 2025, the IJB's Performance and Audit Committee considered an updated assessment of the Board's arrangements against the requirements of CIPFA's Financial Management Code. The review concluded the IJB is compliant with the Financial Management Code, however outlined areas for development including;

- The Recovery and Renewal Programme will be reviewed and closure report presented to the IJB, with any open projects transferring to the Change & Improvement Programme being developed alongside the new IJB Chief Officer.
- Establishment of a development programme built on previous plans for a fully integrated finance team; and
- The need to continue progressing existing open audit recommendations.

A new Chief Officer was appointed in March 2025 with the appointment effective from May 2025

The Accounts Commission's Integration Joint Board Financial Bulletin 2023/24 (March 2025) notes that instability of leadership continues to be a challenge for many IJBs. Over half of IJBs reported a change of Chief Officer or Chief Finance Officer in 2023/24 alone. High turnover rates among Chief Officers and Finance Officers pose risks to effective strategic planning.

The former Chief Officer of East Renfrewshire IJB retired in May 2025. A new permanent Chief Officer was appointed following a recruitment process and commenced in May 2025.

Our conclusions:

- Governance arrangements functioned in line with expectations throughout 2024/25. The IJB's partners continued to make progress to update the Integration Scheme, following a period of mandatory consultation but the approval has been further delayed as a result of significant changes by partner bodies.
- We note that there is an opportunity for the IJB to make greater use of the internal audit resource available, which could support its wider financial sustainability planning.
- The IJB appointed a new Chief Officer effective from May 2025 approved an updated Strategic Plan to support the prioritisation of services to 2027/28.

Use of Resources

We consider the IJB's approach to demonstrating economy, efficiency, and effectiveness through the use of resources and reporting outcomes.

The IJB continues to report regularly on performance, including the publication of the Annual Performance Report in July each year

A comprehensive Performance Framework is in place to support the Strategic Plan both operationally within the HSCP, and for scrutiny by the Performance and Audit Committee.

The Board has agreed a range of performance indicators to report on progress in the delivery of the Board's strategic priorities. Arrangements are also in place to demonstrate how the HSCP contribution to the priorities of their partners. For example, HSCP performance is reported against East Renfrewshire Council's Outcome Delivery Plan.

Twice a year, the HSCP holds a Performance Review meeting which is jointly chaired by the Chief Executives of NHS Greater Glasgow and Clyde and East Renfrewshire Council.

Quarterly Performance Reports are produced for scrutiny at the Performance and Audit Committee. The reports include charts to demonstrate outcomes against targets and management worked with the Chair to continue to improve forward looking and exception reporting for indicators that are off target.

We also note that the IJB considers presentations from individual service areas at each of their meetings to allow a deeper understanding of the performance and challenges. Areas where presentations were considered by the Joint Board include:

- Updates on the Delayed Discharge position at each meeting of the IJB;
- Adults Services; and
- Rehab, Frailty and Unscheduled Care

The Joint Board and Performance and Audit Committee also receive regular reports on the IJB's risk management arrangements and quarterly strategic risk register, and routine reporting is provided on attendance management issues including managing sickness absence.

The IJB published its Annual Performance Report in July 2025, in line with statutory requirements. The Report sets out how the IJB delivered on the vision and commitments within the Strategic Plan over 2024/25 and is structured around:

- The progress towards key priorities within the Strategic Plan;
- How the IJB has met the challenges of the pandemic;
- Financial performance and Best Value; and
- A summary of detailed performance indicators against target.

The IJB report on performance against target but also highlight the direction of travel for each indicator and plans for improvement where performance is lower than expected.

The Annual Performance Report highlights key achievements and challenges across each Strategic Priority area

Areas where performance has shown the greatest improvement in 2024/25 include:

- The number of adults (18+) receiving personal care at home or direct payments for personal care as a percentage of the total number of adults needing care (63.4% against a target of 63%, up from 62.5% in 2023/24);
- People reporting 'living where you/as you want to live' needs met (95% against a target of 90%, up from 91% in 2023/24);
- Percentage of people with alcohol and/or drug problems accessing recovery-focused treatment within three weeks (97% against a target of 90%, up from 93% in 2023/24); and
- Positive employability and volunteering outcomes for people with convictions (68% against a target of 60%, up from 57% in 2023/24)

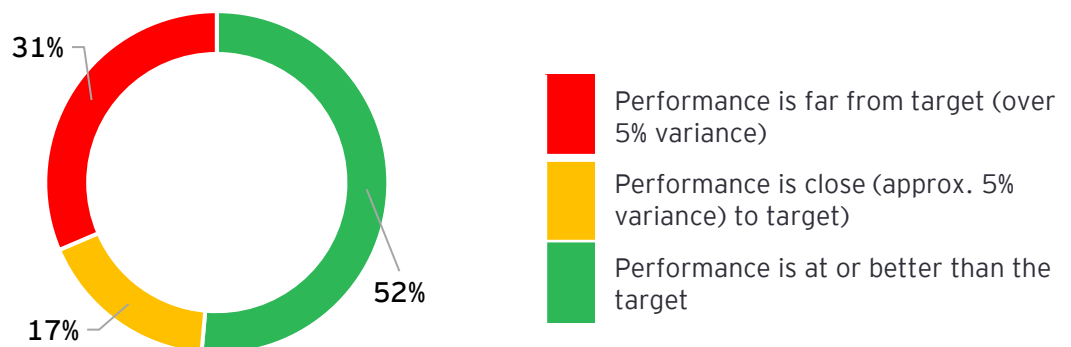
Areas of continuing challenge include:

- Number of people self-directing their care through receiving direct payments and other forms of self-directed support (499 against a target of 600, decreased from 548 in 2023/24);
- Criminal Justice Feedback Survey - Did your Order help you look at how to stop offending? (82% against a target of 100%, decreased from 83% in 2023/24);

New areas of challenge include:

- Percentage of children with child protection plans assessed as having an increase in their scaled level of safety at three monthly review periods (87% against a target of 100%, down from 100% in 2023/24);
- Percentage of those whose care need has reduced following re-ablement (43% against a target of 60%, decreased from 63.9% in 2023/24);

Exhibit 8: The IJB achieved 51% of its targets in 2024/25



Source: East Renfrewshire IJB Annual Performance Report July 2025

The Annual Report also reports on Organisational Measures. This highlights that sickness absence rates are persistently higher than target for NHS staff despite an improvement from 2023/24, however has exceeded target for local authority staff in 2024/25:

- Sickness absence rates for social work staff are 14.5 days against a target of 18.2, this has decreased from 19.5 days in 2023/24; and
- Rates for NHS staff are 7.9% against a target of 4%, this has decreased from 8.3% in 2023/24.

The Accounts Commission highlighted IJBs need to be working with their partners to transform services

The Performance and Audit Committee considered Audit Scotland's Finance Bulletin 2023/24 on Integration Joint Boards in March 2025. The report highlighted the need for IJBs to work collaboratively with each other and with their NHS and Council partners to find ways to transform services so that they are affordable, with investment in prevention and early intervention required to help slow the increasing demand for services and the cost of more complex care to improve the experience and outcomes for people.

The Commission have previously highlighted that a whole system approach is needed to meet the scale of the challenges facing IJBs, noting uncertainty in the direction of plans for a National Care Service contributed to the difficult context for planning and delivering effective services. This has been reflected within the Refreshed Strategic Plan which highlights the revised National Care Service (NCS) as a challenge and pressure for the HSCP. The Strategic Plan states East Renfrewshire IJB recognises the opportunity to do things better with higher levels of collaboration and learning across partners, stronger community-based responses and activities and modern, innovative approaches to support healthy lifestyles and the self-management of individual needs.

The IJB was subject to several inspections by the Care Inspectorate in 2024/25 with 'Very Good' ratings achieved in each inspection

Several external inspections were performed throughout 2024-25. The Care Inspectorate undertook inspections on three services during the year across January and February. The final reports were considered by the Performance and Audit Committee in March 2025 and noted 'Very Good' ratings for supporting people's wellbeing and how well care and support is planned in each inspection. The following areas for improvement were highlighted:

- To ensure the safety of all young people, the Fostering service should ensure that individual safer caring plans are in place for all young people and that these are regularly reviewed when circumstances change;
- The Adoption service must ensure that all dual registered foster carer/adopters are supported in line with fostering legislation and best practice;
- The Adult Placement service should ensure that all adult placement caregivers' registration accurately reflects the assessment and approval. Caregivers should receive adequate information about the adult placement role, the assessment and approval process and training should reflect the unique nature of caring for a young adult; and

- To ensure the safety of all children and young people, the Adult Placement service should ensure that individual safer caring plans are in place for all children and young people and that these are regularly reviewed when circumstances change.

The Care Inspectorate also performed an inspection of Care at Home Services, which was a full unannounced inspection throughout January 2025. The final report was published in February 2025, evaluating the service as good in two areas and adequate in two areas with improvements made to supporting people's wellbeing and staff team since the last inspection in January 2024.

The Care Inspectorate viewed that sufficient progress had not been made in leadership or care and support planning which resulted in two requirements being placed on the service:

- By 5 May 2025, the provider must ensure there are suitably trained staff and systems in place to improve the scheduling and monitoring of people's home care visits. Staff with scheduling responsibilities should have adequate training, support, and performance review to improve the continuity that people using the service experience
- By 5 May 2025, the provider must ensure people have appropriate personal plans, known as care plans, that captures people's wishes and needs to promote their wellbeing.

The service developed an action plan to ensure the required improvements were made within the timescales set by the Care Inspectorate.

The IJB continue to highlight significant and ongoing financial risks within its risk registers

The Performance and Audit Committee receives a quarterly update on the key strategic risks facing the IJB.

One risk remained "red" post-mitigating actions, relating to the Board's financial sustainability.

Our conclusions:

- The IJB has a well-developed approach in place to monitor and report on progress against strategic priorities and was able to demonstrate key achievements in 2024/25.
- The IJB continues to highlight an ongoing financial sustainability risk within its risk registers that may undermine the delivery of the Strategic Plan.
- The IJB was subject to several external inspections in 2024/25 with positive findings published in Care Inspectorate reports and few recommendations made.

Best Value considerations

As auditor to the IJB, we are required to comment on how effectively, in our view, the IJB demonstrates that it meets its Best Value responsibilities. As we noted in our Annual Audit Plan, the conclusions that we reach on the wider scope areas contribute to this consideration. We expect to develop our understanding of how the IJB meets its Best Value responsibilities over the course of our appointment.

Our assessment in 2024/25 therefore reflects the work conducted to support our wider scope responsibilities, developed throughout our appointment. Our consideration includes:

- Documentation review and discussions with senior officers;
- Updating our understanding of key sector developments and reporting;
- Our consideration of the IJB's financial planning processes including the most recent Medium Term Financial Plan 2025/26 to 2029/30 (approved in June 2025);
- Governance arrangements, including monitoring and scrutiny reports and the IJB's review of its own effectiveness;
- Our assessment of financial monitoring reports and performance reporting to the IJB; and
- The IJB's reporting against its priorities within the Annual Performance Report 2024/25.

The IJB can demonstrate that it has the key elements needed to deliver Best Value in place

The financial outlook for the IJB remains very challenging. While the IJB was able to rebuild General Reserves in 2024/25, key pressures including the decision to defer charging for non-residential services, and ongoing prescribing demand and costs mean that the contingency is likely to be depleted again in the short term. At this stage, General Reserves are projected to fall to 0.1% of net expenditure in 2025/26. This is unsustainable and presents real risk that services will have to be scaled back in an unplanned and reactive basis. IJB members need to work at pace with officers to ensure that adequate savings and transformation can be developed to reduce the level of financial challenge facing the IJB.

The IJB reported on progress against its Strategic Plan 2022-25 within the Annual Performance Report. Performance has broadly been maintained or improved against prior years despite the continuing demand pressures facing an IJB with a rising older population, and the level of financial challenge and uncertainty. The IJB continued to perform well against many outcome-focused performance indicators.

Overall, we concluded that the IJB's performance management and financial reporting arrangements allow the IJB to demonstrate the delivery of Best Value.

Appendices

A

Code of audit practice:
Responsibilities

B

Independence report

C

Required communications with the
Performance and Audit Committee

D

Timeline of communications and
deliverables

E

Action Plan

F

Adjusted audit differences

G

Additional audit information

Audited body responsibilities

Audited bodies have the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives. The features of proper financial stewardship include the following:

Corporate governance

Each body, through its chief executive or accountable officer, is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies should involve those charged with governance (including audit committees or equivalent) in monitoring these arrangements.

Financial statements and related reports

Audited bodies must prepare annual accounts comprising financial statements and other related reports. They have responsibility for:

- Preparing financial statements which give a true and fair view of their financial position and their expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation.
- Maintaining accounting records and working papers that have been prepared to an acceptable professional standard and that support their accounts and related reports disclosures.
- Ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority.
- Preparing and publishing, along with their financial statements, related reports such as an annual governance statement, management commentary (or equivalent) and a remuneration report in accordance with prescribed requirements.

- Ensuring that the management commentary (or equivalent) is fair, balanced and understandable.

It is the responsibility of management of an audited body, with the oversight of those charged with governance, to communicate relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework. The relevant information should be communicated clearly and concisely.

Audited bodies are responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of their objectives and safeguard and secure value for money from the public funds at their disposal. They are also responsible for establishing effective and appropriate internal audit and risk-management functions.

Standards of conduct for prevention and detection of fraud and error

Audited bodies are responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption and to ensure that their affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.

Internal audit

Public sector bodies are required to establish an internal audit function as a support to management in maintaining effective systems of control and performance. With the exception of less complex public bodies the internal audit programme of work is expected to comply with the Public Sector Internal Audit Standards.

Internal audit and external audit have differing roles and responsibilities. External auditors may seek to rely on the work of internal audit as appropriate.



Code of audit practice: Responsibilities continued

Maintaining a sound financial position

Audited bodies are responsible for putting in place proper arrangements to ensure that their financial position is soundly based having regard to:

- Such financial monitoring and reporting arrangements as may be specified.
- Compliance with any statutory financial requirements and achievement of financial targets.
- Balances and reserves, including strategies about levels and their future use.
- How they plan to deal with uncertainty in the medium and longer term.
- The impact of reporting future policies and foreseeable developments on their financial position.

Responsibilities for best value, community reporting and performance

Local government bodies have a duty to make arrangements to secure best value. best value is defined as continuous improvement in the performance of the body's functions. In securing best value, the local government body is required to maintain an appropriate balance among:

- The quality of its performance of its functions.
- The cost to the body of that performance.
- The cost to persons of any service provided by it for them on a wholly or partly rechargeable basis.

In maintaining that balance, the local government body shall have regard to:

- Efficiency.
- Effectiveness.
- Economy.
- The need to meet the equal opportunity requirements.

The local government body shall discharge its duties under this section in a way which contributes to the achievement of sustainable development.

In measuring the improvement of the performance of a local government body's functions for the purposes of this section, regard shall be had to the extent to which the outcomes of that performance have improved.

The Scottish Government's Statutory Guidance on best value (2020) requires bodies to demonstrate that they are delivering best value in respect of seven themes:

1. Vision and leadership
2. Governance and accountability
3. Effective use of resources
4. Partnerships and collaborative working
5. Working with communities
6. Sustainability
7. Fairness and equality

The Community Empowerment (Scotland) Act 2015 is designed to help empower community bodies through the ownership or control of land and buildings, and by strengthening their voices in decisions about public services.

Specified audited bodies are required to prepare and publish performance information in accordance with Directions issued by the Accounts Commission.



Code of audit practice: Responsibilities continued

Appointed auditors' responsibilities

Appointed auditors' statutory duties for local government bodies are contained within Part VII of the Local Government (Scotland) Act 1973, as amended.

These are to audit the accounts and place a certificate (i.e., an independent auditor's report) on the accounts stating that the audit has been conducted in accordance with Part VII of the Act.

Satisfy themselves, by examination of the accounts and otherwise, that:

- The accounts have been prepared in accordance with all applicable statutory requirements.
- Proper accounting practices have been observed in the preparation of the accounts.
- The body has made proper arrangements for securing best value and is complying with its community reporting duties.

Hear any objection to the financial statements lodged by an interested person.

Appointed auditors should also be familiar with the statutory reporting responsibilities in section 102 of the Local Government (Scotland) Act 1973, including those relating to the audit of the accounts of a local government body.

2024/25 Fees

The IJB's audit fee is determined in line with Audit Scotland's fee setting arrangements. Audit Scotland will notify auditors about the expected fees each year following submission of Audit Scotland's budget to the Scottish Commission for Public Audit, normally in December. The remuneration rate used to calculate fees is increased annually based on Audit Scotland's scale uplift.

As we outlined in our audit planning report, the expected fee for auditor remuneration, set by Audit Scotland, is based on a risk assessment of publicly available information from the 2021 tender exercise. As set out in our Audit Planning Report the agreed fee is based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our financial statements opinion being unqualified;
- Appropriate quality of documentation is provided by the IJB;
- The IJB has an effective control environment, including internal audit function and an average risk profile for its sector; and
- The IJB complies with its responsibilities under the Code of Audit Practice (refer to Appendix A).

This is the basis for the estimated level of time and skill mix involvement by auditors.

If any of the above assumptions prove to be unfounded, we would seek a variation to the agreed fee.

	2024/25	2023/24
Component of fee:		
▪ Auditor remuneration - expected fee	£36,660	£35,420
Audit Scotland fixed charges:		
▪ Performance audit and best value	£7,040	£7,560
▪ Audit support costs	£920	£1,290
Sectoral price cap	(£10,620)	(£10,910)
Total fee	£34,000	£33,360

Throughout the course of their work, auditors may identify new, developing or otherwise enhanced areas of risk that are required to be addressed to deliver an audit to the quality standards expected, and in line with the requirements of the Audit Scotland Code of Practice.



Required communications

We have detailed below the communications that we must provide to the IJB.

		Our reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the Performance and Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	Audit Scotland Terms of Appointment letter (December 2022) - audit to be undertaken in accordance with the Code of Audit Practice.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Annual Audit Plan - March 2025
Reporting and audit approach	Communication of the reporting scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Annual Audit Plan - March 2025
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures. ▶ Significant difficulties, if any, encountered during the audit. ▶ Significant matters, if any, arising from the audit that were discussed with management. ▶ Written representations that we are seeking. ▶ Expected modifications to the audit report. ▶ Other matters if any, significant to the oversight of the financial reporting process. ▶ Findings and issues regarding the opening balance on initial audits. 	This Annual Audit Report - September 2025.



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Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements. 	This Annual Audit Report - September 2025.



Required communications (cont.)

Our reporting to you

Required communications	What is reported?	When and where
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation. ▶ The effect of uncorrected misstatements related to prior periods. ▶ A request that any uncorrected misstatement be corrected. ▶ Corrected misstatements that are significant. ▶ Material misstatements corrected by management. 	This Annual Audit Report - September 2025.
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity. ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist. ▶ A discussion of any other matters related to fraud. 	This Annual Audit Report - September 2025.
Internal controls	Significant deficiencies in internal controls identified during the audit.	This Annual Audit Report - September 2025.
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	This Annual Audit Report - September 2025.
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	Annual Audit Plan and this Annual Audit Report.

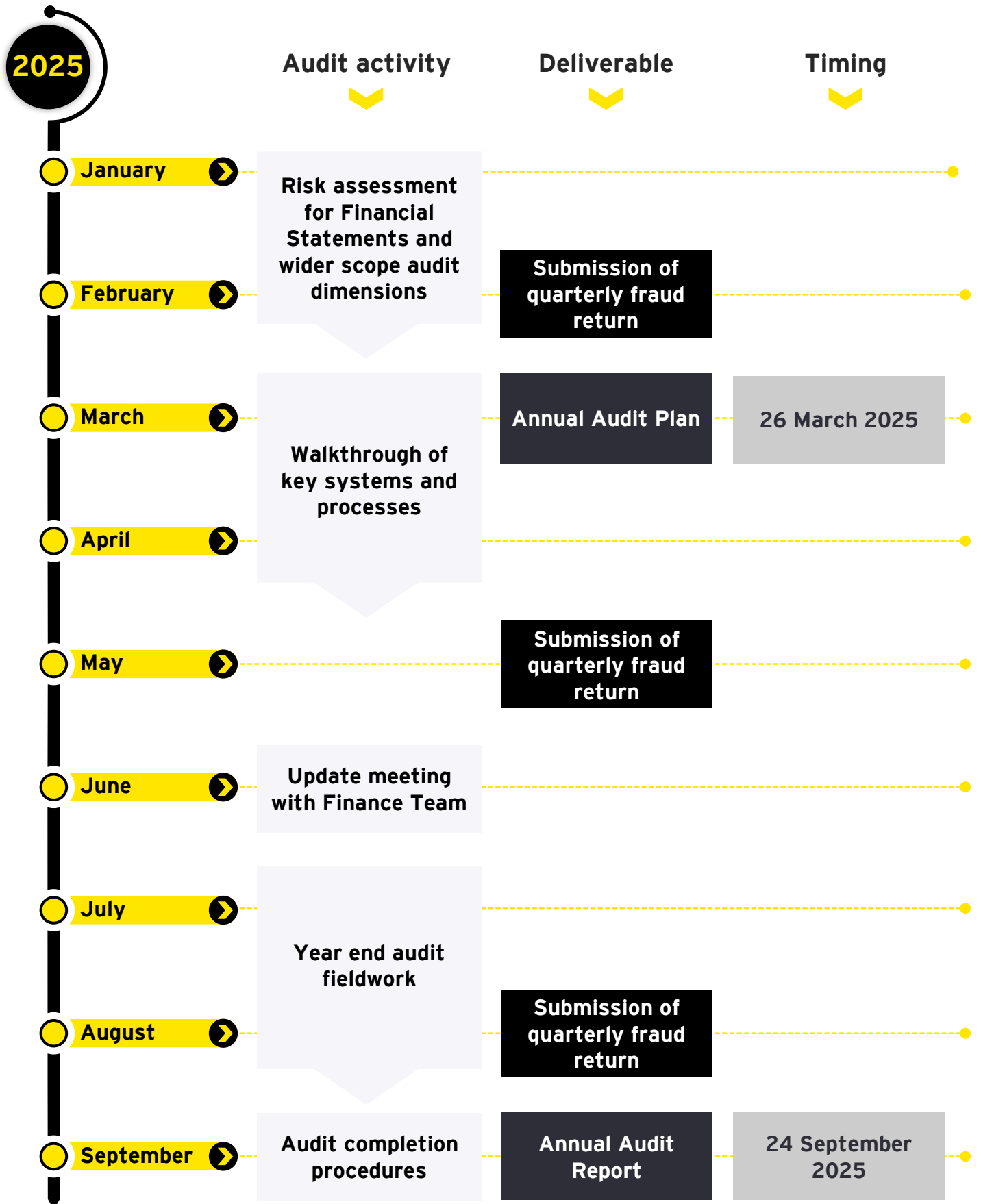


Required communications (cont.)

		Our reporting to you
Required communications	What is reported?	When and where
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations. ▶ Inability to obtain relevant and reliable audit evidence from other procedures. 	This Annual Audit Report - September 2025.
Representations	Written representations we are requesting from management and/or those charged with governance.	This Annual Audit Report - September 2025.
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off. ▶ Enquiry of the Performance and Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Performance and Audit Committee may be aware of. 	This Annual Audit Report - September 2025.
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise.	This Annual Audit Report - September 2025.
Auditors report	Any circumstances identified that affect the form and content of our auditor's report.	This Annual Audit Report - September 2025.
Best value and wider scope judgements and conclusions	Our reporting will include a clear narrative that explains what we found and the auditor's judgement in respect of the effectiveness and appropriateness of the arrangements that audited bodies have in place regarding the wider-scope audit.	This Annual Audit Report - September 2025.
Key audit matters	The requirement for auditors to communicate key audit matters, which apply to listed companies and entities which have adopted the UK Corporate Governance Code in the private sector, applies to annual audit reports prepared under the Code.	This Annual Audit Report - September 2025.

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Timeline of communication and deliverables





Action Plan

This appendix sets out our assessment of progress against outstanding recommendations from prior years.

Prior year recommendations

No.	Recommendation	Management response	Our assessment of progress
1.	<p>Financially sustainable planning</p> <p>The IJB's General Reserves were exhausted during 2023/24 and earmarked reserves have fallen to an unsustainable position. The scale of the financial volatility facing the IJB, including, prescribing and pay inflation, and the difficulty of delivering savings due to the complexity of service user requirements mean that adequate general reserves are essential to manage the level of risk. There is a risk that financial recovery measures will be necessary in 2024/25 to deliver financial balance.</p> <p>The IJB must develop a realistic and sustainable financial plan that balances the risk associated with savings and supports the rebuilding of reserves in the medium term.</p> <p><i>Grade 1</i></p>	<p>Response:</p> <p>The budget agreed for 2024/25 included an over-recovery target for savings to allow for forward planning including rebuilding of reserves. The tension between delivering savings and building reserves, particularly in the current climate is recognised.</p> <p>Responsible officer:</p> <p>Chief Financial Officer</p> <p>Implementation date: 31 March 2025</p>	<p>In progress: While the IJB has delivered significant savings in 2024/25, the IJB is not yet able to demonstrate a sustainable future in the medium term.</p> <p>The IJB has further plans to develop a range of options to close the current gaps based on a prioritisation of services.</p>



Adjusted and unadjusted audit differences

Adjusted disclosure differences

This appendix sets out the adjustments that were processed as part of finalisation of the financial statements.

- [We identified minor differences to the Remuneration Report which were adjusted by management on the basis that these disclosures are audited to a lower level of materiality than other areas of the accounts and may be of specific interest to readers of the accounts.]

There were no unadjusted differences.



Additional audit information

Introduction

In addition to the key areas of audit focus outlined within the plan, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities under auditing standards

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the IJB's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the going concern basis of accounting.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Read other information contained in the financial statements, the Performance and Audit Committee reporting appropriately addresses matters communicated by us to the Committee and reporting whether it is materially inconsistent with our understanding and the financial statements.
- Maintaining auditor independence.
- communicated by us to the Committee and reporting whether it is materially inconsistent with our understanding and the financial statements.
- Maintaining auditor independence.

Purpose and evaluation of materiality

- For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.
- Materiality determines the locations at which we conduct audit procedures, and the level of work performed on individual account balances and financial statement disclosures.
- The amount we consider material at the end of the audit may differ from our initial determination. At this stage it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit, we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.



Additional audit information (cont.)

Audit Quality Framework/Annual Audit Quality Report

- Audit Scotland are responsible for applying the Audit Quality Framework across all audits. This covers the quality of audit work undertaken by Audit Scotland staff and appointed firms. The team responsible are independent of audit delivery and provide assurance on audit quality to the Auditor General and the Accounts Commission.
- We support reporting on audit quality by providing additional information including the results of internal quality reviews undertaken on our public sector audits. The most recent audit quality report can be found at: [Quality of public audit in Scotland: Annual report 2024/25 | Audit Scotland](#)
- EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details can be found in our annual Transparency Report: https://www.ey.com/en_uk/about-us/transparency-report

This report

This report has been prepared in accordance with Terms of Appointment Letter from Audit Scotland through which the Accounts Commission has appointed us as external auditor of East Renfrewshire Integration Joint Board for financial years 2022/23 to 2026/27.

This report is for the benefit of the IJB and is made available to the Accounts Commission and Audit Scotland (together “the Recipients”).

This report has not been designed to be of benefit to anyone except the Recipients. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Recipients, even though we may have been aware that others might read this report.

Any party other than the Recipients that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Recipient's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, Ernst & Young LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Recipients.

Complaints

If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with Stephen Reid who is our partner responsible for services under appointment by Audit Scotland, telephone 0131 777 2839, email sreid2@uk.ey.com. If you prefer an alternative route, please contact Anna Anthony, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you.

Should you remain dissatisfied with any aspect of our service, or with how your complaint has been handled, you can refer the matter to Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN. Alternatively you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

EY | Building a better working world

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Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

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