



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

**THURSDAY 28 JUNE 2018  
SALTIRE ROOM 1, JOHN MUIR HOUSE, HADDINGTON**

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**Members Present:**

Mrs M McKay (Chair)  
Ms F Ireland (Items 5 – 8)  
Mr A Joyce  
Councillor F O'Donnell

**Officers Present:**

Mr D King  
Ms M Garden  
Mr S Allan  
Mr C McCurley

**Others Present:**

Mr D Melly, Audit Scotland

**Clerk:**

Ms F Currie

**Apologies:**

Councillor S Currie

**Declarations of Interest:**

None

## **1. MINUTES OF THE IJB AUDIT AND RISK COMMITTEE MEETING OF 6 MARCH 2018**

The minutes of the East Lothian IJB Audit and Risk Committee meeting held on 6 March 2018 were approved.

## **2. MATTERS ARISING FROM THE MINUTES OF THE MEETING OF 6 MARCH 2018**

The following matters arising from the minutes of 6 March were discussed:

**(Item 7) Risk Register** – David King said that he had yet to prepare a report on significant operational risks. His intention was to prepare and present the report to the Committee's meeting on 18 September.

**(Page 7) IJB 'Virtual Library'** – Councillor Fiona O'Donnell asked if any progress had been made on Councillor Currie's suggestion of a virtual library for the IJB, similar to the Council's Members' Library. She suggested that it would be a useful place to make available internal audit reports to those IJB members not on the Committee, as well as other reports of broader relevance to the IJB. Mr King said he would discuss this with Alison MacDonald.

## **3. UPDATE ON ACTIONS FROM THE ANNUAL ACCOUNTS**

A report was submitted by the Chief Finance Officer updating the Committee on the actions from the AGS and Annual Accounts paper which was presented to the Committee at its last meeting.

Mr King presented the report referring members to the updated lists of actions and indicating that some themes would be raised as part of the later items on the agenda. He added that these were important issues which needed to be further developed.

The Chair observed that it was a feature of the meeting's agenda that several key themes formed part of more than one of the items of business. She said that what seemed to be missing was clarification of who was responsible for actions on these themes and the timeframe for completion. She felt that this was of particular importance for work in relation to performance management and engagement.

Mr King agreed and indicated that engagement may need to be added to the Risk Register. Performance management and other key themes were already included in the Register, which had recently been updated to include information on who was carrying out actions and timescales for completion. He also suggested that they might wish to adopt the practice of some other IJBs and prepare a list of 'running actions', which could be regularly reviewed and updated, to keep track of progress in key areas.

The Chair said that these issues needed to be raised with the IJB as this was their responsibility too. She reiterated the importance of being able to see and track outcomes to show how much progress was being made with Directions and other Strategic objectives.

Councillor O'Donnell agreed with these comments and welcomed the idea of a list or timeline of actions. She observed that the virtual library would also be a helpful tool.

The Chair said she would raise these points in her verbal report to the IJB meeting later that day.

## **Decision**

The Committee agreed to note the update.

### **4. INTERNAL AUDIT REPORTS**

#### **a. DELAYED DISCHARGES**

A report was submitted by the Chief Internal Auditor informing the Committee of the recently issued audit report on Delayed Discharges.

Colin McCurley presented the report outlining the main findings in relation to the four control objectives. He indicated that the audit review had resulted in significant assurance being provided regarding all four controls, subject to one low level recommendation which had been accepted by Management. The recommendation stated that key delayed discharge statistics should be reported to each meeting of the IJB.

Councillor O'Donnell asked if figures were being regularly reported within NHS Lothian and she also asked whether the IJB had ever received a breakdown of the reasons for the delays in discharging patients.

Mr McCurley confirmed that the figures were reported regularly within NHS Lothian but that reporting to the IJB had been less regular. He said that information on the reasons for delays was recorded in NHS Lothian's TrakCare system and could be made available to the IJB.

The Chair indicated that more detailed reports, including the reasons for delays, had been provided on a regular basis in the early days of the IJB. Subsequently, however, it had been agreed that there was no longer a need for that level of detailed reporting.

Mr King added that Chief Officer provided a verbal update on delayed discharge census figures at each IJB meeting, as well as highlighting any issues around access to services.

Councillor O'Donnell said that it would be useful to see more detailed information and to understand the links with workforce planning. She suggested that a quarterly report be provided that included the reasons for delays and whether there was any requirement for action on the part of the IJB.

The Chair agreed and she also noted that although the East Lothian position had improved in relation to delayed discharges, they were still below the national average.

## **Decision**

The Committee agreed to note the contents of the audit report and identified a follow up action in relation to quarterly reporting to the IJB on the causes of delayed discharges.

#### **b. RISK MANAGEMENT**

A report was submitted by the Chief Internal Auditor informing the Committee of the recently issued audit report on Risk Management.

Stuart Allan presented the report outlining the audit's purpose and main findings. He highlighted areas which required to be addressed, including approval of the Risk Management Strategy and Policy by the IJB and ensuring that the Risk Register in place fully complies with the Risk Management Strategy.

Mr Allan stated that risk management arrangements were in place although there were areas with scope for improvement. Recommendations for action had been agreed by Management. He said that the audit team would provide a follow up report to the Committee in due course detailing progress with implementation of the recommendations.

In response to a question from Councillor O'Donnell, Mala Garden advised that the Risk Register was a live document which should be reviewed regularly. She explained that during the audit it had been noted that the same 5 risks had remained on the register since its initial development. As a result, it had been recommended that the document be regularly reviewed to ensure that it remained relevant to the IJB.

Mr King confirmed that he had discussed the Risk Register with Ms Garden and he agreed with the recommendations in the audit report. He said that while he did regularly ask members if new risks needed to be added to the register, this quite often led to a debate on the difference between strategic and operational risks and how these should be reflected. Mr King said he would discuss revisions to the Risk Register with Alison MacDonald.

The Chair thanked officers for the report and noted that some improvements needed to be made, mainly in relation to processes and timing issues. She said that although there was not a high level of concern attached to the recommendations, it was important that these were implemented within the agreed timescales.

## **Decision**

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

## **5. ANNUAL INTERNAL AUDIT OPINION AND REPORT 2017/18**

The Public Sector Internal Audit Standards (PSIAS) required that the Chief Internal Auditor prepared an annual internal audit opinion and report that could be used by the IJB to inform its Governance Statement.

A report was submitted by the Chief Internal Auditor informing the Committee of the internal audit work undertaken in 2017/18 and to provide an opinion on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and control.

Ms Garden presented the report summarising the background and basis for her opinion; referring to the assessment of controls and governance; and highlighting the areas with scope for improvement which had been identified as part of the audit work in 2017/18. She advised that the implementation by Management of agreed actions to address these weaknesses should provide assurance that the system of internal controls was operating as intended.

Ms Garden concluded that in her opinion, subject to the weaknesses outlined in the report, reasonable assurance could be placed on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and control for the year to 31 March 2018. She responded to questions from members on the content of her report.

In relation to the Risk Register, Councillor O'Donnell commented on the importance of identifying who was responsible for carrying out key actions, how the actions would be delivered and the timeframe for completion. She said that the input of officers would be key to this work, as would the connections with the IJB's partners. She suggested linking with the Area Partnerships as they may be able to provide input on risks not previously identified by the IJB.

The Chair commented that 'lay' members provided an external viewpoint and could bring forward issues not previously identified by officers. Regarding the relationships with partners, she observed that this again raised the question of where to draw the distinction between strategic and operational risks.

Fiona Ireland said that the cross-over between strategic and operational matters could be seen in the IJB's Directions which translated the intentions of the Strategic Plan into actions for the partners.

The Chair acknowledged this but reiterated the importance of tracking progress and clearly identifying who was responsible for key actions. She said she would raise this as part of her verbal report to the IJB.

### **Decision**

The Committee agreed to note that the Annual Internal Audit Opinion and Report 2017/18 is a formal confirmation of Internal Audit's opinion on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and control for the year ended 31 March 2018.

## **6. 2017/18 ANNUAL ACCOUNTS**

A report was submitted by the Chief Finance Officer presenting the IJB's draft (unaudited) Annual Accounts for 2017/18.

Mr King presented the report summarising the key sections of the accounts and how these had been expanded upon since last year. He outlined the next steps and the timetable for auditing and final sign off.

The Chair commented positively on some of the additions to the accounts. However, she raised concern that this was the second year running that the IJB had achieved a break-even position only after additional resources were made available by the partners.

Councillor O'Donnell observed that it was also the second year running where the IJB had failed to achieve its efficiency savings and that this had had a considerable impact on the budgets. She also asked whether it would be possible to add some additional commentary to the accounts regarding the new Direction on workforce planning and to provide an example of the prevention work which had been undertaken.

Mr King confirmed that there was still some time available to revise the text and suggested that he prepare a sentence to be added to the accounts to reflect Councillor O'Donnell's comments.

The members agreed with this proposal.

## **Decision**

The Committee agreed to:

- (i) Consider the IJB's draft annual accounts; and
- (ii) Recommend to the IJB that it agrees the draft annual accounts, as amended, for publication and audit.

## **7. RISK REGISTER UPDATE**

A report was submitted by the Chief Finance Officer updating the IJB's risk register and presenting its most recent iteration to the Committee.

Mr King presented the report outlining the background to the register and noting that a number of the issues had already been discussed during earlier agenda items. He advised that the IJB used the NHS risk management system – Datix – and suggested that the next meeting of the Committee include a workshop to provide members with more information on the system and how it could be used to improve the IJB's risk management arrangements.

Councillor O'Donnell suggested that the meeting also look at examples of risk registers from other IJBs and consider issues such as the potential failure of services run by providers rather than directly by the partners. She stated that as these risks had the potential to affect the delivery of the IJB's Directions, they should be looked at more closely.

The Chair proposed that a risk be added to the register on performance in relation to Directions. She said that what seemed to be missing at present was information on progress with Directions, whether any had stalled and, if so, why and how this could be addressed. She said that this information would be available across the Health and Social Care Partnership but that it needed to be brought together.

Mr King acknowledged the point regarding providers and indicated that the Datix system may help in the identification and tracking of these risks.

Ms Ireland commented that this would then allow the IJB to identify at what point operational risks might impact on strategic risks and the delivery of the Directions. The Datix system might also allow them to be clearer as to whether they had identified all of the relevant strategic risks.

Mr Allan noted that the Risk Management Strategy stated that there may be some risks significant enough to be included in the register albeit management of those risks remained with the partners. The Strategy also noted that the IJB required assurances around the management of those risks. Mr Allan said that Internal Audit would like to see mechanisms in place to ensure that such risks are identified and reflected in the register going forward.

The Chair thanked members for their comments which she said had identified a number of topics for discussion at the next meeting. Following on from this and in line with discussions at previous meetings, she suggested adding a new risk to the register under the heading 'Performance on Directions' which could look at the risks associated with decision-making rather than operational or resource matters. The members agreed to this addition.

## **Decision**

The Committee agreed:

- i) that a new risk should be added in relation to 'Performance on Directions';
- ii) that the risk mitigation actions were adequate; and
- iii) to hold a Datix workshop as part of its September meeting.

## **8. DATE OF NEXT MEETING**

The next meeting of the Audit & Risk Committee will be held on Tuesday 18 September 2018 at 2.00pm in the Council Chamber, Town House Haddington.

Mr King advised Members that this would be Mrs McKay's last meeting of the Audit & Risk Committee as she was retiring from the IJB in August. He wished to offer his own and the Committee's sincere thanks for her work as Chair over the past year.

Mrs McKay said that she had enjoyed her tenure on the Committee and had found the work very interesting.

Signed .....

Mrs Margaret McKay  
Chair of the East Lothian IJB Audit and Risk Committee







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

**MEETING DATE:** 27 September 2018

**BY:** Chief Finance Officer

**SUBJECT:** Independent Auditors' Review of the Annual Accounts  
2017/18

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## 1 PURPOSE

- 1.1 This report presents the Independent Auditors' review of the IJB's annual accounts for 2017/18.

## 2 RECOMMENDATIONS

- 2.1 The Committee is asked:
- i. To note the Independent Auditors' Review of the IJB's Annual Accounts;
  - ii. To support the Auditors' recommendations; and
  - iii. To recommend the Annual Accounts to the IJB.

## 3. BACKGROUND

- 3.1 As a body governed by section 110 of the Local Government Scotland Act (1973) and the appropriate regulations and subsequent Acts, the IJB must prepare a set of Annual Accounts. The accounts must fulfil the requirements of the Act and the regulations and must give a true and fair view of the IJB's financial position.
- 3.2 The accounts must then be reviewed by an Independent Auditor who will report their findings to this committee which will allow the auditors to bring any matters to the committee's attention. If there are no issues arising from the auditors' report then the committee can recommend acceptance and authorisation of the annual accounts to the IJB.

- 3.3 In summary the auditors' report is unqualified - that is that they consider that the accounts meet the regulations and requirements of the Act and that the accounts are a true and fair view of the IJB's financial position.
- 3.4 The auditors have made a series of recommendations which are attached to their report. Both the Chief Officer and the Chief Finance Officer support the independent auditors' recommendations and their responses to these recommendations are included in this report. The committee is recommended to accept the recommendations from the independent auditors.
- 3.5 The reports from the independent auditors are attached to this report being Appendices 2 and 3. Appendix 1 is the final set of annual accounts.
- 3.6 Appendix 2 is the ISA 260 report which is split into three parts:-
- The first section is the summary report of the independent auditors
  - Appendix A is the opinion of the independent auditor – this has now been incorporated into the IJB's annual accounts
  - Appendix B is the letter of representations, which provides assurance to the appointed (external) auditors that the IJB is aware of its responsibilities in the preparation of its accounts and has disclosed all the information that pertain to the independent audit of the accounts. This will be turned into a formal letter which will be signed by the CFO on behalf of the IJB. A copy will be tabled at the meeting.
- 3.7 Appendix 3 is the detailed report from the appointed auditors. The agreed improvements and the actions are at Appendix 2, page 23 of the report.

## **4 ENGAGEMENT**

- 4.1 The annual accounts are published on the web and available in hard copies to the public.

## **5 POLICY IMPLICATIONS**

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

## **6 INTEGRATED IMPACT ASSESSMENT**

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

## **7 RESOURCE IMPLICATIONS**

7.1 Financial – there are none.

7.2 Personnel – there are none.

## **8 BACKGROUND PAPERS**

8.1 None

### **Appendices**

1. IJB's Annual Accounts 2017/18
2. ISA 260 - Report to Those Charged with Governance
3. Independent Auditors Report

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<b>DATE</b>	20 September 2018



East Lothian  
**Integration Joint Board**



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# **East Lothian Integration Joint Board**

## **Audited Annual Accounts 2017/18**

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### Audit Arrangements

Under arrangement approved by the Accounts Commission of Local Authority Accounts in Scotland, the auditor with responsibility for the audit of the accounts of East Lothian Integration Joint Board for the period 1 April 2017 to 31 March 2018 is Audit Scotland, 102 West Port, Edinburgh EH3 9DN.

## **Management Commentary**

### **Introduction**

The management commentary provides an overview of the key messages relating to the role, remit, members, objectives and the strategy of the East Lothian Integration Joint Board (the IJB). It describes the financial performance for the financial year ended 31 March 2018 and considers those issues and risks which may impact upon the IJB's financial position in the future.

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

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

The IJB is governed by the Local Government Scotland Act (1973) along with the 2014 regulations and these accounts are prepared on that basis.

These accounts cover the period from 1 April 2017 to 31 March 2018.

The IJB's role and responsibility is to plan for the delivery of the functions that have been delegated to the IJB by East Lothian Council and NHS Lothian. These functions are :-

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

The IJB assumed formal responsibility for these functions in April 2016 including the budgets for the delivery of these functions. The IJB published its Strategic Plan for these functions covering the period from April 2016 to March 2019 in November 2015.

The IJB issued directions to its partners for the financial year 2017/18 in March 2017. This in line with the processes set out in the Public Bodies (Joint Working) (Scotland) Act 2014.

The IJB met 7 times during the financial year 2017/18. There have been a number of changes to the membership of the IJB since the accounts for 2016/17 were published, both as a result of the local elections in May 2017 and other changes and the members of the IJB in March 2018 were as follows:-

<b>Member</b>	<b>Nominated/Appointed by</b>	<b>Role</b>
Peter Murray	Nominated by NHS Lothian	Voting Member, Chair
Fiona O'Donnell	Nominated by East Lothian Council	Voting member, Vice Chair
Shamin Akhtar	Nominated by East Lothian Council	Voting Member
Susan Kempson	Nominated by East Lothian Council	Voting Member
Stuart Currie	Nominated by East Lothian Council	Voting Member
Alex Joyce	Nominated by NHS Lothian	Voting Member
Moira Whyte	Nominated by NHS Lothian	Voting Member
Fiona Ireland	Nominated by NHS Lothian	Voting Member
David Small	Appointed by the IJB	Chief Officer
David King	Appointed by the IJB	Chief Finance Officer
Fiona Duncan	Nominated by East Lothian Council	Chief Social Worker
Alison MacDonald	Nominated by NHS Lothian	Chief Nurse/Head of Older People and Access
Andrew Flapan	Nominated by NHS Lothian	Medical Consultant
Jon Turvill	Nominated by NHS Lothian	Clinical Director
Richard Fairclough	Appointed by the IJB	General Practitioner
Thomas Miller	Appointed by the IJB	NHS Staff Representative
Penny Dutton	Appointed by the IJB	ELC Staff Side Representative
Margaret McKay	Appointed by the IJB	User/Carer representative, Chair of the Audit and Risk Committee
Elaine Johnston	Appointed by the IJB	Voluntary Sector Representative
Judith Tait	Appointed by the IJB	Head of Adult and Children's Services
Marilyn McNeill	Appointed by the IJB	User representative

Note – all members, except those indicated above as voting members, are non-voting members

David Small, the Chief Officer of the IJB stepped down from that role on 1 July 2018. Alison MacDonald will take up the role of Chief Officer on an Interim Basis from that date.



## **The IJB's Operations for the Year**

2017/18 was the second year of the IJB's operations and the IJB continued to deliver against its Strategic Plan.

One of the key areas of delivery within the health functions of the IJB is further development of the primary care services which will support both health and social care in the community and further the balance of care.

Developments include :-

- **Collaborative Working for Immediate Care (CWIC)**

The Collaborative Working for Immediate Care (CWIC) team was established in Musselburgh Primary Care Centre using Primary Care Transformation Funds in order to test approaches to meet same day demand through a non-medical team. This has allowed the HSCP to assess the role of Nurse Practitioners and Advanced Nurse Practitioners and Advanced Scope Physiotherapists in delivering primary care services. In doing so, this has directed appropriate activity from GPs, one of the desired outcome of the new General Medical Services (GMS) contract. In parallel to CWIC, the HSCP has developed, in partnership with NHS 24 a new primary care telephone triage service. Both CWIC and the NHS 24 service are being assessed for their suitability for roll-out to other GP practices across the county.

- **ELSIE (East Lothian Service for Integrated Care for the Elderly)**

The ELSIE service has continued to support patients in avoiding admission and where admission has been clinically necessary, has supported patients in returning home. This service has contributed to East Lothian's improved delayed discharge performance.

- **East Lothian Care Home Team**

The Care Home Team has continued to provide nursing and care staff of care homes in the Musselburgh and Gullane areas with advice on the clinical and nursing management of individual patients.

The Team schedules regular visits to care homes they cover in order to provide all registered patients with access to Advanced Nurse Practitioners or Nurse Practitioners for the management of acute and long term conditions.

## **The IJB's Position at 31 March 2018**

For the year ending 31 March 2017, the IJB has broken even. That is, the costs incurred in delivering the IJB's functions by East Lothian Council and NHS Lothian are equal to the income that the IJB received from NHS Lothian and East Lothian Council. However that position has been achieved by both partners making additional resources available.

Before any year-end adjustments, the Health element of the IJB's budget was underspent whilst the social care element was overspent. Having transferred the health underspend to support the social care overspend, the partners gave the IJB further non-recurrent support to allow the IJB to break-even.

The year-end position being arrived at as follows :-

Values are underspends /(overspends)	Health £000's	Social Care £000's	Total £000's
Initial out-turn position	250	(936)	(686)
Addition Resources			
NHS Lothian		75	75
East Lothian Council		611	611
Underspend/(overspend)	250	(250)	0

The IJB directed the underspend in its health 'arm' to be moved so support the initial overspend in social care – this is in line with the Integration Scheme – and thereafter the partners provided additional support. This support is non-recurrent.

### **Analysis of the Financial Statements**

The financial statements are all presented on a net basis.

### **Income and Expenditure**

The table below summarises the income and expenditure for the IJB for 2017/18.

East Lothian Integration Joint Board – Annual Accounts for the year ended 31 March 2018

	<b>Budget</b>	<b>Budget</b>	<b>Expenditure</b>	<b>Expenditure</b>	<b>Variance</b>	<b>Note</b>
	<b>Health</b>	<b>Social</b>	<b>Health</b>	<b>Social Care</b>		
	<b>£000's</b>	<b>Care</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	
<b>Direct East Lothian Services</b>						
Community AHPS	1,398		1,376		22	
Community Hospitals	9,274		8,855		419	
District Nursing	2,297		2,215		82	
General Medical Services	14,380		14,610		(230)	
Health Visiting	1,464		1,453		11	
Mental Health	4,215		4,517		(302)	
Other	4,672		4,262		410	
Prescribing	21,227		21,305		(78)	
Resource Transfer	3,227		3,226		1	<b>1</b>
Older People		24,253		24,687	(434)	
Learning Disabilities		14,923		15,374	(451)	
Mental Health		1,799		1,804	(5)	
Physical Disabilities		2,686		2,877	(191)	
Planning and Performance		2,850		2,598	252	
Other		3,707		3,489	218	
Non-recurrent support		611			611	
<b>East Lothian Share of pan Lothian</b>						
Set Aside	21,141		21,636		(495)	<b>2</b>
Mental Health	2,166		2,145		21	
Learning Disabilities	1,804		1,929		(125)	
GP Out of Hours	1,214		1,214		0	
Rehabilitation	533		487		46	
Sexual Health	662		661		1	
Psychology	825		805		20	
Substance Misuse	954		984		(30)	
Allied Health Professions	1,305		1,278		27	
Oral Health	1,940		1,873		67	
Other	3,349		3,216		133	
Dental	5,618		5,618		0	<b>3</b>
Ophthalmology	1,948		1,948		0	<b>3</b>
Pharmacy	2,881		2,881		0	<b>3</b>
<b>Totals</b>	<b>108,494</b>	<b>50,829</b>	<b>108,494</b>	<b>50,829</b>	<b>0</b>	
SCF	6,240	-6,240	6,240	-6,240		<b>4</b>
<b>Per accounts</b>	<b>114,734</b>	<b>44,589</b>	<b>114,734</b>	<b>44,589</b>		

Notes –

1. Resource Transfer are funds for specific purposes which are transferred from health to social care. However, these remain part of the health budget and are reported there.

2. Set Aside are the budgets for those functions delegated to the IJB which are managed by the Acute Services management teams within NHS Lothian.

These services are :-

- Accident and Emergency
- Cardiology
- Diabetes
- Endocrinology
- Gastroenterology
- General Medicine
- Geriatric Medicine
- Rehabilitation Medicine
- Respiratory Medicine
- Various ancillary support services for the above.

These services are delivered at the Royal Infirmary of Edinburgh, the Western General Hospital and St. John's Hospital.

3. In the Health system, expenditure to support the delivery of community dentistry, community opticians and community pharmacists is termed as 'non cash limited' (NCL) but is clearly part of the delivery of primary care services and these functions is delegated to the IJB. However, being NCL there is no budget as such but any expenditure incurred is supported in its entirety by the Scottish Government. The NCL values are not part of the budget setting process, there being no budget, but NHS Lothian has matched the NCL expenditure with income to cover this expenditure.
4. The Social Care fund is a resource which the Scottish Government has directed to the IJB through NHS Lothian and is shown as health funds in the accounts. However, these funds are then transferred to the Council and used to support the delivery of social care services and the analysis above reflects this.

The charges (shown as expenditure above) made by East Lothian Council to the IJB are the net direct costs incurred in the delivery of social care services in East Lothian. The charges from NHS Lothian are based on the health budget setting model as agreed by the IJB. That is, charges for the core services (those services specifically for and delivered by the East Lothian partnership) are based on the net direct actual costs incurred in East Lothian. However, charges for hosted and set aside services (those services which are not generally managed by the East Lothian Partnership and are delivered on a pan-Lothian basis) are based on the total actual costs for these service shared across four IJBs per the budget setting model. The IJB share of the total actual costs incurred in 2017/18 for hosted services is 12% and, generally, 12% of the Lothian element of the set aside budgets and the non-cash limited budgets.

### **Overview of the 2017/18 position.**

From the above table, it can be seen that there were a range of financial pressures identified.

## Direct East Lothian Services

Within the health budgets although there were operational overspends within mental Health Services and GMS these were offset by underspends in community hospitals and slippage (that is some programmes starting later in the year than planned and thus generating an underspend) within the system.

Within the social care budgets the pressures lay within increased demand for care services, particularly external care for elderly clients and clients with learning and physical disabilities as well as increased transport costs. The social care service also had an ambitious efficiency programme which was not fully delivered in year. As was discussed above, the social care position has been underpinned by further allocations from the partners.

## East Lothian Share of pan-Lothian services

The hosted position shows an overspend within the Learning Disabilities services but being offset with underspends in community dental (Oral Health), rehabilitation services and the UNPACS (Other) budget (this is the budget used to support Lothian patients cared for by services outwith NHS Lothian).

The significant overspend within the health budgets is within set aside the main pressures being :-

- Junior Medical – driven by additional staffing requested to cover rotas for sickness; maternity and vacancies – causing an over-establishment against funded levels. In addition there were significant excess banding payments for non-compliant rotas. New tighter controls regarding authorisation for additional staffing and reviewing rotas before issues arise are now in place to reduce pressure in 2018/19
- Gastroenterology - significant drug pressure reported on Adalimumab and Aflibercept driving costs as well as overall higher growth than previous year
- General Medicine – Pressure driven by staffing issues (significant at St John's Hospital – where recruitment is difficult) and ongoing bed pressures
- A&E – recruitment issues resulting in additional costs of locums/agency to cover and make safe staffing rotas – especially problematic at St John's Hospital.

## Balance Sheet

The IJB has broken even in 2017/18 and that there are no outstanding balances either carried into this financial year nor brought forward into future years (the IJB has no assets per its integration scheme). There are no entries in the IJB's balance sheet for 2017/18.

## **Reserves**

The IJB has no reserves at the end of 2017/18.

## **The IJB's Strategy and Business Model**

The IJB presented its financial strategy and outline three year financial plan at its February 2018 meeting. This strategy builds on the principles of realistic care and realistic expectations and this work will be supported through wide ranging public engagement which will not only explain how the health and social care service delivery is changing but will also engage the public as key elements in the delivery of their own care.

The key themes underpinning the financial strategy are :-

### **1. Prioritising the Allocation of Resources**

This is a very challenging exercise but the IJB will continue to look at the outcomes delivered by its services and consider how each service contributes to the delivery of the outcomes as described by the Scottish Government. Some of this work will fall naturally out of the service redesign and the IJB's underlying principles of transparency and engagement with the populations it services should support this process.

### **2. Making more efficient use of resources**

The principle of improved efficiency in every service will continue to be pursued. Some of this will be delivered by redesign and some may be delivered by advances in technology.

### **3. A move from failure demand to prevention**

There is little doubt that early intervention, especially in health will both improve the quality of life for individuals and often reduce the need to later, more costly interventions and treatments. A key part of this is 'co-production' – that is making sure that the individual is fully involved in their health and rather than a recipient of treatment a partner in their overall care. For example this approach is delivered through the link workers project in partnership with the third sector and is emphasised further in the Primary Care development programme.

### **4. A move from hospital care or care homes to community based services**

This is fundamental to the principle of changing the balance of care – the Scottish Government's policy is that more care should be delivered in the home or in a homely setting. Institutional services, especially large acute hospitals are not only

costly but the experience of the patients is often poor. Not, of course, in terms of the quality of the clinical care but in terms of having to be moved from the individual's home and then to be returned back into the community a process which can lead to delays in discharge.

## **5. A move to improved quality and access**

Improved quality of care should lead to better outcomes and mean that individuals do not have to be admitted to institutional services or that they do not have to be readmitted to care unnecessarily. Improved access to the appropriate level of care should support quality and should also support reductions in unnecessary interventions and thus reduce costs.

## **6. A move from working in silos to team working**

In simplest terms this would entail the creation of a 'care team' whose members would support individuals based on the premise that the most appropriate member of the care team intervenes where required. The current model often provides a highly trained specialist to support an individual who then refers onto another specialist or to a more generalist support. The system is currently designed around quite specialist services (the 'silos') and the redesign will move from a specialist based system into a team based system with specialist support.

## **7. A move from reactive to anticipatory care planning**

This is an underlying principle to the treatment of individuals with long term conditions or needs. Simply – rather than wait until a crisis and respond to that crisis, a long term anticipatory plan will support the individual through their care path.

## **Key Risks and Uncertainties**

The challenge for the IJB is to transform the delivery of its delegated functions whilst supporting the delivery of financial balance with an potential (in real terms) reduction in the financial resources available. There remain a series of uncertainties:-

1. There is an underlying financial pressure within the social care budgets as discussed above and the management of this pressure is being addressed in the IJB's 2018/19 financial plan.
2. The delivery of the Carers Act may generate additional pressures beyond the resources made available. It should be noted that the Scottish Government made an additional £66m (nationally) available to the Councils in 2018/19 (in East Lothian c. £1.2m) to support the delivery of the Carers Act and to support further provision of the living wage. Lothian Council has passed the totality of these funds to the IJB as part of their 18/19 IJB budget proposition.
3. It remains difficult for the partners to recruit elements of the workforce to deliver the IJB's functions, e.g. GPs, District Nurses and Care workers.
4. The increasing population in East Lothian remains a challenge which may exacerbate the staffing and financial pressures above.
5. The financial position for the UK and Scotland remains uncertain and this will provide a challenge to the amount of financial resources available to the IJB.

That said, the Scottish Government have announced a series of investments in Primary Care, Mental Health and Substance misuse all of which will be directed to the IJB and these resources will support not only the delivery of the new GMS contract but also the transformation programme that the IJB is managing for these services.

**Peter Murray**  
Chair

**Alison MacDonald**  
Interim Chief Officer

**David King**  
Chief Finance Officer.



## **Statement of Responsibilities**

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

The Integration Joint Board is required to :-

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

I confirm that these Annual Accounts were approved for signature at a meeting of the Audit & Risk Committee on 27 September 2018.

Signed on behalf of East Lothian Integration Joint Board

**Peter Murray**  
Chair

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

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

In preparing the Annual Accounts, the chief finance officer has :-

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

The chief finance officer has also :-

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

I certify that the financial statements give a true and fair view of the financial position of the East Lothian Integration Joint Board as at 31 March 2018 and the transactions for the year then ended.

**David King**  
Chief Finance Officer

## **Remuneration Report**

### **Introduction**

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

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

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

The voting members of the IJB are appointed through nomination by East Lothian Council and NHS Lothian Board. Nomination of the IJB Chair and Vice Chair post holders alternates between a Councillor and a Health Board representative. In 2017/18, the Chair was nominated by NHS Lothian and the Vice Chair by East Lothian Council.

The IJB does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the IJB. The IJB does not reimburse the relevant partner organisations for any voting board member costs borne by the partner. Neither the Chair nor the Vice Chair appointments had any taxable expenses paid by the IJB in 2017/18.

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

NHS Lothian remunerates its non-executive members on a notional day basis. That is they are paid a fixed annual amount which is considered to represent payment for one day a week. Those non-executive members of the NHS Lothian Board, who are also Chairs or Vice Chairs of IJBs, are given an additional day's remuneration per week in recognition of the additional time required to undertake those roles. Peter Murray, as a non-executive member of NHS Lothian Board who is also the chair of East Lothian IJB, has received an additional day's remuneration specifically for his role as chair of the IJB in 2017/18. This remuneration is £8,251 per annum.

## Remuneration: Officers of the IJB

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

### Chief Officer

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

The Chief Officer of the IJB is David Small who is also the Director of Health and Social Care for East Lothian Council and the Joint Director of the East Lothian Partnership. It has been agreed, and this was disclosed in the accounts for 2016/17, that 50% of his total remuneration is to be shown in the accounts of the IJB as his remuneration as the Chief Officer of the IJB.

### Chief Finance Officer

Although the costs of the Chief Finance Officer are not included in the charges made to the IJB by either partner, given the S95 role of the Chief Finance Officer and in the interests of transparency the remuneration of the Chief Finance officer is included below. The Chief Finance Officer is David King. The Chief Finance Officer is employed by NHS Lothian and has three roles – the IJB's Chief Finance Officer, the Chief Finance Officer of Midlothian IJB and an operational role in the NHS Lothian finance team. On that basis, one third of the total remuneration is shown below.

### Other Officers

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

<b>Total 2016/17 £</b>	<b>Senior Employees</b>	<b>Salary, Fees &amp; Allowances £</b>	<b>Total 2017/18 £</b>
50,865	David Small	52,522	52,522
26,802	David King	27,073	27,073

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

The IJB however has responsibility for funding the employer contributions for the current year in respect of the officer time spent on fulfilling the responsibilities of their

role on the IJB. The following table shows the IJB’s funding during the year to support officers’ pension benefits. The table also shows the total value of accrued pension benefits which may include benefits earned in other employment positions and from each officer’s own contributions.

**Pension Disclosure – David Small, Chief officer and David King, Chief Finance Officer**

	In year Contribution			Accrued Pension benefits	
	For year to 31/03/2018 £000's	For period ending 31/03/2017 £000's		at 31/3/18 £000's	at 31/3/17 £000's
David King	11	11	Pension Lump Sum	35 106	34 102
David Small	14	14	Pension Lump Sum	44 131	41 124

**Disclosure by Pay Bands**

As required by the regulations, the following table shows the number of persons whose remuneration for the year was £50,000 or above, in bands of £5,000.

Remuneration Bands	Number of Employees	
	2016/17	2017/18
£50,000 - £54,999	1	1
£55,000 - £59,999		
£60,000 - £64,999		
£65,000 - £69,999		
£70,000 - £74,999		
£75,000 - £79,999		
£80,000 - £84,999		
£85,000 - £89,999		
£90,000 - £94,999		
£95,000 - £99,999		
£100,000 - £104,999		
£105,000 - £109,999		
£110,000 - £104,999		
£115,000 - £109,999		
Totals	1	1

## **Exit Packages**

The IJB did not support nor did it direct to be supported by its partners any exit packages during 2017/18.

**Peter Murray**  
Chair

**Alison MacDonald**  
Interim Chief Officer

## **Annual Governance Statement**

### **Purpose**

The annual governance statement lays out how East Lothian Integration Joint Board (the IJB) complies with the Code of Corporate Governance and sets out the framework within which the IJB has put in place proper financial and governance arrangements for the conduct of its business affairs. This will facilitate the effective exercise of its functions, ensuring that appropriate arrangements are in place for the management of risk and that appropriate systems of internal control are in place.

### **Scope of Responsibility**

East Lothian Integration Joint Board is responsible for ensuring that its business is conducted in accordance with the law and proper standards. This is to allow the public funds at its disposal to be safeguarded and used efficiently and effectively in pursuit of best value.

Board members, including the Chief Officer and the Chief Finance Officer, are responsible for the governance of the business affairs of the IJB. This includes setting the strategic direction, vision, culture and values of the IJB and establishing appropriate and cost effective systems, processes and internal controls to allow the strategic objectives to be delivered.

In order to achieve this, the IJB follows the principles of corporate governance based on the CIPFA/SOLACE Framework and Guidance on 'Delivering Good Governance in Local Government'.

The Local Code of Corporate Governance details 7 core principles which are supported by 20 sub-principles and 91 behaviours and actions that demonstrate good governance. Elements of good governance included are :-

- Ensuring Board and Committees members behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the IJB
- Creating the conditions to ensure that all IJB members and the IJB's partners (East Lothian Council and NHS Lothian) are able to fulfil their responsibilities in accordance with legislative and regulatory requirements
- Having a clear vision, which is an agreed formal statement of the IJB's purpose and intended outcome which provide the basis for the IJB's overall strategy, planning and other decisions
- Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources and to ensure best value is achieved
- Evaluating and monitoring risk management and internal control on a regular basis

- Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the IJB's Chief Internal Auditor
- Ensuring an audit committee, which is independent of the Board and accountable to the IJB, provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment and that its recommendations are listened to and acted upon
- Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and providing an Annual Report which includes an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)
- Ensuring that recommendations for corrective action made by the external auditor are acted upon.

East Lothian IJB's financial management arrangements conform to the requirements of the CIPFA Statement on the role of the Chief Financial Officer in Local Government. The Chief Finance Officer has overall responsibility for the IJB's financial arrangements and is professionally qualified and suitably experienced.

The IJB is responsible for conducting each financial year, a review of the effectiveness of its governance framework, including risk management and the systems for internal control and financial control. The review of the effectiveness of the IJB's governance framework is informed by :-

- The work of the IJB Board, the Strategic Planning Group, and the Audit and Risk Committee
- The annual assurances that are provided by the IJB Chief Officer and the Chief Finance Officer
- The IJB Chief Internal Auditor's annual assurance report which is based on internal audit work completed during the year
- Reports from the IJB's external auditor
- Reports from other external review bodies, agencies and inspectorates.

The key governance arrangements and controls are set out in the Local Code of Corporate Governance.

### **Statutory and other Compliance**

East Lothian IJB ('the Board') has secured compliance with statutory and other requirements, as follows:-

- Membership - its minimum membership (voting and non-voting) is set by statutory instrument, with the power to appoint additional members as it sees fit. The Board's membership is fully populated
- Standing Orders - the Board is required by statutory regulations to have Standing Orders to regulate its business, with some aspects stipulated in those regulations. Standing Orders were adopted at its inaugural meeting. They comply with statutory requirements



- Committees - the Board has established an Audit and Risk Committee with a detailed remit and powers and with the membership clearly defined. This complies with statutory requirements and with the Board's Standing Orders
- Meetings - the Standing Orders adopted by the Board allow the public to have prior access to meeting agendas and reports, and to attend meetings of the Board and its committees, except in clearly defined and limited circumstances
- Strategic Plan - the Board established its Strategic Planning Group as required by legislation, with Terms of Reference approved by the Board covering membership, meetings and meetings procedures
- Officers - the Board appointed a Chief Officer and a Chief Finance Officer as required by the legislation. A Chief Internal Auditor has been appointed to carry out the Board's internal audit requirements and assist its Audit and Risk Committee
- Finance - the Board received reports in relation to financial assurance prior to the setting of budgets for the functions delegated by East Lothian Council and NHS Lothian, and adopted Financial Regulations in relation to the conduct of its financial affairs, the maintenance of its accounting and financial records, and its annual accounts and financial statements
- Code of Conduct - pending finalisation of arrangements for a Code of Conduct for Members, the Board adopted an Interim Code based on the existing Model Code for Members of Devolved Public Bodies in Scotland, and members have registered their interests according to that Code. The Scottish Government approved the IJB's Code of Conduct on 1 June 2016.

The IJB Chief Internal Auditor has responsibility for the provision of Internal Audit services to the East Lothian IJB and reports functionally to the IJB Audit and Risk Committee to allow appropriate independence. The IJB Chief Internal Auditor is professionally qualified and suitably experienced to lead and direct the Internal Audit team.

The IJB Chief Internal Auditor concluded that based on the work undertaken in 2017/18 that reasonable assurance can be placed on overall adequacy and effectiveness of the IJB's framework of governance, risk management and control for the period to 31 March 2018, but noted areas for further development. These improvements are reflected below.

### **Action Plan**

A number of areas with scope for improvement were highlighted in the IJB Chief Internal Auditor's Annual Assurance Report and these are summarised below along with the proposed actions. This is in addition to work undertaken over the past two years to improve elements of internal control, risk management and governance reported in 2015/16 and 2016/17.

The areas with scope for improvement in the Chief Internal Auditor's annual report are:-

- Monitoring and reporting of progress being made in implementing the priorities outlined in the Strategic Plan Implementation Programme.

Regular reports have been presented to the IJB updating the progress made by its partners on delivering the directions and an annual delivery plan was presented to the IJB in April 2018, which lays out the priorities arising from the Strategic Plan to be delivered in year. The progress against this specific plan will be reported to the IJB during the financial year.

- Strategic planning arrangements for ensuring that roles and remits, accountability structures and governance are operating in accordance with the Strategic Planning Framework.

A complete revision of the strategic planning structure has been discussed and agreed by the IJB's Strategic Planning Group and a paper laying out the revised structure, roles and remits was agreed by the Group at its June 2018 meeting. This will be presented to the IJB for agreement.

- Ongoing work in developing the Risk Register, to ensure compliance with the Risk Management Strategy and Policy.

Further development and review of the risk register continues and will be brought back both to the Audit and Risk Committee and the IJB during the financial year.

- Monitoring and reporting of performance targets.

The IJB has continued to develop its reporting and performance management systems with regular reports now being presented to the IJB.

- Ongoing work on the Participation and Engagement Strategy and the Workforce Development and Support Plan, to ensure compliance with the Integration Scheme.

This work continues to be developed with reports being made to the IJB during 2018/19.

- Reporting key statistics on delayed discharges in a timely and consistent manner.

Delayed discharge statistics have been reported to the IJB verbally at its meetings during 2017/18. Reporting of delayed discharges will be incorporated into the IJB's performance reports.

On the basis of the IJB's assurance system, and the elements of governance at its disposal, we are satisfied that overall East Lothian IJB's systems of internal control, risk management and governance arrangements are of a satisfactory standard. We are aware of areas where improvements are required and steps will be taken in the forthcoming year to address these areas, allowing the IJB to enhance its corporate governance arrangements and seek continuous improvement.

**Peter Murray**  
**Chair of the IJB**

**Alison MacDonald**  
**Interim Chief Officer**

## **Independent auditor's report**

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

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Accounts Commission, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Report on the audit of the financial statements**

#### **Opinion on financial statements**

I certify that I have audited the financial statements in the annual accounts of East Lothian Integration Joint Board for the year ended 31 March 2018 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the 2017/18 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2017/18 Code of the state of affairs of the East Lothian Integration Joint Board as at 31 March 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2017/18 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

#### **Basis for opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the East Lothian Integration Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the

Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Conclusions relating to going concern basis of accounting**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the East Lothian Integration Joint Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Responsibilities of the Chief Finance Officer and Audit and Risk Committee for the financial statements**

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

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

The Audit and Risk Committee is responsible for overseeing the financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

### **Other information in the annual accounts**

The Chief Finance Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

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

### **Report on other requirements**

#### **Opinions on matters prescribed by the Accounts Commission**

In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

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

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

**Matters on which I am required to report by exception**

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

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

I have nothing to report in respect of these matters.

Gillian Woolman MA FCA CPFA

Audit Director

Audit Scotland  
4<sup>th</sup> Floor  
102 West Port  
Edinburgh  
EH3 9DN

September 2018

**Comprehensive Income and Expenditure Statement**

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

<b>2016/17</b>		<b>2017/18</b>
Net Expenditure		Net Expenditure
£000's		£000's
109,600	NHS Lothian	114,734
44,290	East Lothian Council	44,589
<b>153,890</b>	<b>Cost of Services</b>	<b>159,323</b>
153,890	Taxation and Non-Specific Grant Income	159,323
<hr/>		
<b>0</b>	<b>Surplus or Deficit on Provision of Services</b>	<b>0</b>
<hr/>		
<b>0</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>0</b>
<hr/>		



**Movement in Reserves Statement**

The IJB had no reserves in 2017/18 nor did it hold any reserves to 31 March 2017.

**Balance Sheet**

The IJB has neither assets nor liabilities at 31 March 2018.

The unaudited accounts were issued on 30 June 2018 and the audited accounts were authorised for issue on 27 September 2018.

**David King**  
Chief Finance Officer



## **Notes to the Financial Statements**

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

#### **General Principles**

The Financial Statements summarises the IJB's transactions for the 2017/18 financial year and its position at the year-end of 31 March 2018.

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

The Financial Statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

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

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

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

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

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

### Funding

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

### Cash and Cash Equivalents

The IJB does not operate a bank account or hold cash. Transactions are settled on behalf of the IJB by the funding partner. Consequently the IJB does not present a 'Cash and Cash Equivalent' figure on the balance sheet. There are no outstanding funding balances from either partners at 31<sup>st</sup> March 2018.

### Employee Benefits

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

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

### Provisions, Contingent Liabilities and Contingent Assets

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

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

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

The IJB has no provisions, Contingent Liabilities or Contingent Assets at 31 March 2018.

## Reserves

The IJB's reserves are classified as either Usable or Unusable Reserves.

The IJB's only Usable Reserve is the General Fund. The balance of the General Fund as at 31 March shows the extent of resources which the IJB can use in later years to support service provision. As noted above, the IJB had no reserves as at 31 March 2017.

The IJB's only Unusable Reserve is the Employee Statutory Adjustment Account. This is required by legislation.

The IJB has no reserves at 31 March 2018.

## Indemnity Insurance

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. NHS Lothian and East Lothian Council have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide. The IJB holds separate indemnity insurance through its membership of the CNORIS scheme; the charge for this in 2017/18 was £6,000.

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

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

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

## **2. Critical Judgements and Estimation Uncertainty**

The critical judgements made in the Financial Statements relating to complex transactions are:

- The partner organisations have considered their exposure to possible losses and made adequate provision where it is probable that an outflow of resources will be required and the amount of the obligation can be measured reliably. Where it has not been possible to measure the obligation, or it is not probable in the partner organisations' options

that a transfer of economic benefits will be required, material contingent liabilities have been disclosed (there are none).

- The Annual Accounts contains estimated figures that are based on assumptions made by the IJB about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.
- There are no items in the IJB's Balance Sheet at 31 March 2018 for which there is a significant risk of material adjustment in the forthcoming financial year.

### Provisions

The IJB has not created any provisions in respect of compensation claims, the IJB has not had any claims made against in 2017/18 it nor is it aware of any claims pending. However, it is not certain that all claims have been identified or that the historic level of settlement payments is a reliable guide for future settlements.

### **3. Events After the Reporting Period**

The Annual Accounts were authorised for issue by the IJB on 28 September 2018. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2018, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

### **4. Expenditure and Funding Analysis**

Expenditure		2017/18
2016/17		£000's
£000's	Services specifically for East Lothian	
63,940	Health	68,060
44,290	Social Care	44,589
	East Lothian's share of Lothian Health Services	
21,370	Hosted	25,038
24,290	Set Aside	21,636
<b>153,890</b>	<b>Total</b>	<b>159,323</b>
Funded By		
44,290	East Lothian Council	44,589
109,600	NHS Lothian	114,734
<b>153,890</b>		<b>159,323</b>

Expenditure above has been split into three main areas:-

- Expenditure on those services delivered specifically for the population of East Lothian. These services are managed locally by the East Lothian Partnership
- Hosted Services; these are health services managed either by the Edinburgh, East Lothian and West Lothian Partnerships or managed by NHS Lothian on a pan-Lothian basis. These services included Mental Health Services, Learning Disability Services, Substance Misuse Services, Rehabilitation services, General Dental Services, General Pharmaceutical Services and General Ophthalmic Services. This is the IJB's agreed share of these services.
- Set Aside Services; these are services delivered in the main acute hospitals (Royal Infirmary of Edinburgh, Western General Hospital and St. John's Hospital) and managed by NHS Lothian. This is the IJB's agreed share of these services

#### Corporate Service

Included in the above costs are the following corporate services :-

2016/17 £000's		2017/18 £000's
51	Staff (Chief Officer)	53
6	CNORIS	6
17	Audit Fee	24
<b>74</b>	<b>Total</b>	<b>83</b>

#### **5. Related Party Transactions**

As partners with the East Lothian Integration Joint Board both East Lothian Council and NHS Lothian are related parties and the material transactions with these bodies are disclosed in these accounts.

There are elements of expenditure which are shown against the NHS Lothian above but where the resources are used by the social care services delivered by East Lothian Council.



2016/17 £000's		2017/18 £000's
109,600	NHS Lothian	114,734
-3,230	Resource Transfer	-3,226
-4,370	Social Care Fund	-6,240
<b>102,000</b>	<b>Total</b>	<b>105,268</b>
44,290	East Lothian Council	44,589
3,230	Resource Transfer	3,226
4,370	Social Care Fund	6,240
<b>51,890</b>	<b>Total</b>	<b>54,055</b>

Both Resource Transfer and the Social Care Fund are resources which are part of the NHS Lothian budget and are shown as expended therein but these funds are used to deliver social care service supplied by East Lothian Council.

## 6. VAT

The IJB is not a taxable entity and does not charge or recover VAT on its functions.

The VAT treatment of expenditure and income within the accounts depends upon which of the partners is providing the services as these bodies are treated differently for VAT purposes.



## East Lothian Integration Joint Board - Audit and Risk Committee

27 September 2018

### East Lothian Integration Joint Board Audit of 2017/18 annual accounts

#### Independent auditor's report

1. Our audit work on the 2017/18 annual accounts is now substantially complete. Subject to receipt of a revised set of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's report on 28 September 2018 (the proposed report is attached at [Appendix A](#)).

#### Annual audit report

2. Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We present for the Audit and Risk Committee's consideration our draft annual report on the 2017/18 audit. The section headed "Significant findings from the audit in accordance with ISA 260" sets out the issues identified in respect of the annual accounts.
3. The report also sets out conclusions from our consideration of the four audit dimensions that frame the wider scope of public audit as set out in the Code of Audit Practice.
4. This report will be issued in final form after the annual accounts have been certified.

#### Unadjusted misstatements

5. We also report to those charged with governance all unadjusted misstatements which we have identified during our audit, other than those of a trivial nature and request that these misstatements be corrected.
6. We have no unadjusted misstatements to be corrected.

#### Representations from Section 95 Officer

7. As part of the completion of our audit, we are seeking written representations from the Chief Finance Officer on aspects of the annual accounts, including the judgements and estimates made.
8. A draft letter of representation is attached at [Appendix B](#). This should be signed and returned to us by the Chief Finance Officer with the signed annual accounts (27 September) prior to the independent auditor's report being certified.

## APPENDIX A: Proposed Independent Auditor's Report

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

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Accounts Commission, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### Report on the audit of the financial statements

#### Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of East Lothian Integration Joint Board for the year ended 31 March 2018 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the 2017/18 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2017/18 Code of the state of affairs of the East Lothian Integration Joint Board as at 31 March 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2017/18 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

#### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the East Lothian Integration Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the East Lothian Integration Joint Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Responsibilities of the Chief Finance Officer and Audit and Risk Committee for the financial statements**

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

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

The Audit and Risk Committee is responsible for overseeing the financial reporting process.

## **Auditor's responsibilities for the audit of the financial statements**

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

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

## **Other information in the annual accounts**

The Chief Finance Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

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

## **Report on other requirements**

### **Opinions on matters prescribed by the Accounts Commission**

In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

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

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

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

**Matters on which I am required to report by exception**

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

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

I have nothing to report in respect of these matters.

Gillian Woolman MA FCA CPFA  
Audit Director  
Audit Scotland  
4th Floor  
102 West Port  
Edinburgh  
EH3 9DN

September 2018

## APPENDIX B: Letter of Representation (ISA 580)

Gillian Woolman MA FCA CPFA  
Audit Director  
Audit Scotland  
4th Floor  
102 West Port  
Edinburgh  
EH3 9DN

Dear Gillian

### **East Lothian Integration Joint Board Annual Accounts 2017/18**

1. This representation letter is provided in connection with your audit of the annual accounts of East Lothian Integration Joint Board for the year ended 31 March 2018 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the remuneration report, management commentary and annual governance statement.
2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the Chief Executive and Corporate Management Team, the following representations given to you in connection with your audit of East Lothian Integration Joint Board's annual accounts for the year ended 31 March 2018.

### **General**

3. East Lothian Integration Joint Board and I have fulfilled our statutory responsibilities for the preparation of the 2017/18 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by East Lothian Integration Joint Board have been recorded in the accounting records and are properly reflected in the financial statements.
4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

### **Financial Reporting Framework**

5. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (2017/18 accounting code), and in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and The Local Authority Accounts (Scotland) Regulations 2014.
6. In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the financial position of the East Lothian Integration Joint Board at 31 March 2018 and the transactions for 2017/18.

## **Accounting Policies & Estimates**

7. All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2017/18 accounting code where applicable. Where the code does not specifically apply I have used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to East Lothian Integration Joint Board circumstances and have been consistently applied.
8. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

## **Going Concern Basis of Accounting**

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

## **Fraud**

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

## **Laws and Regulations**

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

## **Related Party Transactions**

12. All material transactions with related parties have been disclosed in the financial statements in accordance with the 2017/18 accounting code. I have made available to you the identity of all the East Lothian Integration Joint Board's related parties and all the related party relationships and transactions of which I am aware.

## **Remuneration Report**

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

## **Management commentary**

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



## **Corporate Governance**

15. I confirm that the East Lothian Integration Joint Board has undertaken a review of the system of internal control during 2017/18 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.
16. I confirm that the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2018, which require to be reflected.

## **Events Subsequent to the Date of the Balance Sheet**

17. All events subsequent to 31 March 2018 for which the 2017/18 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Chief Finance Officer



# East Lothian Integration Joint Board

Appendix 3

2017/18 Annual Audit Report



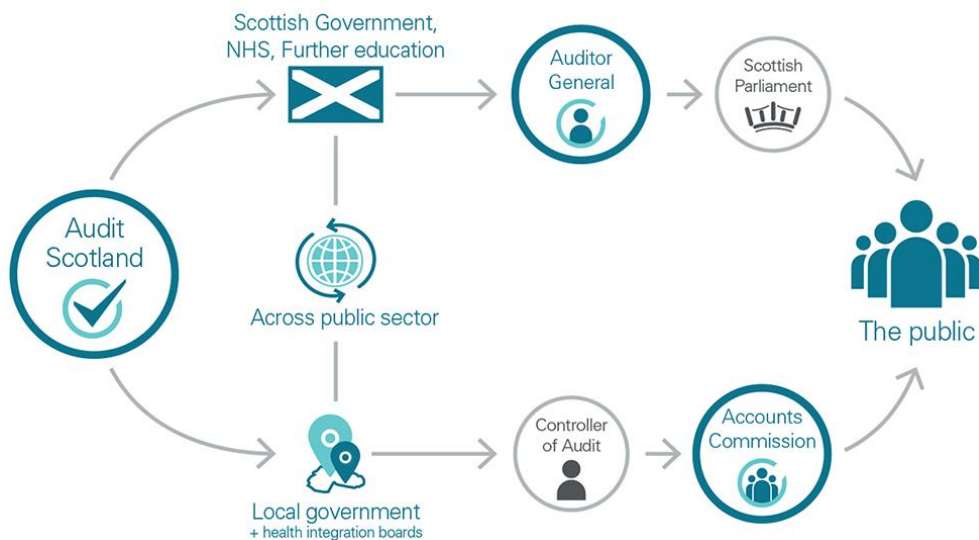
 AUDIT SCOTLAND

Prepared for the East Lothian Integration Joint Board and the Controller of Audit  
27 September 2018

## Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



## About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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# Key messages

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## 2017/18 annual report and accounts

- 1 In our opinion the East Lothian Integration Joint Board's (the IJB) financial statements give a true and fair view and were properly prepared.
- 2 The management commentary, remuneration report and annual governance statement were consistent with the financial statements and prepared in accordance with applicable guidance.

## Financial management and sustainability

- 3 The IJB broke even and spent £159.32 million on delivering health and social care services. However, both East Lothian Council and NHS Lothian were required to provide additional in-year resources to achieve a break-even position. The IJB plans to break-even in 2018/19 and has formally accepted budget proposals from the partner bodies.
- 4 The IJB has appropriate and effective budgetary arrangements in place which provide timely and reliable information for monitoring financial performance.
- 5 The IJB needs to continue to engage with its partners to ensure that the partners' planned efficiencies for 2018/19 are identified, monitored and achieved in order to break-even. Partners have stated that the provision of additional funds to cover future overspends is not a sustainable position.
- 6 The IJB needs to continue to develop its medium to long-term financial planning to assist in addressing upcoming and future budget challenges.

## Governance, transparency and value for money

- 7 The IJB has adequate governance arrangements in place that support the scrutiny of decisions by the members.
- 8 The IJB's risk management arrangements are being refined following the approval of a risk management strategy and policy in June 2018.
- 9 The IJB should prepare a Workforce Development and Support Plan to support the Strategic Plan, as required by the integration scheme.

# Introduction

1. This report is a summary of our findings arising from the 2017/18 audit of East Lothian Integration Joint Board (the IJB).

2. The scope of our audit was set out in our Annual Audit Plan presented to the Audit and Risk Committee meeting on 6 March 2018. This report comprises the findings from our main elements of work in 2017/18 including:

- an audit of the IJB's 2017/18 annual accounts including issuing an independent auditor's report setting out our opinion
- consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#) as illustrated in [Exhibit 1](#).

## Exhibit 1

### Audit dimensions



Source: *Code of Audit Practice 2016*

3. The IJB has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices.

4. The IJB is responsible for preparing the annual accounts that show a true and fair view and for establishing effective arrangements for governance which enable them to successfully deliver their objectives.

5. Our responsibilities as independent auditor appointed by the Accounts Commission are established by the Local Government (Scotland) Act 1973, the [Code of Audit Practice \(2016\)](#), supplementary guidance, and International Standards on Auditing in the UK.

**6.** As public sector auditors we give independent opinions on the annual accounts. We also review and provide conclusions on the effectiveness of the IJB's performance management arrangements, suitability and effectiveness of corporate governance arrangements, and financial position and arrangements for securing financial sustainability. In doing this, we aim to support improvement and accountability.

**7.** Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice \(2016\)](#) and supplementary guidance.

**8.** The weaknesses or risks identified in this report are only those that have come to our attention during our normal audit work and may not be all that exist.

**9.** Our annual audit report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and progress against these.

**10.** We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can confirm that we have not undertaken any non-audit related services and therefore the 2017/18 audit fee of £24,000, as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

### **Adding value through the audit**

**11.** Our aim is to add value to the IJB by increasing insight into, and offering foresight on financial sustainability, risk and performance and by identifying areas of improvement and recommending / encouraging good practice. In so doing, we aim to help the IJB promote improved standards of governance, better management and decision making and more effective use of resources.

**12.** This report is addressed to both the board and the Controller of Audit and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).

**13.** We would like to thank all management and staff who have been involved in our work for their co-operation and assistance during the audit.



# Part 1

## Audit of 2017/18 annual accounts



### Main judgements

**In our opinion East Lothian IJB's financial statements give a true and fair view and were properly prepared.**

**The management commentary, audited part of the remuneration report and annual governance statement were consistent with the financial statements and prepared in accordance with applicable guidance.**

### Audit opinions on the annual accounts

**14.** The annual accounts for the year ended 31 March 2018 were approved by the board on 27 September 2018. We reported within our independent auditor's report that in our opinion:

- the financial statements give a true and fair view and were properly prepared
- the audited part of the remuneration report, management commentary, and annual governance statement were all consistent with the financial statements and properly prepared in accordance with proper accounting practices.

**15.** Additionally, we have nothing to report in respect of misstatements in information other than the financial statements; the adequacy of accounting records; and the information and explanations we received.

The annual accounts are the principal means of accounting for the stewardship of the board's resources and its performance in the use of those resources.

### Submission of annual accounts for audit

**16.** We received the unaudited annual accounts on 29 June 2018 in line with our agreed audit timetable. Financial information was provided to the IJB in a timely manner from the partner bodies in order to allow it to produce its accounts by the statutory deadline. The partner bodies also provided the IJB with assurance letters confirming that the figures were complete and accurate.

**17.** The working papers provided with the unaudited annual accounts were of a good standard and finance staff provided good support to the audit team which helped ensure the audit process ran smoothly.

### Risks of material misstatement

**18.** [Appendix 2](#) provides a description of those assessed risks of material misstatement that were identified during the planning process, wider dimension risks, how we addressed these and our conclusions. These risks had the greatest effect on the overall audit strategy, the allocation of staff resources to the audit and directing the efforts of the audit team.

## Materiality

**19.** Misstatements are material if they could reasonably be expected to influence the economic decisions of users taken based on the financial statements. The assessment of what is material is a matter of professional judgement. It involves considering both the amount and nature of the misstatement. It is affected by our perception of the financial information needs of users of the financial statements.

**20.** Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit. We assess the materiality of uncorrected misstatements, both individually and collectively. The assessment of materiality was recalculated on receipt of the unaudited financial statements and is summarised in [Exhibit 2](#).

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## Exhibit 2

### Materiality values

Materiality level	Amount
Overall materiality	£1.6 million
Performance materiality	£1.2 million
Reporting threshold	£15,000

Source: Audit Scotland, 2017/18 Annual Audit Plan

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## How we evaluate misstatements

**21.** There were no material adjustments to the unaudited financial statements arising from our audit. There were no individual misstatements which exceeded our reporting threshold.

## Significant findings from the audit in accordance with ISA 260

**22.** International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance. There are no significant findings arising from the audit of the IJB.

## Other Findings

**23.** Our audit identified a number of presentational and disclosure issues which were discussed with management. These were adjusted for and are reflected in the audited financial statements.

## Good practice in financial reporting

**24.** The annual accounts reflect good practice as set out in the Audit Scotland good practice note on '[Improving the quality of local authority accounts – integration joint boards](#)' (April 2018). Our audit identified one issue in this area with respect to the management commentary not fully reflecting best practice. This was addressed and is reflected in the audited financial statements.

## Follow up of prior year recommendations

**25.** We have followed up actions previously reported and assessed progress with implementation, these are reported in [Appendix 1](#) and identified by the prefix b/f (brought forward).

**26.** In total, six actions were raised by audit and agreed with management in 2016/17. Of these:

- two have been fully implemented
- four are not actioned or have only partly been actioned.

**27.** Overall the IJB has made reasonable progress in implementing these actions. For those actions not yet implemented, revised responses and timescales have been agreed with management in [Appendix 1](#).

# Part 2

## Financial management and sustainability



### Main judgements

The IJB broke even in 2017/18 spending £159.32 million on delivering health and social care services. However, both East Lothian Council and NHS Lothian had to provide additional, in-year funding to achieve this.



The IJB has appropriate and effective budgetary arrangements in place which provide timely and reliable information for monitoring financial performance.

The IJB needs to continue to engage with its partners to ensure that the partners' planned efficiencies for 2018/19 are identified, monitored and achieved in order to break-even. Partners have stated that the provision of additional funds to cover future overspends is not a sustainable position.

The IJB needs to continue to develop its medium to long-term financial planning to assist in addressing upcoming and future budget challenges.

### Financial management

28. As auditors, we need to consider whether audited bodies have established adequate financial management arrangements. We do this by considering several factors, including whether:

- the Chief Financial Officer has sufficient status to be able to deliver good financial management
- standing financial instructions and standing orders are comprehensive, current and promoted within the IJB
- reports monitoring performance against budgets are accurate and provided regularly to budget holders
- monitoring reports do not just contain financial data but are linked to information about performance
- IJB members provide a good level of challenge and question budget holders on significant variances.

29. We reviewed the financial regulations and standing orders, which were created on the formation of the IJB, and we consider these to be appropriate. All completed governance documents are accessible through the East Lothian Council website.

30. From attendance at the Board / Audit and Risk Committee meetings, and a review of the associated papers we have concluded that the Chief Finance Officer has appropriate status within the IJB. Updates are provided by the Chief Finance Officer to the Board / Audit and Risk Committee and members provide a good level of challenge and scrutiny on the material presented.

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

**31.** We also are satisfied that reports monitoring the financial and wider performance of the IJB are presented to the Board on a regular basis.

**32.** At its meetings in July 2017, August 2017, October 2017, December 2017 and March 2018 the Chief Finance Officer provided updates on the in-year (2017/18) financial position. The July and August updates reported issues within the health element of the IJB budget but noted that the social care element of the budget was expected to break-even. As the year progressed the health position improved but financial pressures in social care were reported along with an indication that the IJB may not break even. The October and December updates laid out the actions described in the integration scheme in the event of a forecasted overspend and reported the actions taken by the Chief Officer and the Chief Finance Officer to address these.

**33.** In terms of the wider performance of the IJB, regular reports have been issued to and discussed by the board, setting out the IJB's wider performance against nationally set measures.

### Systems of internal control

**34.** The IJB relies on the information generated by NHS Lothian and East Lothian Council's key financial systems such as the ledger and payroll. The details of the IJB's financial transactions are processed through the partner's systems and the controls over these systems are accounted for within these two bodies. The IJB's transactions are maintained separately from those of the partner bodies.

**35.** As part of our audit approach and in accordance with ISA 402, we sought assurances from the external auditors of NHS Lothian and East Lothian Council who both confirmed there were no weaknesses in respective systems of internal control.

### Financial performance in 2017/18

**36.** The IJB does not have any assets, nor does it directly incur expenditure or employ staff other than the Chief Officer. All funding and expenditure for the IJB is incurred by partner bodies and processed in their accounting records. Satisfactory arrangements are in place to identify this income and expenditure and report this financial information to the IJB.

**37.** The year-end outturn position is a break-even position, which was only achieved by both partners making additional resources available. A good level of co-operation between the IJB and its partners was evident throughout this process.

**38.** Total net expenditure for the IJB delegated services in 2017/18 was £159.32 million. A budget summary for the year is shown in [Exhibit 3](#).

**39.** The initial end-year financial position for 2017/18 was an overspend of £686,000. This was composed of an underspend of £250,000 within the health part of the budget and an overspend of £936,000 within the social care part of the budget.

**40.** The IJB's integration scheme allows the movement of underspends from one area of the budget to offset overspends, if the partner reporting the underspend agrees that the underspend is 'planned' and not fortuitous. NHS Lothian accepted that the underspend position, although not directly planned by the IJB, was a result of management actions undertaken by the partnership. On this basis, the IJB directed NHS Lothian to make these funds available to the council to support the social care position. In addition to this, NHS Lothian also made a further £75,000 of additional funds available to contribute towards the break-even position.

**41.** At year end, the council agreed to contribute an additional £611,000 to enable the IJB to a break-even position on social care functions.

## Exhibit 3

### 2017/18 performance against budget

IJB budget objective summary	Budget £m	Transfer of Underspend £m	Additional funding ELC £m	Additional funding NHSL £m	Actual outturn £m
Health	114.98	(0.25)	0	0	114.73
Social care	43.65	0.25	0.61	0.075	44.59
<b>Total funding</b>	<b>158.63</b>	<b>0</b>	<b>0.61</b>	<b>0.075</b>	<b>159.32</b>
<b>IJB Net expenditure</b>					<b>159.32</b>
Surplus/(deficit)					0
Earmarked reserves					0

Source: East Lothian IJB 2017/18 Annual Accounts

## Financial planning

42. The IJB allocates the resources it receives from the health board and council in line with the Strategic Plan. Due diligence was undertaken by the IJB to consider the sufficiency of the 2017/18 budget.

43. As noted in paragraph 37, the IJB achieved a break-even position in 2017/18. This was achieved by reaching a mutual agreement with the partner bodies to fund the over-spends.

44. The IJB approved the budget for 2018/19 at its meeting on 22 February 2018. The budget included a base allocation of £45 million from East Lothian Council and an indicative budget of £100.7 million from NHS Lothian. A formal offer of £98.9 million from NHS Lothian was approved at the 28 June 2018 meeting of the IJB. The IJB expects to deliver a breakeven position again in 2018/19.

45. The 2018/19 financial assurance process as at May 2018 has identified a total of £3 million of financial pressures within the IJB Budget.

46. Budget monitoring will be critical to ensure the IJB achieves the projected break-even position. Partner bodies are unlikely to cover over-spends in 2018/19 and therefore regular monitoring and reporting is crucial to address shortfalls and implement budget recovery plans.

47. The IJB has recently put in place a more formal process for financial planning and budget forecasting for the medium to long term. This is a positive development and is the result of good co-operation between the IJB and its partners.

48. A draft three-year financial plan, underpinned by the draft financial strategy, was presented to the IJB at its February 2018 meeting. The IJB has acknowledged that the plan is a work in progress and needs to be developed further. Progress updates are planned to be available by October 2018.

49. The plan does not yet consider how the overall resources available to the IJB could be re-prioritised across the programmes to achieve outcomes, nor does it incorporate any efficiency plans still being developed by the partners to address

the main identified financial pressures of pay or operational pressures. There is also an acknowledged need to better map the financial plan to the specific IJB Directions.

50. Further iterations of the financial plan are due to be presented to the IJB in 2018/19.

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### **Recommendation 1 (appendix 1, action plan point 1)**

**The IJB needs to continue to develop its medium to long-term financial plans to better highlight and address the continuing financial pressures it is facing and to contribute towards the delivery of its Strategic Plan.**

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#### **Efficiency savings**

51. NHS Boards and councils have faced several years of financial constraints and this is expected to continue in the coming years. The ageing population and increasing numbers of people with long term conditions and complex needs have already placed significant pressure on health and social care budgets.

52. The maintenance of a sound financial position going forward is dependent on achieving the efficiency savings to bridge the gap between available funding from current sources and the cost of services. The IJB and partners will agree available funding and then determine how best to use the resources to deliver the outcomes in the Strategic Plan.

53. The 2018/19 financial assurance process as at May 2018 identified a total of £3 million financial pressures within the IJB budget. Pressures include £1.2 million (social care) and £1.8 million (health). The IJB will need to make efficiency savings to maintain financial balance in 2018/19 and beyond. Reports to the Board for 2018/19 state that it is unlikely that NHS Lothian and East Lothian Council would be able to make any further non-recurrent funds available to support any in-year pressures. It is unclear at this stage to what extent the financial pressures set out above have efficiency plans to address them.

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### **Recommendation 2 (appendix 1, action plan point 2)**

**The IJB needs to engage closely and regularly with its partners to ensure that partners' planned efficiencies for 2018/19 are identified, monitored and achieved in order to break-even. Partners have indicated that the provision of additional funds to cover future overspends is not a sustainable position.**

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#### **Reserves strategy**

54. The IJB has a reserves strategy which outlines the type of reserves the IJB are allowed to hold including unusable reserves such as the employee statutory adjustment account (required by legislation) and general fund reserves. The reserves policy sets out that the IJB will set the general reserve level at 2% of the IJB revenue budget.

55. In 2017/18 the IJB did not have resources to fund the general fund reserve and it is unlikely to occur in 2018/19 with the aim being for the IJB to break-even.

56. We are satisfied that the IJB's reserves policy adequately sets out the circumstances in which reserves can be created, and the governance arrangements around their use.

## EU withdrawal

**57.** There remains significant uncertainty about the detailed implications of EU withdrawal (i.e. Brexit). It is critical that public sector bodies are working to understand, assess and prepare for the impact on their business in three broad areas:

- Workforce - the extent to which changes to migration and trade policies are likely to affect the availability of skilled and unskilled labour.
- Funding – the extent to which potential changes to funding flows are likely to affect the finances of the organisation and the activity that such funding supports.
- Regulation – the extent to which potential changes to regulation across a broad range of areas overseen at an EU level are likely to affect the activities of the organisation.

**58.** The IJB will wish to be well informed in how East Lothian Council and NHS Lothian are working to monitor and respond to the impact of the EU withdrawal on their services. Due the uncertainties surrounding the terms of the withdrawal, currently there are no fixed plans in place in the IJB at this stage.



# Part 3

## Governance, transparency and value for money



### Main judgements

The IJB has adequate governance arrangements in place that support the scrutiny of decisions by the members.



The IJB's risk management arrangements are being refined following the publication of a risk management strategy and policy in June 2018.

The IJB should prepare a Workforce Development and Support Plan to support the Strategic Plan, as required by the Integration Scheme.

### Governance arrangements

**59.** The IJB has representation from a range of service users and partners including four elected voting members nominated by East Lothian Council and four members from NHS Lothian. The Board aims to meet on a near-monthly basis and in 2017/18 met seven times (ten times in 2016/17).

**60.** The IJB is responsible for overseeing the delivery of health and social care services for East Lothian including responsibility for performance management. The IJB is supported by an Audit and Risk Committee. The Audit and Risk Committee meets on a quarterly basis and in 2017/18 met four times. We attend and review minutes of Board and Audit and Risk Committee meetings to assess their effectiveness.

**61.** The IJB is supported in its work by a Chief Officer and a Chief Finance Officer. The Chief Officer provides strategic and operational advice to the IJB while the Chief Finance Officer is responsible for financial management including budget monitoring reports.

**62.** We concluded that overall the IJB has adequate governance arrangements in place and they provide a framework for effective organisational decision making.

Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision-making and transparent reporting of financial and performance information.

### Transparency

**63.** Transparency means that the general public has access to understandable, relevant and timely information about how the IJB is taking decisions and how it is using resources.

**64.** The IJB's purpose and vision are outlined in its Strategic Plan. The plan outlines a number of national and local policies, strategies going forward and the key priorities going forward. The Strategic Plan sets out the actions that the partnership will take and provides a basis for measuring how well they are doing and how these are linked to the IJB's priorities and the national outcomes.

**65.** Full details of the meetings held by the IJB and the Audit and Risk Committee are available through the East Lothian Council website and both meetings are open to the public to attend. The website also contains a section for the IJB papers and Audit and Risk Committee papers available for downloading/viewing. This is

considered good practice as not all public sector bodies offer this level of transparency, particularly when it comes to the Audit and Risk Committee.

## Risk management

**66.** The IJB integration scheme stipulates that the IJB will develop its own risk management strategy separate to that of its partners, setting out the IJB's risk appetite, including, among other elements, procedures for identifying and managing risk.

**67.** We reviewed the risk management arrangements within the IJB to assess their effectiveness and appropriateness during the planning stage of our audit. At that time the IJB did not yet have its own risk management strategy in place. A Risk Management Strategy and Policy has subsequently been prepared for the IJB and was approved by the Board in June 2018. We will review the recently introduced strategy and risk management arrangements within the IJB as part of our planning work in 2018/19.

## Internal audit

**68.** Internal audit provides the IJB and the Chief Finance Officer with independent assurance on the IJB's overall risk management, internal control and corporate governance processes.

**69.** The IJB appointed a chief internal auditor and this function is provided by East Lothian Council. We carried out a review of the adequacy of East Lothian Council's internal audit function and concluded that it operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place. The chief internal auditor is supported by the partners in carrying out her role.

**70.** To avoid duplication of effort we place reliance on the work of internal audit wherever possible. We did not place any formal reliance on internal audit reviews for the purpose of obtaining direct assurance for our financial statements work. Reliance was placed on internal audit work, however, in respect of corporate governance, financial governance, and performance management.

## Other governance arrangements

**71.** The IJB is committed to ensuring the involvement of partner groups including community planning groups, the third sector, the independent sector and local communities. The Strategic Plan and locality planning arrangements enable partners to engage in and support the delivery of the health and social care provision.

**72.** The Integration Scheme requires the IJB to produce a joint Workforce Development and Support Plan, which is intended to sit alongside and be informed by the IJB's Strategic Plan. This is required to be produced within six months of the Strategic Plan. The Strategic Plan was published in 2016 but as yet there is no accompanying Workforce Development and Support Plan.

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### Recommendation 3 (appendix 1, action plan point 3)

**The IJB should prepare a Workforce Development and Support Plan to support the Strategic Plan, as required by the Integration Scheme.**

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## Value for money and performance management

**73.** Best Value duties apply to accountable officers across the public sector. As part of this year's audit IJB auditors have looked at how the IJB demonstrates that it is

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Value for money is concerned with using resources effectively and continually improving services.

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meeting its BV duties. To achieve value for money the IJB should have effective arrangements for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account.

**74.** The Public Bodies (Joint Working) (Scotland) Act 2014 requires that an annual performance report is completed within four months of the year end. Guidance highlights that the report should cover areas including; assessing performance in relation to national health and wellbeing outcomes, financial performance and best value, reporting on localities, inspection of services, and a review of strategic commissioning plan (if applicable).

**75.** The IJB board receives performance reports on a quarterly basis and these are available on East Lothian Council's website. The first report on performance was provided to the IJB Board in August 2016 and these have been provided quarterly thereafter. The only interruption to this was the absence of a March 2018 report.

**76.** The annual performance report covered all relevant areas and was approved at the IJB Board meeting on 23 August 2018 and published on 31 August. This report should have been published by 31 July 2018, to conform with the requirements of the 2014 Act.

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#### **Recommendation 4 (appendix 1, action plan point 4)**

**The IJB should ensure that its annual performance report is completed by 31 July, as required by the Public Bodies (Joint Working) (Scotland) Act 2014.**

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**77.** The Strategic Plan identifies nine strategic priorities that are linked to the Scottish Government's nine health and wellbeing outcomes. These are:

- Making universal services more accessible
- Improving prevention and early intervention
- Reducing unscheduled care
- Providing care closer to home
- Delivering services within an integrated care model
- Enabling people to have more choice and control
- Optimising efficiency and effectiveness
- Reducing health inequalities
- Supporting partnership working.

**78.** Positive performance was reported against these objectives, however wider challenges for the IJB were noted in the areas of addressing financial pressures going forward, and the need to address the issue of delayed discharges and health inequalities.

#### **National performance audit reports**

**79.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2017/18 we published some reports which are of direct interest to the Board as outlined in [Appendix 3](#).

**80.** We found that the IJB has adequate arrangements in place for considering and reviewing national reports and other relevant reports from the partners. A summary of national scrutiny and other reports of interest is provided to members and there is opportunity for further discussion during meetings.

### **Good practice**

**81.** The IJB holds a number of development sessions throughout the year for Board members. These are separate to Board meetings and the aim of these is to set aside time for members to give more in-depth consideration to key issues or to receive briefings on areas of work which are relevant to the responsibilities of the IJB. In the past there have been sessions on a number of topics including the IJB's Strategic Plan and Directions, financial planning, primary care services and new legislation affecting carers. Topics are agreed by the Chair of the IJB and the Chief Officer, and members of the IJB can propose topics they think may be of benefit.

# Appendix 1

## Action plan 2017/18

### 2017/18 recommendations for improvement



No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p><b>Financial Planning</b></p> <p>A draft 3-year financial plan and financial strategy was presented to the IJB at its February 2018 meeting. The plan does not yet consider how resources could be re-prioritised across the programmes to achieve outcomes, nor does it incorporate any efficiency plans still being developed by the partners. There is also an acknowledged need to better map the financial plan to the IJB Directions.</p> <p><b>Risk</b></p> <p>Issues relating to financial sustainability and strategic planning in the medium to long term are not identified and this could impact on future service delivery.</p>	<p>The IJB needs to continue to develop its medium to long-term financial plans to better highlight and address the continuing financial pressures it is facing and to contribute towards the delivery of its Strategic Plan.</p>	<p>Agreed, the IJB is developing a three year financial plan. An update was provided to the IJB at its February 2018 meeting.</p> <p>Responsible Officer – Chief Finance Officer.</p> <p>Further updates will be presented to the IJB during 2018/19.</p>
2	<p><b>Financial pressures</b></p> <p>The IJB is facing financial pressures in excess of £3 million in 2018/19. In the event of these pressures not being met, it is unlikely that the partners would be able to make any further non-recurring funds available. It is unclear at this stage to what extent efficiency plans address the financial pressures set out above.</p> <p><b>Risk</b></p> <p>The IJB is not be able to address the financial pressures it faces in 2018/19</p>	<p>The IJB needs to engage closely and regularly with its partners to ensure that planned efficiencies for 2018/19 are identified, monitored and achieved in order to break-even.</p>	<p>The IJB has already met with its partners and a recovery plan for 2018/19 is in development.</p> <p>Responsible officer – Chief officer</p> <p>Agreed date – December 2018</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
	and as a result will not break-even.		
3	<p><b>Workforce Development and Support Plan</b></p> <p>The Integration Scheme requires the IJB to produce with the help of its partners a joint Workforce Development and Support Plan, which is intended to support the IJB's Strategic Plan. This is required to be produced within six months of the Strategic Plan. The Strategic Plan was published in 2016 but there is no accompanying Workforce Development and Support Plan.</p> <p><b>Risk</b></p> <p>The IJB may not be able to deliver its strategic priorities.</p>	<p>The IJB should prepare a Workforce Development and Support Plan to support the delivery of the Strategic Plan, as required by the Integration Scheme.</p>	<p>Agreed. A workforce plan will be developed.</p> <p>Responsible officer – Chief Officer</p> <p>Agreed date – February 2019</p>
4	<p><b>Annual Performance Report</b></p> <p>The annual performance report for the IJB was published on 31 August. This report should have been published by 31 July 2018 to conform with the requirements of the (Joint Working) (Scotland) Act 2014.</p> <p><b>Risk</b></p> <p>There is a risk that the IJB will fail to report its performance publicly in a timely fashion, again.</p>	<p>The IJB should ensure that its annual performance report is completed by 31 July, as required by the 2014 Act.</p>	<p>The annual report is dependent on information n provided by NSS. This information was not available in time for the Annual Report to be agreed by the IJB at its June meeting. There was no IJB meeting in July. This was reported to both the Scottish Government and the IJB.</p> <p>Responsible officer – Chief Officer</p> <p>Agreed date – June 2019.</p>

### Follow up of prior year recommendations

b/f	<p><b>Budget Monitoring</b></p> <p>Quarterly budget monitoring reports were not produced during 2016/17 as per the Integration Scheme.</p> <p><b>Risk</b></p> <p>The absence of adequate budget monitoring arrangements increases the risk that the IJB will fail to identify and remedy with its</p>	<p>For 2017/18, the IJB needs to finalise its financial plan based on offers from the partners and ensure this is reported quarterly to Members.</p>	<p>In 2017/18 the Chief Finance Officer produced financial update position papers for the Board on at least a quarterly basis explaining the in-year financial position. The later updates laid out the actions described in the Integration Scheme in the event of an overspend forecast and reported the actions taken by the Chief Officer and the Chief</p>
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No.	Issue/risk	Recommendation	Agreed management action/timing
	partners any projected overspends.		Finance officer to address these.
b/f	<p><b>Risk sharing framework</b></p> <p>There is no risk sharing framework in place between the IJB and its partners.</p> <p>NHS Lothian and East Lothian Council were required to provide additional funding in the year in order for the IJB to deliver a break-even position.</p> <p>In 2017/18 and future years, in the absence of such funding agreements, the IJB may fail to achieve this break-even position.</p> <p><b>Risk</b></p> <p>In the absence of this framework, and given the funding challenges going forward, there is a risk that lines of accountability for overspends are unclear and go unresolved.</p>	<p>The IJB should put in place a risk sharing framework with its partners to ensure that the lines of accountability regarding overspends are clearly set out.</p>	See action plan point 2 above.
b/f	<p><b>Financial Planning</b></p> <p>The IJB does not have a medium to long term financial plan in place. Despite the IJB being fully funded by partners who only receive annual funding allocations from the Scottish Government, this should not prevent the IJB from preparing medium to long term financial plans based on sensitivity analysis and scenario planning for possible budget changes.</p> <p><b>Risk</b></p> <p>Issues relating to financial sustainability and planning in the medium to long term are not identified in a timely matter and this could prevent future delivery of key services.</p>	<p>The IJB needs to develop medium to long term financial plans to assist in addressing upcoming and future budget challenges.</p>	See action plan point 1 above.



No.	Issue/risk	Recommendation	Agreed management action/timing
b/f	<p><b>Efficiency savings</b></p> <p>For 2017/18 the IJB is required to deliver £3.3 million savings with £500,000 yet to be identified. Robust plans need to be in place as it is unlikely that further funds will be made available by partners to fund any further pressures.</p> <p><b>Risk</b></p> <p>The IJB may not be able to deliver the targeted savings in 2017/18 and will not break-even.</p>	<p>The IJB needs to identify and agree the remaining 2017/18 savings required in order to break-even.</p>	<p>See action plan point 2 above.</p>
b/f	<p><b>Risk management</b></p> <p>The IJB has not developed its own risk management strategy, and has chosen to rely exclusively on the risk management strategy of its partners in developing its own risk register.</p> <p><b>Risk</b></p> <p>The IJB is not in compliance with the requirements of the Integration Scheme with respect to risk management and could consequently be less effective in capturing and monitoring all of the relevant risks for the IJB.</p>	<p>The IJB should develop its own risk management strategy to ensure it is complying with the Integration Scheme. Further work is still to be done to refine the risk management and review processes within the IJB.</p>	<p>The IJB risk management strategy and policy was approved by the June 2018 Board. We will review the recently introduced strategy and the wider risk management arrangements within the IJB as part of our planning work in 2018/19.</p>
b/f	<p><b>Performance Reporting</b></p> <p>The annual performance report was not submitted in line with the Act during 2016/17.</p> <p><b>Risk</b></p> <p>There is a risk that the failure to routinely monitor and report in-year performance could lead to the IJB failing to meet some or all of the metrics set out by the Act as well as failure to address issues as they become known.</p>	<p>The IJB needs to ensure that it produces an annual performance report in line with the requirements of the Act and that it is relevant to the IJBs operations and presented to members by 31 July each year.</p>	<p>See action plan point 4 above.</p>



# Appendix 2

## Significant audit risks identified during planning












The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion. The risks are categorised between those where there is a risk of material misstatement in the annual accounts and those relating our wider responsibility under the Code of Audit Practice 2016.

Audit risk	Assurance procedure	Results and conclusions
<b>Risks of material misstatement in the financial statements</b>		
<p><b>1 Risk of management override of controls</b></p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the position disclosed in the financial statements.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable in this instance.</p>	<p>Substantive testing of journals identified no errors.</p> <p>Accounting estimates, where applicable were satisfactory.</p> <p>No significant transactions outside the normal course of business were identified during the audit process.</p> <p>Service auditor assurances were received and were satisfactory.</p> <p>No fraud concerns were identified from our work in relation to the risk of management override of control.</p>
<p><b>2 Link between ELC and IJB budget and expenditure</b></p> <p>During our 2016/17 audit we found it difficult to obtain information on how the ELC expenditure in the IJB accounts is distributed across the delegated functions for Social Care within the IJB budget.</p> <p>There is a risk of insufficient transparency of expenditure. Consequently the Partner cannot readily be assured that IJB expenditure has been incurred in compliance with the reason for which it was committed.</p>	<p>Assurances from ELC to the IJB Management team over budget against spend.</p> <p>Assurances received from the work by the external auditors of ELC.</p>	<p>Assurances obtained in relation to substantively tested expenditure from the external auditors of both partners, ELC and NHSL.</p> <p>Additional substantive sample of ELC Health and Wellbeing IJB transactions tested to gain additional assurance on social care arm of spending.</p> <p>Adequate assurance obtained on IJB expenditure.</p>
<b>Risks identified from the auditor's wider responsibility under the Code of Audit Practice</b>		
<p><b>3 Financial sustainability</b></p> <p>The IJB has no financial risk sharing agreement with its partners to address end-year</p>	<p>In line with the protocol set out in the Integration Scheme, Partners are working with the</p>	<p>As in 2016/17, the IJB required additional contributions from the partners in order to reach a break-even position. However this</p>

Audit risk	Assurance procedure	Results and conclusions
<p>overspends. Current forecasts indicate that the IJB will overspend in 2017/18. However, unlike last year, the partners have provided no guarantees to underwrite current year overspend.</p> <p>There is a risk that neither Partner takes responsibility to fund the 2017/18 overspend and rectify any in subsequent years.</p>	<p>IJB on their respective recovery plans to break-even.</p> <p>Ongoing dialogue with partners throughout the financial year on outturn.</p>	<p>funding was non-recurrent in nature, and there remains the risk that future overspends go unresolved and the IJB fails to achieve a break-even position.</p> <p>ELC has made it clear in its annual funding letter to the IJB that, although the Council has provided additional financial support to the IJB in the past 2 years since its establishment, such flexibility is not a sustainable position and that "in conjunction with both the Council and NHSL, the IJB must play a prominent role in ensuring that resources are allocated both effectively and efficiently in support of agreed strategic priorities."</p>
<p><b>4 Financial management</b></p> <p>The IJB has not yet prepared a financial plan which supports the Strategic Plan; it is expected that the financial plan will be complete by the end of the current financial year.</p> <p>The absence of a financial plan means there is a risk that any issues relating to financial sustainability and delivery of the Strategic Plan in the medium to long term are not identified sufficiently early to be resolved with Partners.</p>	<p>Financial plan to be in place by end of March 2018.</p> <p>Workshop held in January 2018 for the IJB to agree principles and set the direction of travel.</p> <p>Financial Assurance paper to the February 2018 IJB on progress towards 2018/19 financial plans.</p> <p>Throughout the year, Partners have been providing indicative three-year allocations along with an analysis of the financial pressures</p>	<p>A draft three-year financial plan and financial strategy was presented to the IJB at its February 2018 meeting.</p> <p>The IJB needs to continue to develop its medium to long-term financial plans to better highlight and address the continuing financial pressures it is facing and to contribute towards the delivery of its Strategic Plan.</p>
<p><b>5 Governance and transparency</b></p> <p>Whilst the IJB Integration Scheme makes reference to IJBs having a workforce plan in place within 6 months of the Strategic Plan, the ELC IJB workforce plan remains outstanding approximately two years after publication of the Strategic Plan in 2016.</p> <p>There is a risk that without a workforce plan, the IJB may not be able to adequately deliver its strategic objectives.</p>	<p>The Partnership has set up a group to develop a workforce plan and are planning to deliver the plan before the end of March 2018.</p>	<p>There is no Workforce Development and Support Plan to support the Strategic Plan.</p>

# Appendix 3

## Summary of national performance reports 2017/18

		 <b>2017/18 Reports</b>	
		Apr	
		May	
Common Agricultural Policy Futures programme: further update		<b>Jun</b>	 Scotland's colleges 2017
		Jul	 NHS workforce planning
Self-directed support: 2017 progress report		<b>Aug</b>	
Equal pay in Scottish councils		<b>Sept</b>	
Transport Scotland's ferry services		<b>Oct</b>	 NHS in Scotland 2017
Local government in Scotland: Financial overview 2016/17		<b>Nov</b>	
		Dec	
		Jan	
Early learning and childcare		<b>Feb</b>	
Managing the implementation of the Scotland Acts		<b>Mar</b>	

### Reports relevant to Integration Joint Boards

[NHS workforce planning](#) – July 2017

[Self-directed support: 2017 progress report](#) – August 2018

[NHS in Scotland 2017](#) – October 2018

# East Lothian Integrated Joint Board

## 2017/18 Annual Audit Report

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

**MEETING DATE:** 27 September 2018

**BY:** Chief Finance Officer

**SUBJECT:** Risk – Partners’ key risks and any potential impact on the IJB

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## 1 PURPOSE

- 1.1 This paper provides the Committee with an update of the operational risks held within the partners’ risks registers of both East Lothian Council and NHS Lothian, as they relate to the East Lothian Health & Social Care Partnership, and therefore allowing information on key risks held and their mitigation.

## 2 RECOMMENDATIONS

- 2.1 The Committee is asked to:
- i. Note the operational risks; and
  - ii. Consider if any further risks should be added to the risk register.

## 3. BACKGROUND

- 3.1 At its March 2018 meeting the Audit and Risk Committee had agreed its risk management policy and there is no requirement to change this extant policy.
- 3.2 As part of this it was agreed that a report would be brought back to provide an update of the risks held by the partner organisations - NHS Lothian and East Lothian Council.
- 3.3 The risk register for East Lothian Council (Social Care) and NHS Lothian (The East Lothian Partnership) is attached in appendix 1.
- 3.4 The key high level risks identified are:

- Overall Partnership performance in relation to access to services - There is a risk that problems with capacity could compromise the Partnerships' ability to achieve key targets e.g. national targets for delayed discharge (nil >2 weeks), increased waiting times, impacting OT response to assessments, MHO and capacity for home care leading to poor outcomes for the population and the inability to access the right services timeously.
- Primary Care Sustainability (Health) - There is a risk that East Lothian Health and Social Care Partnership will be unable to provide a satisfactory level of access to primary medical services for its population because of increasing capacity issues and workloads within GP practices as a result of difficulties in recruiting and retaining general practitioners leading to an increased number of closed and/or restricted lists and resulting impact on other practices with patients unable to register with a practice of their choice, inability to successfully fill practice vacancies and increased pressure on other parts of the healthcare system. Satisfaction with access to GP services varies considerably across East Lothian and there is a risk in some areas of significant difficulty in people accessing service when needed.
- Risk identified with some projects and schemes to deliver on the Health and Social Care Partnership efficiency programme - There is a risk that the Partnership will not achieve its financial balance because of demographic pressures, acute demand, cost inflation unachieved efficiencies and budget constraints leading to unsustainable services and reputational risks for the Partnership.

3.5 The above three key risks have a score above risk score 15 and the full risk register is attached for information.

#### **4 ENGAGEMENT**

4.1 The IJB's Audit and Risk Committee is held in public and the papers are openly available online.

#### **5 POLICY IMPLICATIONS**

5.1 There are no further policy implications arising from any decisions made on this report.

## **6 INTEGRATED IMPACT ASSESSMENT**

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

## **7 RESOURCE IMPLICATIONS**

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

## **8 BACKGROUND PAPERS**

- 8.1 None

### **Appendices**

1. ELHSCP Risk Register Sept 2018

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<b>DATE</b>	20 September 2018





East Lothian HSCP Risk Register (With actions)

ID	Risk level	Title	Description	Controls in place	Adequacy of controls	Risk level (current)	Rating (current)	Date Opened	Date last reviewed
3912	Health & Social Care Partnership	Adult and Child Protection and Offender Management	There is a risk that a service user suffers death, harm or detriment and becomes subject to Public Protection (Child Protection or Adult Support and Protection) measures because of a lack of appropriate operational processes and resources leading to potential human tragedy and reputational damage to and increased scrutiny of the Health & Social Care Partnership.	<ol style="list-style-type: none"> <li>1. Mandatory systems are in place to ensure all staff complete training which is monitored through supervision and PDPs</li> <li>2. Electronic or paper staff training records are maintained and used to review individual training needs</li> <li>3. Robust operational procedures and trained staff with supervisory support</li> <li>4. Public protection arrangements are designed to protect the most vulnerable.</li> <li>5. The East and Midlothian Public Protection Committee (EMPPC) has been established ensuring robust links with East and Midlothian Drug and Alcohol Partnership (MELDAP).</li> <li>6. A Joint Public Protection Committee Critical Services Oversight Group is in place</li> <li>7. A Public Protection Quality and Performance Sub Group is in place</li> <li>8. East Lothian Child Protection and Adult Protection Improvement Plans in place.</li> <li>9. Promotion and publication of the Public Protection Agenda within and across East Lothian communities and through Local Area Partnerships</li> <li>10. Through H&amp;SCP Risk Management Information Systems (RiVO for Council and Datix for NHS), all significant adverse events affecting a client/patient are reviewed and reported upon and corrective action taken to address service delivery issues</li> </ol>	Satisfactory; controls adequately designed to manage risk and working as intended	Medium	8	02/02/2016	30/08/2017
3904	Health & Social Care Partnership	Incident Response and Business Continuity	There is a risk that service provision may be disrupted by a major event such as fire, flood, pandemic leading to loss of buildings and /or reductions in staffing levels etc	<ol style="list-style-type: none"> <li>1. Business Continuity Plans in place which include alternative service locations and priority service operations that may be utilised in response to an emergency</li> <li>2. Business Continuity Plans are tested and reviewed annually</li> <li>3. Contingency plans are in place throughout the Council &amp; NHS to deal with a variety of emergencies</li> </ol>	Satisfactory; controls adequately designed to manage risk and working as intended	Medium	6	02/02/2016	30/08/2017
3902	Health & Social Care Partnership	Information Governance and Management	There is a risk that ineffective shared information systems and processes could impede effective service delivery Additionally, there may also be a risk that information governance standards are not fully followed in joint services leading to a breach of Data Protection legislation with possible penalties imposed by the Information Commissioner's Office with commensurate media coverage and reputational damage.	<ol style="list-style-type: none"> <li>1. Signed Data Sharing Protocols covering operating and performance information</li> <li>2. Membership of Data Governance bodies in both NHS and Council</li> <li>3. The Inter-agency Information Exchange (IIE) will allow sharing of specific client based confidential information</li> <li>4. Staff from the NHS Scotland Information Services Division (ISD) are working in the Partnership analysing shared data using the Data Sharing Protocol</li> <li>5. Staff undertake Data Protection and records management training for staff</li> <li>6. Regular refresh of Data Protection Standards at staff meetings with promotion of safe data management practices via workplace posters, guidance etc</li> </ol>	Satisfactory; controls adequately designed to manage risk and working as intended	Medium	6	02/02/2016	30/08/2017

East Lothian HSCP Risk Register (With actions)

ID	Risk level	Title	Description	Controls in place	Adequacy of controls	Risk level (current)	Rating (current)	Date Opened	Date last reviewed
3913	Health & Social Care Partnership	Lone Working	There is a risk that failure of the Partnership to provide employees with effective Lone Working arrangements and the appropriate training could result in injury or death to those employees resulting in HSE investigation/prosecution, civil insurance liability, reputational risk, increased sickness absence and pressures on service delivery.	<ol style="list-style-type: none"> <li>All staff follow their respective organisational lone working policy and procedures covering the 24 hour period</li> <li>All staff and new recruits undertake training as required by their organisation's policy and job role</li> <li>Significant Adverse Event Procedure is in place to identify cause, effect &amp; learning.</li> <li>Shared systems (separately within each organisation) are in place that identify where there is a potential risk presented by a client or their family</li> <li>Operating arrangements e.g. systems &amp; alarms etc are reviewed regularly in team meetings and as a whole service.</li> <li>Information on the lone working policy is part of the service level induction process</li> </ol>	Satisfactory; controls adequately designed to manage risk and working as intended	Medium	8	02/02/2016	30/08/2017
3916	Health & Social Care Partnership	Overall Partnership performance in relation to access to services	There is a risk that problems with capacity could compromise the Partnerships' ability to achieve key targets e.g. national targets for delayed discharge (nil >2 weeks), increased waiting times, impacting OT response to assessments, MHO and capacity for home care leading to poor outcomes for the population and the inability to access the right services timeously.	<ol style="list-style-type: none"> <li>A weekly Delayed Discharge Taskforce is chaired by Head of Older People and Access</li> <li>'Emergency Care' and 'Hospital to Home' / 'Hospital at Home' services have been implemented and a dedicated team approach is reducing delays</li> <li>'East Lothian Service for Integrated Care of the Elderly' (ELSIE), Discharge to Assess, help to live at home, collaborative allocations, 'Hospital to Home' and step up/step down beds all in place</li> <li>Co-location of staff involved with discharge planning and implementation of 'Discharge to Assess Plus'</li> <li>Weekly performance information is available for service managers</li> <li>Utilisation of recurrent delayed discharge fund to maximise NHS capacity</li> <li>Increased surveillance of care homes and care at home providers to identify spare capacity</li> <li>Part of the A12 Pan-Lothian Access Group (access to psychological therapies)</li> <li>Regular Performance Management Meeting - prioritising KPIs</li> <li>Continue working with NHS Lothian to achieve MSK 4 week target</li> <li>Implementation of new contracts for Care at Home</li> <li>Review of Mental Health Officer capacity to meet demand for statutory duties and the Adults with Incapacity Act</li> <li>The Core Delivery Group and MELDAP Team will discuss and negotiate planned ongoing funding with Partner Services</li> <li>The Strategic Group will agree a communications Strategy to share the results of the process with service users/carers, partner agencies, service providers, staff and other stake holders</li> </ol>	Adequate but partially effective; control is properly designed but not being implemented properly	High	16	02/02/2016	30/08/2017
			There is a risk that East Lothian Health and Social Care Partnership will be unable to provide a satisfactory level of access to primary medical	<ol style="list-style-type: none"> <li>NHS Lothian investment of five million pounds has been prioritised and will fund care home team capacity, advance wide discussion and prioritisation of use of</li> </ol>					

East Lothian HSCP Risk Register (With actions)

ID	Risk level	Title	Description	Controls in place	Adequacy of controls	Risk level (current)	Rating (current)	Date Opened	Date last reviewed
3928	Health & Social Care Partnership	Primary Care Sustainability (Health)	services for its population because of increasing capacity issues and workloads within GP practices as a result of difficulties in recruiting and retaining general practitioners leading to an increased number of closed and/or restricted lists and resulting impact on other practices with patients unable to register with a practice of their choice, inability to successfully fill practice vacancies and increased pressure on other parts of the healthcare system. Satisfaction with access to GP services varies considerably across East Lothian and there is a risk in some areas of significant difficulty in people accessing service when needed.	funding to support practice e.g. LEGUP funding 2. Development of premises improvement plans at Haddington, Cockenzie and North Berwick 3. Regular reports at Joint Management Team on Primary Care Capacity 4. Cluster working has been established in both localities to provide mutual support and risk sharing 5. Introduction of non-GP capacity e.g. nurse practitioners, extended scope physiotherapists, pharmacists, link workers and 'Care Home Team' 6. Work with other IJBs and NHS Lothian to influence Scottish Government to work towards solutions to improving professional supply chain through academia 7. Primary Care Transformation Fund is being used to deliver Primary Care Access Hub in Musselburgh 8. Four Lothian IJBs working together to prioritise investment for 2017 & beyond 10. Ensuring the directly managed practice at Eskbridge is supported to sustain services during transition	Adequate but partially effective; control is properly designed but not being implemented properly	High	16	01/03/2016	30/08/2017
3914	Health & Social Care Partnership	Risk identified with some projects and schemes to deliver on the Health and Social Care Partnership efficiency programme	There is a risk that the Partnership will not achieve its financial balance because of demographic pressures, acute demand, cost inflation unachieved efficiencies and budget constraints leading to unsustainable services and reputational risks for the Partnership.	1. Adherence to budget setting and efficiency planning process which has been developed for 2017/18 2. Regular monitoring of performance against budget at all levels 3. Regular monitoring of expenditure (non-capital budget) 4. Monthly Management meetings includes attendance of Finance colleagues to discuss and progress plans 5. Financial objectives embedded in budgets of all service managers' annual objectives and PDP 6. IJB Strategic Plan directs a number of preventative and early intervention health and well being work programmes and service transformation objectives which should aid reduction in levels of service demand, shift the balance of care and support more people to stay at home longer i.e. well being programmes 7. Service transformation and strategic commissioning to ensure services are targeted to achieve best value and meet the needs of the vulnerable	Adequate but partially effective; control is properly designed but not being implemented properly	High	16	02/02/2016	30/08/2017
			There is a risk that failure to fulfil the Partnership's duty of care could result in the death, serious harm or detriment of a patient or service user	1. A programme of mandatory training is in place for all staff 2. Completion of Personal Development Plans, focusing on specific and agreed					

East Lothian HSCP Risk Register (With actions)

ID	Risk level	Title	Description	Controls in place	Adequacy of controls	Risk level (current)	Rating (current)	Date Opened	Date last reviewed
3915	Health & Social Care Partnership	Safety of Patients and Service Users: Clinical and Care Risks	because of a lack of resources (financial, services or staffing), poor practice, a failure to prioritise or non-compliance with procedures/guidance leading to a potential for prosecution, having to pay compensation and a negative impact on the reputation of the Partnership.	development needs. 3. Regular formal supervision in place for all staff. 4. Regular monitoring and learning from incidents including through Significant Adverse Event investigation outcomes 5. Regular environmental inspections e.g. Patient Quality Indicators (PQI) in Health and Social Care e.g. Care Inspectorate 6. Regular quality assurance meetings with independent providers which includes feedback from Inspectors 7.H&SCP Asset Management overview and review assures all our facilities are fit for purpose 8. Reprovision plans being implemented for Roodlands and Herdmanflat Hospitals. 9. All Council internal inspections are reported together with an action plan 10. The Partnership acts on negative inspection findings in external providers where specific intervention is required 11. Regular monitoring and learning from incidents including through Significant Adverse Event investigation outcome	Adequate but partially effective; control is properly designed but not being implemented properly	High	12	02/02/2016	30/08/2017
3918	Health & Social Care Partnership	Strategic Inspection and Review	There is a risk that external regulatory inspections identify significant weaknesses in our services leading to reputational damage and sustainability of the Partnership e.g. external audit, Joint Strategic Inspections, Best Value Review.	1. Systematic approach to preparation for inspections 2. Ensuring a proactive approach to regulatory requirements 3. Joint Improvement Planning in response to inspection findings 4. Regular Self Evaluation and improvement Planning e.g. PSIF and HGIOC 5. Preparation for inspection used as a learning tool 6. Review and adoption of any post inspection improvement plan requirements and any external national audit report requirements	Satisfactory; controls adequately designed to manage risk and working as intended	Medium	9	02/02/2016	30/08/2017
3911	Health & Social Care Partnership	Supply chain management and or failure of providers to deliver quality care at home or in a residential setting	There is a risk that the failure of a major Care Home or Domiciliary Care provider would result in a loss of capacity leading to service users being put at risk due to their service being withdrawn at short notice.  There are other challenges linked to Care at Home providers such as a provider acquisitioning poor quality care or a lack of capacity to deliver care.	1. Monitoring of care providers to help to identify potential service failures while working with all providers to gain advance information of any potential failure. If monitoring doesn't result in improvement then close monitoring would take place followed by a large scale investigation. 2. Quarterly multi-agency quality of care meetings for both Residential and Homecare. 3. Contingency protocol established to deal with failure of a major care provider 4. Joint work with NHS Care Home Team and GP practices to maintain standards and address concerns. 5. Continuing to work closely with providers to provide support with improvement planning. Ongoing standard practice working with providers. 6. Effective collaborative working with the Care Inspectorate over performance of regulated services. 8. Working with other Partnerships to allow information sharing, mutual support and contingency planning. 9. Continued involvement with COSLA and Social Work Scotland working groups 10. Engagement with carers aids the monitoring of performance within care settings (early alert of risk). 11. Implemented living wage & national care home contract	Inadequate; control is not designed to manage the risk and further controls & measures required to manage the risk	High	12	02/02/2016	30/08/2017
			There is a risk that the lack of a skilled, sufficiently qualified and	1. Competitive salaries and working conditions in place in some areas, recruitment					

East Lothian HSCP Risk Register (With actions)

ID	Risk level	Title	Description	Controls in place	Adequacy of controls	Risk level (current)	Rating (current)	Date Opened	Date last reviewed
3910	Health & Social Care Partnership	Workforce Planning & Development	<p>experienced staff resource or the unexpected loss of a key employee or employees would result in an inability to provide high quality assessment and support with increased pressure on existing staff as well as reducing the quality and scope of the service resulting in lives and safety being put at risk. Additionally, this could result in poor operational performance leading to a higher cost of care services.</p> <p>Competing with private sector and adjacent local authorities to recruit Foster Carers.</p> <p>Application of Council pay and grading structures to Social Work services staff may lead to difficulty in recruiting and retaining suitably qualified and experienced staff, in a nationally competitive market place.</p>	<p>and selection procedures adhered to.</p> <p>2. High professional standards, reputation and innovation are maintained while the service has an excellent record among professional workers which all helps attract high calibre staff.</p> <p>3. Professional Development Programme and commitment to ongoing Health &amp; Social Care Partnership practice of "Development of Growing our Own" (promoting staff from within).</p> <p>4. Inclusion of a training needs analysis within Supervision and PRD.</p> <p>5. Mandatory training compliance. Compliance levels improving following audit which has resulted in an action plan being put in place.</p> <p>6. Development of an overall learning culture, use of Action Learning Sets and promotion and development of skills such as "Giving and Receiving Feedback" and "Coaching".</p> <p>7. The Council regularly publicise the need for Foster Carers and celebrate Foster Carers Community achievements annually.</p> <p>8. Feedback from Employee Engagement Survey, iMatter, Investors in People and Inspection Regimes see development of annual HGIOC improvement plan and service workforce development plan.</p> <p>9. Promote and embed PRD, staff learning opportunities and high levels of supervision.</p> <p>10. It is a National Requirement to development a Workforce Development Plan to identify and plan the necessary staffing resources and development opportunities to meet service demands, responding to employee engagement survey feedback.</p> <p>11. Service developments and redesign leading to opportunities to review current job families and redesign roles and responsibilities.</p> <p>12. Integrated Education Framework being developed in conjunctions with regulatory bodies e.g. Social Work Scotland, Care Inspectorate and Health Improvement Scotland initially for Care Home, Mental Health, Resource Centre and Homecare Staff (both Health &amp; Council).</p>	Inadequate; control is not designed to manage the risk and further controls & measures required to manage the risk	Medium	9	02/02/2016	30/08/2017