Item No 8

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Glasgow City Integration Joint Board

Annual Audit Report
[Provisional]

10 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 Glasgow City 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 Glasgow Integration Joint Board (the IJB). The scope of the audit was set out in our Annual Audit Plan, presented to the 5 February 2025 meeting of the IJB's Finance, Audit and Scrutiny 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 Glasgow City 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. The IJB has concluded that there are no material uncertainties around its going concern status. It has used the Basis of Preparation Note within the financial statements to disclose the nature of significant financial risks within the going concern period, including continuing challenges associated with homelessness, prescribing and other demand pressures such as mental health and care packages for children and young people. The Integration Scheme sets out the responsibilities of the IJB's partners, Glasgow City 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 Board should have effective processes for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account.	The IJB reported on progress against its Strategic Plan 2023-28 within the Annual Performance Report. Performance against key performance indicators is mixed, reflecting the increased complexity and demand pressures for services provided by the IJB, but overall performance improved against the prior year despite the significant savings and delays to recruitment that were necessary to deliver the Board's budget strategy in 2024/25. Overall, we concluded that IJB's performance management and financial reporting framework allows the Board to demonstrate that it meets its Best Value responsibilities. The financial outlook for the IJB remains very challenging. The Board faces a projected £118 million funding gap in the three-year period to 2027/28. In recognition of the scale of the challenge ahead, the IJB recently commenced a service prioritisation process to identify the services that have the greatest impact and outcomes, to support a wider financial reset. Very difficult decisions therefore lie ahead for IJB members at a time of significant uncertainty.

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 delivered an unprecedented £26.6 million savings programme in 2024/25, alongside further reductions in services to achieve recovery planning requirements of £17.5 million. This supported an overall underspend against the operational service budget and allowed the IJB to rebuild General Reserve balances by £15.8 million, to 1.4% of net expenditure in 2024/25 (*2023/24: 0.4%*). The level of savings required in 2024/25 meant an overall reduction in service levels and a corresponding workforce reduction. Glasgow City Council's Chief Social Work Officer highlighted that reductions of this scale leaves the IJB, and its partners, at risk of being unable to fulfil its statutory responsibilities. We consider the immediate impact on performance within our consideration of the Use of Resources. 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 has been required to take increasingly challenging decisions to respond to a projected £118 million funding gap in the three-year period to 2027/28, resulting in further reductions in the workforce. A strategy is in place to support the recovery of General Reserves to allow the IJB to prepare for increased pension contributions in 2026/27 (a recurring pressure of around £27.5 million per annum) and manage the implementation of budget saving measures following a fundamental review of services. Risk remains that operational overspends or delays in implementing savings will mean that bridging a gap of this scale cannot be achieved. 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 despite the impact of significant changes at Board and Senior Management levels. The IJB has delayed the review of its Strategic Plan to embed changes to internal governance structures and consideration of the service prioritisation programme ahead of meaningful stakeholder consultation and engagement. It is important that further budget saving proposals are subject to rigorous impact assessment including, where required, the views of service users. The IJB's partners continued to progress the update to the Integration Scheme, following a period of mandatory consultation but the approval has been further delayed as a result of significant changes in partner bodies. The Integration Scheme was due to be revised in 2023. 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 areas of improvement in 2023/24. Overall performance remains mixed, and the IJB continues to highlight significant and ongoing financial risks within its risk registers that may undermine the delivery of the Strategic Plan. The Annual Performance Report highlights that performance overall has improved since 2023/24 but there is a risk of decline against key indicators in the future as a result of the scale of the savings and workforce reductions necessarily to secure the IJB's financial future. Our assessment: Green



1 Introduction

Purpose of our report

The Accounts Commission for Scotland appointed EY as the external auditor of Glasgow City Integration Joint Board ('IJB' or 'the Board') 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 Board 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 Board.

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 Finance, Audit and Scrutiny Committee on 5 February 2025. There have been no material changes to the plan.

Financial Statements audit

We are responsible for conducting an audit of the Board'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 Finance, Audit and Scrutiny Committee on 5 February 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

Planning materiality

£20m

Within our Annual Audit Plan, we reported our preliminary assessment that materiality would set at £19 million. We have considered whether any change to our materiality was required. We set the basis of materiality based on 1% of gross expenditure.

In light of the income and expenditure in 2024/25, following receipt of the unaudited accounts, we updated the materiality to £20 million (*2023/24: £19 million*).

Performance materiality

£15m

Performance materiality has been set at £15 million, which represents 75% 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 Board'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 Board, 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 medium term financial plans. Our findings are summarised in Section 4 of this report.

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



2 Financial Statements

Status of the audit:
Our work is materially complete. Areas that remain ongoing are at this stage include:

- Completion of our work over management's assessment of going concern;
- The completion of partner and manager review; 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 on 11th June 2025, following the consideration by the Finance, Audit and Scrutiny Committee, 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

As part of the audit, we reviewed the financial statements and made several comments aimed at improving the compliance with the Code of Accounting Practice. We worked with management to make minor amendments to the financial statement disclosures, and we will continue to highlight and discuss good practice throughout our period of appointment.

We identified no adjusted or unadjusted differences arising from the audit which require to be reflected within the financial statements.

Disclosure amendments were processed during the audit within the Annual Governance Statement and Remuneration Report. The changes are outlined in Appendix F and management updated the financial statements accordingly.

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	▪ The financial statements were presented to the Finance, Audit and Scrutiny Committee on 11th June 2025, and draft accounts were shared with audit on 28th May 2025.
Quality and completeness of the draft financial statements	Effective	▪ Our review of the financial statements identified minor presentational and disclosure changes and minimal internal inconsistencies.
Delivery of working papers in accordance with agreed client assistance schedule	Effective	▪ 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	▪ Management identified one estimate within the financial statements, related to hosted services where, for example, Glasgow City IJB provides services for other IJBs. Supporting evidence for hosted services were 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	▪ Despite the significant changes within the Finance Team, the previous Chief Financial Officer (CFO) made herself available during the early stages of the audit and we received good support from the CFO and Deputy CFO throughout.
Volume and value of identified misstatements	Effective	▪ We did not identify any differences arising from the audit in relation to the financial statements.
Volume of misstatements in disclosure	Effective	▪ We identified a number of 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	▪ 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 Finance, Audit and Scrutiny 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 ▪ 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.	▪ 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 ▪ We are required to conclude on the appropriateness of the use of the going concern basis of accounting.	▪ 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 ▪ We are required to consider whether the other information in the financial statements is materially inconsistent with other knowledge obtained during the audit.	▪ 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 board 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 ▪ 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: ▪ 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: ▪ 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 Glasgow City Council and NHS Greater Glasgow and Clyde, we have determined that the risk of revenue recognition does not materialise. There are no material income streams that are received directly by the IJB. We therefore consider this risk to be most prevalent in expenditure balances.

Impacted balances within the financial statements:

- Cost of services: £2,002 million; and
- Cost of services prior year comparator: £1,907 million.

Refer to accounting policies B, C and F (pages 66-67) and notes 4, 8 and 10 of the Financial Statements.

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 Glasgow City 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 Glasgow City 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.

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 IJB on behalf of the Finance, Audit and Scrutiny 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 Glasgow City 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 significant estimate within the financial statements, relating to hosted services where, for example, Glasgow City 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 Board 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 Board'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, we note the increasingly challenging financial position facing both the IJB and the wider sector.
- During 2024/25, the IJB successfully implemented recovery planning to avoid a significant overspend that may have resulted in the necessity for additional contributions from the IJB's partners, Glasgow City Council and NHS Greater Glasgow and Clyde.
- Glasgow City Council continues to meet the significant additional costs associated with homelessness resulting from asylum decisions.



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	This takes account of both external risks not within the IJB's control and internal risks which can be managed by the Board, as well as control and process observations made through our audit work.
Green	

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 identified significant service reductions (£14 million) and savings targets (£29.9 million) to allow the IJB to respond to significant cost pressures

As we reported in 2023/24, the IJB considered the 2024/25 annual budget alongside its annual update to the medium-term financial outlook in March 2024. The outlook identified a funding gap of £116 million over the three years of the plan to 2027, including a £36 million gap in 2024/25. As a result, the IJB agreed to the development of a fundamental service reset to identify the services that are sustainable both in terms of meeting the demands of the population of Glasgow City but also be affordable within the financial envelope which is available.

The IJB recognised within the 2024/25 budget that budget smoothing was needed to prevent a cost pressure of £25 million in 2026/27 when employer contribution rates for Strathclyde Pension Fund return to 17.5% (following a reduction to 6.5% in 2024/25 and 2025/26). As a result, the IJB elected to identify additional recurring savings of £9.58 million in 2024/25, and £8 million in 2025/26. The IJB agreed that these would be taken to General Reserves if a break-even position or underspend was secured in operational service delivery. As a result, the gap required to balance the budget totalled £46 million. These were met via:

- Savings proposals totalling £25.48 million approved in principle;
- Proposed health savings totalling £4.7 million to be approved at a future meeting; and
- Remaining pressures of £15.83 million to be managed within existing budgets.

The impact of the savings included a reduction of 62.2 full time equivalent (FTE) staff across Council services.

Recovery planning was required in November 2024 to respond to a projected overspend of £17.5 million

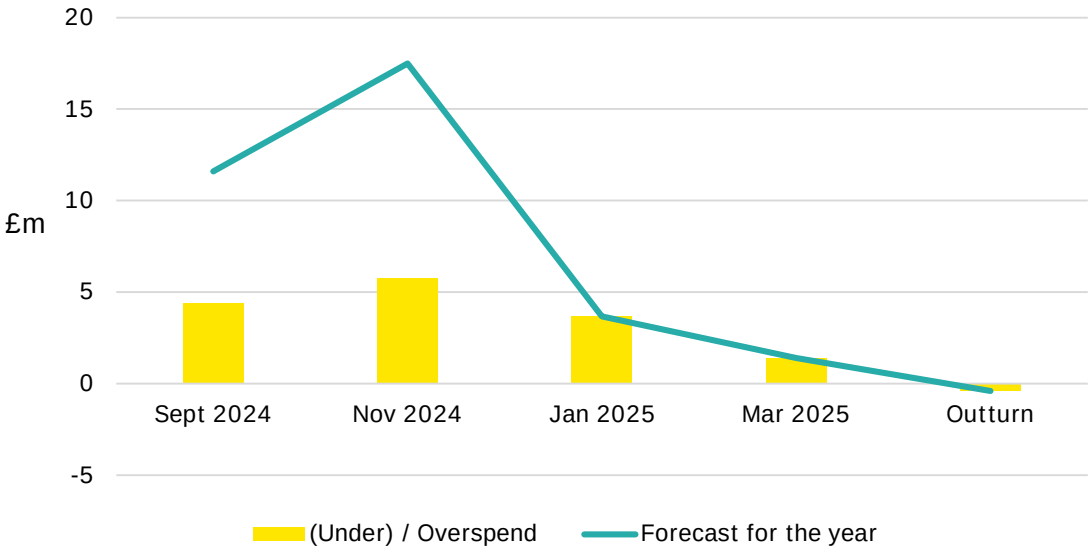
As Exhibit 5 highlights, the first financial monitoring forecast for 2024/25, in September 2024, identified a significant in-year overspend, totalling £11.6 million. At that stage, the overspend was principally as a result of the non-achievement of planned savings (£6.3 million) and mental health staffing pressures (£4.2 million). By November 2024, further projected overspends, including within prescribing meant that the forecast overspend to 31 March 2025 was £17.5 million, prior to the implementation of recovery plan actions.

An initial recovery plan was set to achieve £11.6 million of in-year savings in September 2024. By November 2024, the IJB highlighted further significant overspends, including £3.8 million within prescribing which meant that the revised forecast overspend to 31 March 2025 was £17.5 million overall, prior to the implementation of recovery plan actions.

The recovery plan was revised in November 2024 and the IJB approved the reclassification of £6.5 million of earmarked reserves to general reserves to support the in-year position on a non-recurring basis. The earmarked reserves were in relation to transition funding where commitments were less than the provision made.

Exhibit 5 highlights that as a result of recovery planning, the IJB was able to record a net underspend in operational service delivery of £0.4 million (*2023/24: £18.8 million overspend*).

Exhibit 5: The IJB used recovery planning to avert a significant projected overspend during 2024/25



Source: Glasgow IJB Financial Monitoring reports 2024-25

The savings identified during the year to achieve the recovery plan and, therefore, underspend were principally related to an extension of recruitment controls in Community Health Services, and spending controls in Older People, Adult Services and Children and Families services. Community Health Services were initially targeted with a £13 million saving in 2024/25 through recruitment controls as part of the 2024/25 budget, with £10.1 million projected to be achieved by September 2024. Further savings of £4.8 million were targeted within the Recovery Plan.

The IJB delivered £26.6 million (89%) of the planned savings programme in 2024/25

The IJB identified planned savings to be delivered of £30.2 million in 2024/25. The Integration Transformation Board monitored the progress of the significant savings programme and reporting to the Board noted that £26.6 million of the 2024/25 savings programme was delivered as planned.

Of savings that were not achieved, £1.9 million related to prescribing. The IJB has rebased the budgets for 2025/26 to reflect the under-delivery. The remaining balance of £1.7 million represents an added financial pressure for the IJB to be achieved in future years.

Exhibit 7: The IJB delivered an unprecedented programme of savings in 2024/25



The IJB delivered 89% of the planned savings in year. Key areas of savings included:

- Planned cost efficiencies in prescribing;
- Further prioritisation of self-directed support for vulnerable adults and older people;
- Review of the access to social care support;
- The ongoing homelessness recovery plan;
- The transformation of early support and prevention for Children's Services; and
- A maximising independence programme to focus on service redesign and early intervention initiatives.

Source: Glasgow IJB Budget 2024-25

In November 2024, the IJB also approved the early delivery of £0.6 million of savings initially planned for 2025/26. This included service reviews within Residential Services, Support Services and Family support, which meant an overall reduction of 33.1 full time equivalent posts from the structure. Where staffing reductions were proposed, preliminary equality impact assessments were undertaken. Savings of this scale on staffing numbers are likely to have a corresponding impact on services and the remaining workforce.

The Chief Social Work Officer for Glasgow City Council submitted a statement to the IJB in relation to planned savings within the 2024/25 budget noting that the requirement to identify savings of this level leaves the Council at risk of being unable to fulfil its statutory responsibilities. To achieve a balanced budget, the CSWO noted that a reduction in service requires to take place and that despite the transformation agenda, the threshold for access to social work services will be increased and there will be reduced funding for core packages of support. As part of the measures required to achieve a balanced budget, Glasgow City Council was required to increase the fees payable by service users by 5% overall, and by 12.8% for hot meals.

The IJB continued to respond to specific pressures within the homelessness service

In prior years, we have noted the significant pressure on the IJB's financial sustainability presented by their responsibilities in relation to homelessness accommodation.

In late 2023, the IJB highlighted a significant worsening of financial position as a result of the UK Government's announcement of a streamlined asylum process to address the significant backlog of asylum decisions. The streamlined process applies to households from countries who are more likely to receive a positive asylum decision. Any household that has received leave to remain in the UK can seek assistance to the local authority under homelessness legislation. In October to November 2023 reporting to both the IJB and its partner, Glasgow City Council, highlighted that there are limited accommodation options to deal with further expected decisions from the Home Office. The Council's City Administration Committee considered most recent cost projections in August 2025, noting that costs in 2025/26 are expected to total £43 million, rising to £66 million in 2026/27.

Glasgow City Council's Executive Director of Finance has provided assurances that any overspend relating to asylum decisions would be met by additional Council funding in 2024/25 and 2025/26. Representations continue to be made to both the Scottish and UK Government to provide additional financial support to the Council to respond to these pressures.

In addition, Homelessness Services continued to pursue recovery planning throughout 2024/25 to reduce costs pressures in part mitigation of the increase in service demand. This includes the implementation of a Housing Emergency Action Plan, structured around key themes, including:

- Homelessness prevention;
- Safeguarding and planning;
- Temporary accommodation
- Improved data and monitoring; and
- Increasing the supply of social and affordable housing in the city.

Our conclusions:

- The IJB delivered an unprecedented £26.6 million savings programme in 2024/25, alongside further reductions in services to achieve recovery planning requirements of £17.5 million. This supported an overall underspend against the operational service budget and allowed the IJB to rebuild General Reserve balances by £15.8 million, to 1.4% of net expenditure in 2024/25 (2023/24: 0.4%).
- The level of savings required in 2024/25 meant an overall reduction in service levels and a corresponding workforce reduction. We consider the immediate impact on performance within our consideration of the Use of Resources. Glasgow City Council's CSWO highlighted that reductions of this scale leaves the IJB, and its partners, at risk of being unable to fulfil its statutory responsibilities.

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

The Commission reported that total reserves held by IJBs reduced by 40% in 2023/24. Nine IJBs did not hold any contingency reserves, reducing their financial flexibility and increasing the risk to their financial sustainability. At the end of 2023/24, 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, 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 in the direction of plans for a National Care Service has 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 Medium-Term Financial Outlook continues to be extremely challenging for the IJB

The IJB ensures that its medium-term financial plans are kept updated to reflect known cost pressures and to support informed decision-making. Its most recent Medium Term Financial Outlook was considered in March 2025, at the same meeting as the 2025/26 budget was approved. In line with the Accounts Commission's comments, the outlook recognises that the financial context of partners is challenging and continues to assume flat cash from the Council over the next three financial years, and a 2% uplift to cover the pay award only from the Health Board.

The IJB's assessment of cost and demand pressures over the three years of the plan results in an additional spending requirement of £199 million. Key factors include:

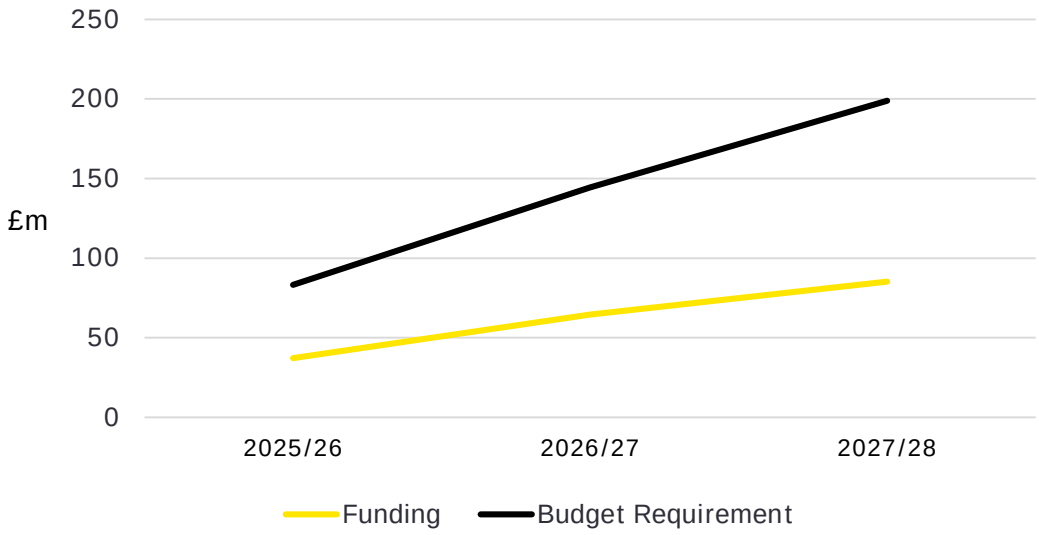
- Pay pressures totalling £71 million, including the changes to national insurance contributions and estimates of pay increases.
- Non-pay inflation, including the cost of prescriptions (£79.5 million); and
- Statutory and policy commitments (£20.2 million).

The total budget gap identified in the period to 2027/28 is £118 million, including £46 million in 2025/26

The IJB has continued to assume that funding settlements will not keep pace with inflationary and other pressures. As a result, as Exhibit 8 highlights, the IJB has identified a funding gap of £118 million.

The IJB recognises that the scale of the challenge means that a fundamental review of service provision is required to support increasingly difficult decisions about the prioritisation and delivery of services.

Exhibit 8: The IJB's Medium Term Financial Outlook identifies a funding gap of £118 million over 3 years



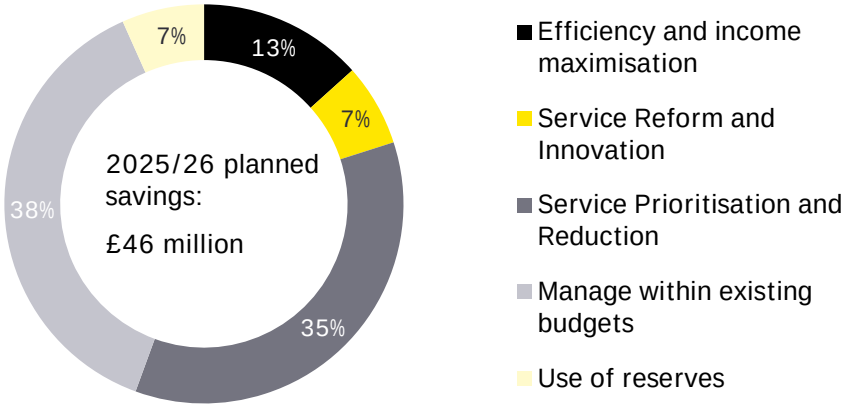
Source: Glasgow IJB Medium Term Financial Outlook, March 2025

The IJB's strategy to respond to the scale of the budget gap is based on:

- Service prioritisation and reduction (£51 million)
- Service reform and innovation (£9 million);
- Efficiency and income maximisation (£18 million); and
- Managing within existing budgets, or other measures such as use of reserves (£39 million).

The 2025/26 budget was set in March 2025 and required the identification of measures to bridge a £46 million gap. As Exhibit 9, overleaf, highlights, the majority (38%, £17 million) of the savings target is expected to be achieved via managing within existing budgets. Other savings, including those within service prioritisation and reduction, and service reform and innovation represent cuts to services, alongside reductions in the workforce. The proposals accepted in March 2025 represented a loss of a further 72.9 FTE staff within Council services and 75.2 FTE in Health services.

Exhibit 9: The IJB plan to bridge the savings gap in 2025/26 primarily via service reductions and managing within existing budgets



Source: Glasgow IJB Medium Term Financial Outlook, March 2025

We note that proposed amendments to the budget from members, alongside representations from trade unions, indicate how increasingly difficult it is for the IJB to set a balanced budget as lower impact options have now been exhausted. A further indicator of the pressure that IJB members face is in relation to the motion to pause a cessation of one of the agreed budget options following concerns raised by stakeholders. An initial vote resulted in an equal number of votes for the motion and amendment. Advice from the Council's Director of Legal and Administration ultimately found that the motion was not competent, and was therefore withdrawn.

During the discussion, members noted that the IJB continue to face significant financial risk. The ability to rebuild reserves to support budget smoothing in 2026/27 is dependent on the delivery of savings and the management of service demands, including areas where the IJB has limited control, such as the presentation of homeless cases, and prescribing.

If the IJB is able to deliver an operational breakeven in 2025/26, the forecast budget gap will be £42.1 million in 2026/27.

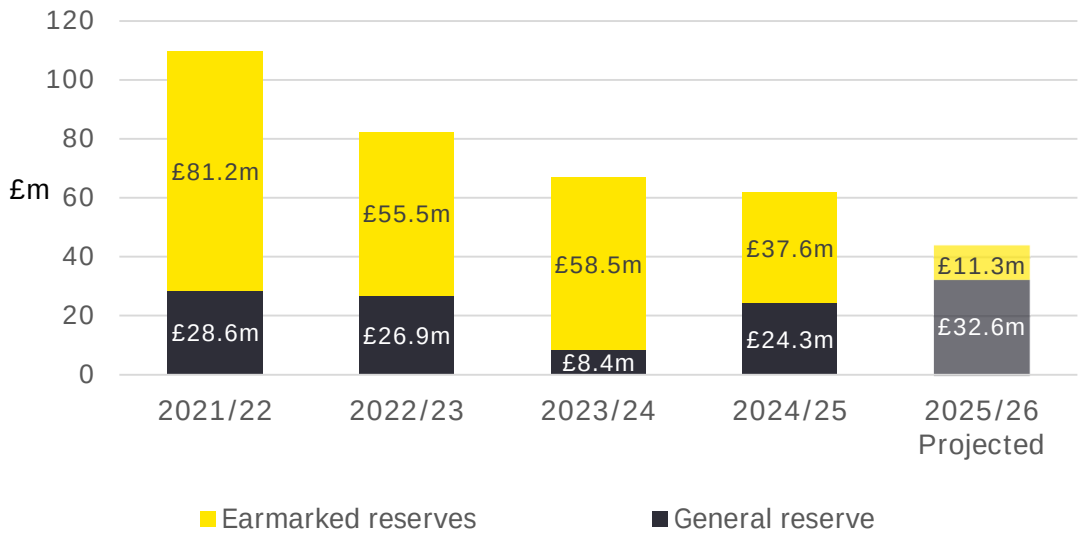
The IJB was able to rebuild General Reserves in 2024/25, but remains behind the target of 2% of net expenditure

As a result of the successful recovery plan, the IJB was able to approve the transfer of £9.33 million reserves to the General Reserve in 2024/25, in line with the budget smoothing strategy.

The IJB also approved the transfer of earmarked reserves totalling £6.5 million as part of the planned recovery plan. As a result, the IJB's General Reserves increased from £8.44 million (0.4% of net expenditure) to £24.28 million (1.4%). While a significant improvement in the overall financial health of the reserves, this level remains some way off the target 2% (around £35.3 million). The IJB also recognises the significant financial volatility that may place reserves at risk, including the impact of the savings plans, homelessness (beyond the asylum decisions process), demand and prescribing pressures.

As Exhibit 10 highlights, overall reserves fell in 2024/25. Alongside the transfer of earmarked reserves to the General Reserve, the IJB also used £21.6 million (less than the planned use of £36.6 million). As a result of transfers in during the year (£7.2 million) the IJB has a cumulative earmarked reserve of £37.6 million. These funds are earmarked to deliver specific projects and government priorities which are supported by additional funding. Earmarked reserves also support delivery of commitments which span financial years.

Exhibit 10: Overall reserves fell by £5.1 million in 2024/25



Source: Glasgow City IJB Financial Statements and Medium-Term Financial Outlook, March 2025

Area of good practice:

The IJB has delivered the first year of a two-year planned budget strategy to replenish General Reserves, providing support for known and emerging financial pressures.

The IJB's 2025/26 budget strategy plans to deliver an underspend of £8.3m to support budget smoothing of the planned increase in superannuation rates in 2026/27. This would support an increase in general reserves to £32.6m, 1.8% of net expenditure. A significant service prioritisation programme has recently been launched to consider the value and outcomes of each service currently provided by the IJB to identify areas for future rationalisation and savings.

Our conclusions:

- The IJB has been forced to take increasingly challenging decisions to respond to a projected £118 million funding gap in the three-year period to 2027/28, resulting in further reductions in the workforce.
- A strategy is in place to support the recovery of General Reserves to allow the IJB to prepare for increased pension contributions in 2026/27 and manage the implementation of budget saving measures from a fundamental service prioritisation review. Risks remains that operational overspends or delays in implementing savings will mean that this cannot be achieved, and the availability of General Reserves may therefore be critical.

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 it 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 Board 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 Board's arrangements in the period to 31 March 2025. The Statement noted internal audit's conclusion that the Council Group, including the social work services provided on behalf of the IJB remained exposed to significant risk in relation to prior year findings on the ICT service and security. Improvements are being progressed by the Council through an agreed action plan. During the course of the audit, we did, however, become aware of a cyber breach impacting Glasgow City Council. We received confirmations from management that there was no data loss and no impact on financial systems impacting the IJB.

Internal audit also noted a limited assurance report in relation to repairs and maintenance charges due to the level of turnover in homelessness accommodation and the lack of management information available to verify charges levied for this work.

We were satisfied that the disclosures made within the Annual Governance Statement were materially consistent with both the governance framework, key findings from relevant audit activity and management's assessment of its own compliance with the CIPFA framework.

The IJB considered the implications of the Information Commissioner Office's report on Data Protection Arrangements

In December 2024, the Information Commissioners Office (ICO) reported on Data Protection arrangements at Glasgow City Council. This was one of the outcomes of an investigation into the Council's failure to respond to subject access requests (SAR), within statutory timescales. Low response rates as a result of a surge in demand had led to a number of complaints being received by the ICO. The report was the result of a wider audit to establish if there are appropriate procedures in operation for recognising and responding to individuals' requests for access to their personal data.

The Complaints, FOI and Investigations Team (CFIT) within the Health and Social Care Partnership is one of three teams responsible for handling Subject Access Requests (SARs) for Council services. The poor response rate and subsequent backlog of requests that led to the ICO involvement is confined to this area. As a result, the IJB's Finance, Audit and Scrutiny Committee (FASC) considered a report about the actions taken to date to respond to the backlog and continuing demand. The HSCP has committed to recruit additional staff, and to purchase AI software to support improvements.

There were significant changes at senior management level during 2024/25, in line with national trends

In March 2025, the Accounts Commission reported that the 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. In May 2024, Glasgow City IJB established interim arrangements following the appointment of the previous Chief Officer to the role of Chief Executive of Glasgow City Council. The new Chief Officer was appointed to the role and took up the post in December 2024.

The Chief Officer, Finance and Resources also left the IJB in January 2025 and was replaced on an interim basis by the previous Deputy Chief Financial Officer. A new Chief Officer, Finance and Resources was appointed in May 2025. The previous Deputy Chief Financial Officer subsequently left the IJB in June 2025 following a short period of handover.

We considered the impact of the significant changes on the preparation of the financial statements and audit process. The financial statements were prepared in advance of the 30 June 2025 deadline to support handover arrangements and the standard and timeliness of working papers continued to meet our expectations. We were satisfied that appropriate arrangements were established to hand over responsibility for internal audit arrangements before the previous Chief Internal Auditor took up his post as Chief Officer, Finance and Resources.

The IJB's Strategic Plan has been extended for a period of 24 months

The Accounts Commission's Integration Joint Board Financial Bulletin 2023/24 (March 2025) notes that high turnover rates among chief officers and finance officers pose risks to effective strategic planning. Following the significant changes in personnel at senior levels of the organisation, the IJB's Chief Officer instigated a review of the executive leadership structure. This encompasses the governance structures of the Health and Social Care Partnership (HSCP) including the Strategic Planning Groups.

The IJB also plans to take account of key developments including:

- the recently launched service prioritisation process to inform the next financial strategy and engagement required; and
- The changes required as a result of the Care Reform Bill.

As a result, the current Strategic Plan has been extended by 2 years by adopting Year 4 and 5 delivery plans. Progress against the plans will be monitored by the Finance, Audit and Scrutiny Committee every 6 months, in line with current arrangements.

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

As we reported in 2023/24, significant progress was made by Glasgow City Council and NHS Greater Glasgow and Clyde (NHSGGC) to update the existing Integration Scheme, particularly following a period of consultation from November 2023 to January 2024. The Integration Scheme was initially due to be updated in 2023.

The consultation led to the identification of further recommended changes, which have been incorporated into an updated version of the draft Integration Scheme.

The revised Integration Scheme will be reconsidered by local governance processes at the partner bodies, and the Integration Scheme is now expected to be approved locally by Autumn 2025. The changes proposed include:

- an increase in the term of the Chair and Vice Chair of the Integration Joint Board from one year to two years, in line with the other HSCPs in the Greater Glasgow and Clyde area
- 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.

Our conclusions:

- Governance arrangements functioned in line with expectations throughout 2024/25 despite the impact of significant changes at Board and Senior Management levels.
- The IJB has delayed the review of its Strategic Plan to embed changes to internal governance structures and consideration of the service prioritisation programme ahead of meaningful stakeholder consultation and engagement. It is important that further budget saving proposals are subject to rigorous impact assessment including, where required, the views of service users.
- 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 in partner bodies.

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 both operationally within the HSCP, and for scrutiny by the Finance, Audit and Scrutiny Committee (FASC) and the IJB. The Board has agreed a range of Key Performance Indicators (KPIs) to report on progress against the aims of the Strategic Plan and allow the IJB to provide exception reporting on any areas of service under-performance, and adopts the national integration indicators to allow comparison to other areas.

Quarterly Performance Reports are produced for both internal scrutiny within locality management teams, and for wider scrutiny at the FASC. The reports include performance outcomes in relation to Health and Social Work KPIs and provide information on how services are responding to areas of under-performance.

The FASC also continue to consider presentations from individual service areas at each of their meetings to allow a deeper understanding of the performance and challenges. Areas of scrutiny in 2024/25 included:

- Hosted services;
- Children's Services
- Primary care services;
- Welfare Rights and Money Advice;
- Adult Services; and
- Older People, Carers and Unscheduled Care.

The Committee also considered the results of Care Inspectorate activity, including the results of inspections on 9 Children's Residential Services, where 7 of the services received a score of "very good" or above. One of the other inspections was a follow up review, where the Care Inspectorate was able to increase the score to a "3 - Adequate" as a result of significant improvement since the previous inspection.

The IJB and its partners were also subject to a joint inspection of services for children and young people at risk of harm, which reported in August 2025. This highlighted areas of good practice in relation to the collaborative approach to leadership and tackling child poverty, the strength of relationships between staff and the families that they work with, the use of data to plan and improve performance and the commitment to a culture of improvement.

The IJB is expected to consider the report and develop an action plan with its partners to respond to key areas identified by inspectors, including the quality and consistency of a range of key protective processes such as inter-agency referral discussions.

Area of good practice:

The IJB's use of data (including the use of data dashboards) was highlighted as key strengths within the Joint Inspection of Services for Children and Young People. Data has been used to inform service planning and track progress on outcomes.

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

The IJB's Annual Performance Report is structured around the Strategic Priorities from the Strategic Plan 2023-2028.

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. Case studies and direct feedback are also used to provide examples of the impact of the work across the partnership.

Overall, over half (55%) of key performance indicators improved between 2023/24 and 2024/25. Areas where performance has shown the greatest improvement in 2024/25 include:

- The proportion of service users commencing alcohol or drug treatment within 3 weeks of referral (93% to 97%);
- The percentage of service users who receive reablement service from hospital (73.9% to 84%) and from the community (88.4% to 90.7%); and
- Social work sickness absence rate fell from 11.5% to 9.6%, although this remains off target.

Exhibit 11 highlights that the IJB delivered most of the targets that it set for 2024/25. Areas of continuing challenge include:

- The uptake of Mumps, Measles and Rubella (MMR) vaccinations at 24 months (90.3% against a target of 95%).
- Access to psychological therapies within 18 weeks of referral, where the north east (85.7%) and south (80.9%) localities continued to fail to meet the target of 90%.
- The total number of Acute Delays and Bed Days lost to delays which continue to exceed target. This has been impacted by the lack of availability of care home places, the complexity of cases and significant staffing pressures; and
- Sickness absence within health workers continued to rise to 8.11%, representing a steady increase since 2020/21 and over double the target level of 4%; and
- The total number of adult and older people mental health delays exceed target (39 hour against a target of 20).

Exhibit 11: The IJB achieved two-thirds of its targets in 2024/25



Source: Glasgow IJB Annual Performance Report July 2025

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

The IJB's Finance, Audit and Scrutiny Committee receives quarterly updates on risk management, which consider both strategic risks, and key operational risks that are managed by the Health and Social Care Partnership.

Nine risks were scored as "very high" at 31 March 2025, a rise of one since 2024, and of these, seven directly relate to the Board's financial position.

The "very high" risks within the Strategic Risk Register include:

- The level of savings required to be delivered annually;
- The impact of the budget and spending review on future expenditure;
- The impact of expenditure on prescribing;
- Homelessness and asylum pressures;
- The impact of the increase in employer National Insurance Contributions (a new risk added in 2024/25);
- The ability to deliver the Strategic Plan within budget; and
- The level of IJB General Reserves.

The Board has considered the appropriateness of mitigating actions and controls on a regular basis, which includes the delivery of the budget strategy to continue to rebuild General Reserves. The need to respond to this level of financial pressure may, however, mean that future performance levels are at risk.

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 areas of improvement in 2023/24.
- Overall performance remains mixed, and the IJB continues to highlight significant and ongoing financial risks within its risk registers that may undermine the delivery of the Strategic Plan.
- The Annual Performance Report highlights that performance overall has improved since both 2019/20 and 2023/24. However, there is a risk of decline against key indicators in the future as a result of the scale of the savings and workforce reductions necessarily to secure the IJB's financial future.

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, and 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 Outlook 2025-2028 (approved in March 2025);
- Governance arrangements, including monitoring and scrutiny reports and the Board's review of its own effectiveness;
- Our assessment of financial monitoring reports and performance reporting to the Board; and
- The IJB's reporting against its Strategic 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 IJB reported on progress against its Strategic Plan 2023-28 within the Annual Performance Report. Performance against key performance indicators is mixed, reflecting the increased complexity and demand pressures for services provided by the IJB, but overall performance improved against the prior year despite the significant savings and delays to recruitment that were necessary to deliver the Board's budget strategy in 2024/25. As a result of the very difficult decisions taken by the IJB as part of the 2024/25 budget, and in-year recovery planning, General Reserves increased to 1.4% of net expenditure but the financial outlook for the IJB remains very challenging. The Board faces a projected £118 million funding gap in the three-year period to 2027/28. Inflationary pressures and demand pressures make it increasingly difficult to sustain services at the current level. The IJB has recognised the likely future risks to performance and the ability to deliver the Strategic Plan within its own risk register.

Plans to restore reserves to closer to the 2% target require the delivery of further savings totalling £42 million in 2025/26. In recognition of the scale of the challenge ahead, the IJB recently commenced a service prioritisation process to identify the services that have the greatest impact and outcomes, to support a wider financial reset. Very difficult decisions therefore lie ahead for IJB members at a time of significant uncertainty.

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



Appendices

- **A** Code of audit practice: Responsibilities
- **B** Independence report
- **C** Required communications with the Finance, Audit and Scrutiny Committee
- **D** Timeline of communications and deliverables
- **E** Follow up of prior year recommendations
- **F** Adjusted audit differences
- **G** Additional audit information

A Code of audit practice: Responsibilities

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.

A 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.

A 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.

B Independence report and audit fees

2024/25 Fees

The Board'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.

C Required communications

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

		Our reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the Finance, Audit and Scrutiny 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 – February 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 – February 2025
Significant findings from the audit	► 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.
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: • 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.

C Required communications (cont.)

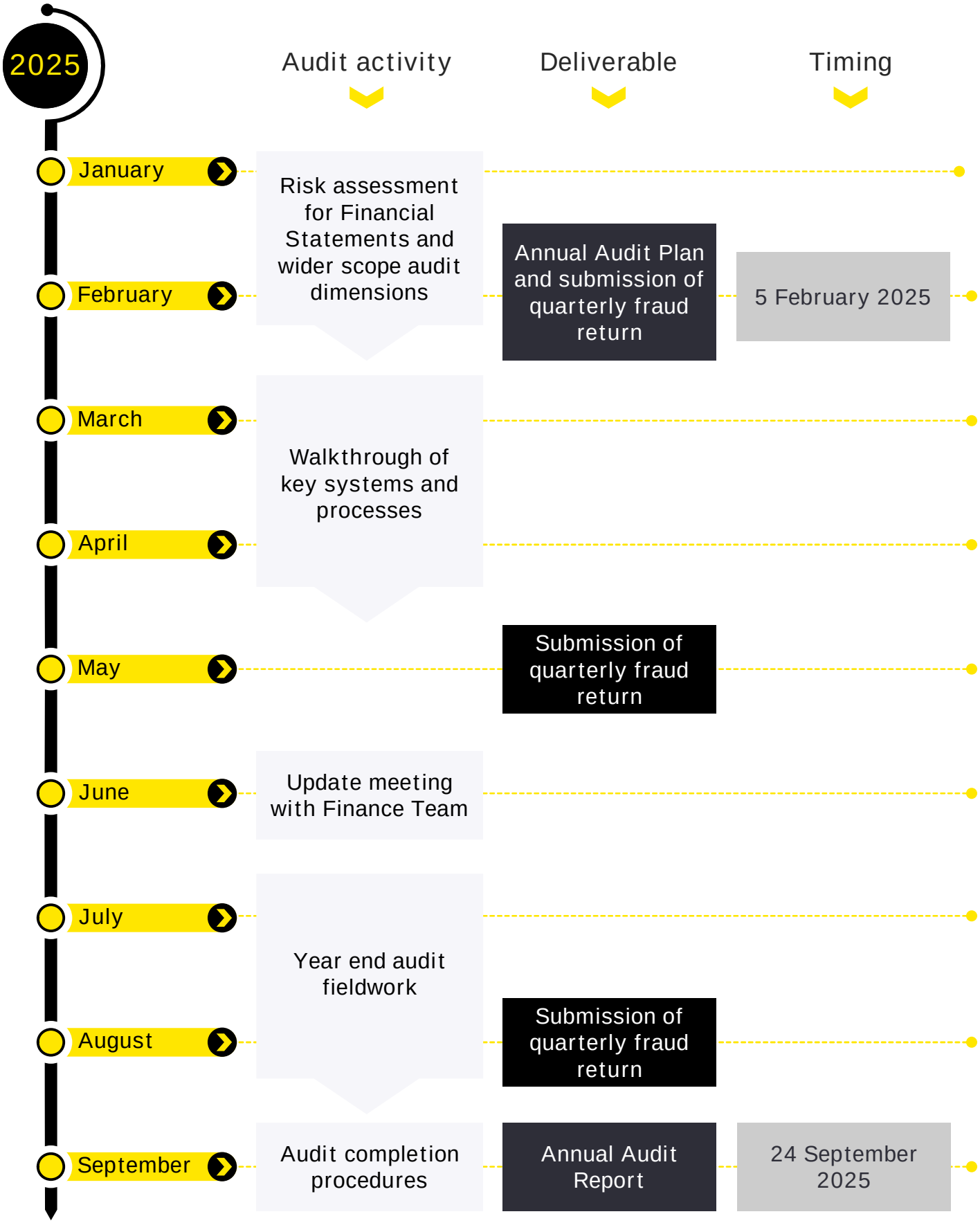
Our reporting to you

Required communications	What is reported?	When and where
Misstatements	• 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	• 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	Significant matters arising during the audit in connection with the entity's related parties including, when applicable: • 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	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence. Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: • 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.

C Required communications (cont.)

Required communications	What is reported?	Our reporting to you When and where
External confirmations	• 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	• 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 Finance, Audit and Scrutiny Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Finance, Audit and Scrutiny 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.

D Timeline of communication and deliverables



E Follow up of prior year recommendations

This appendix sets out the recommendations that were made in 2023/24, along with our assessment of progress.

Prior year recommendations			
No.	Recommendation	Management response	Our assessment of progress
1.	General Reserves The IJB has set a target for its uncommitted General Reserve of 2% of net expenditure. At 31 March 2024, the IJB's uncommitted reserve had fallen to £8.4 million, representing around 0.5% of net expenditure. The scale of the financial volatility facing the IJB, including homelessness (beyond the asylum decisions process), prescribing and pay inflation, mean that adequate general reserves are essential to manage the level of risk. The IJB's budget strategy aims to increase General Reserves by £9.3 million, but financial recovery measures will be necessary in 2024/25 to deliver financial balance. The IJB must ensure that financial management arrangements prioritise General Reserve balances to work towards target levels. Grade 1	Response: The IJB has plans in place to increase General Reserves as part of the budget agreed for 2024/25. This will be prioritised as part of financial management arrangements during 2024/25. Responsible officer: Chief Financial Officer Implementation date: 30th May 2025	In progress: As we note on page 23, the IJB's budget strategy to rebuild reserves over a two year period to prepare for increased superannuation costs has been successful to date. The delivery of substantial savings, including recovery plan, allowed the IJB to increase reserves to 1.4% of net expenditure in 2024/25. The delivery of the budget strategy for 2025/26 would see reserves increase to 1.8% (against a target of 2%). Substantial risks remain, particularly in relation to the volatility of demand pressures such as homelessness and prescribing. The level of reserves will therefore remain a key area of audit focus in 2025/26 and beyond.

F 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. Management provided additional disclosures to reflect the accrued pension benefits of senior employees, including those who left during the financial year.]
- [Within the Annual Governance Statement, management added a disclosure to reflect the impact of the Information Commissioner's Office Glasgow City Council Data Protection audit on the operations of the Health and Social Care Partnership.]

There were no unadjusted differences.

G 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 Board'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 Finance, Audit and Scrutiny 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.

G 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 proving 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 Glasgow Integration Joint Board for financial years 2022/23 to 2026/27.

This report is for the benefit of the Board 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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