



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

**WEDNESDAY 22 JANUARY 2020
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON**

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Members Present:

Councillor S Kempson (Chair)
Mr D Binnie
Ms F Ireland
Mr A Joyce
Councillor F O'Donnell

Officers Present:

Ms C Flanagan
Ms A MacDonald
Mr D Stainbank

Others Present:

Ms G Woolman, Audit Scotland

Clerk:

Ms F Currie

Apologies:

None

Declarations of Interest:

None

1. MINUTES OF THE IJB AUDIT AND RISK COMMITTEE MEETING OF 10 SEPTEMBER 2019

The minutes of the East Lothian IJB Audit and Risk Committee meeting held on 10 September 2019 were approved.

2. MATTERS ARISING FROM THE MINUTES OF 10 SEPTEMBER

The following matters arising were discussed:

Item 3b – in response to a question from the Chair, Alison MacDonald advised that joint meetings had been arranged between officers from the Council and NHS Lothian to discuss health and social care finances and this had led to an improvement in the flow of information.

3. RISK REGISTER

A report was submitted by the Chief Finance Officer laying out the IJB's risk register.

Claire Flanagan presented the report advising members that the risk register continued to be refreshed and updated. She highlighted a few changes which had taken place since the last Committee meeting:

- ID 3924 – revised to include an additional control reflecting arrangements for ongoing discussions between the IJB, Council and Health Board on financial planning;
- ID 4018 - a reduction in the current risk level from 16 to 12 as a result of the controls put in place;
- ID 3925 – reviewed and 'likelihood' rating reduced to 6;
- ID 3926 – reviewed and 'likelihood' rating reduced to 4; and
- ID4947 – a new risk added to reflect NHS Lothian being placed on escalation measures and to highlight the potential impact on delivery of the IJB's Strategic Plan.

The Chair welcomed the progress made in mitigating individual risks and acknowledged the efforts of officers to manage the current uncertainties over next year's budget.

Fiona Ireland highlighted the potential for the risk rating of ID 3924 to increase depending on the outcome of budget negotiations. Ms Flanagan advised that both partners had provided indicative figures which had been used to build a medium term financial plan and, in addition, the IJB currently held a small reserve.

Gillian Woolman commended the risk register as a very accessible and dynamic document and she welcomed the fact that it was updated regularly as a result of live issues and following regular discussion at the Committee.

David Binnie asked if there was a mechanism in place to assess the potential risks associated with each new Direction created by the IJB.

Ms MacDonald explained that Directions were often be created as a result of an identified need or risk. However, an integrated impact assessment was carried out for each new Direction and any risks associated with the Direction would likely be reflected

in the Health & Social Care Risk Register which was much more closely linked with operational risks.

Ms Ireland added that the Committee had previously discussed the relationship between the IJB Risk Register – which reflected strategic risks - and the Health & Social Care Risk Register, and the importance of identifying when an operational risk may impact on the IJB's ability to deliver its strategic priorities. If the risk associated with a Direction did not impact on strategic priorities then it would not be included in the IJB Risk Register.

Ms Flanagan said that before issuing any Direction there would be dialogue with the Partners and this would include discussion of any associated risks.

Decision

The Committee agreed:

- (i) to note the current risk register; and
- (ii) that no further risks should be added to the register.

4. EAST LoTHIAN IJB ANNUAL AUDIT PLAN 2019/20

The East Lothian Integration Joint Board annual audit plan for 2019/20 was submitted by Audit Scotland.

Ms Woolman presented the report outlining the proposed scope and timing of the audit work to be carried out for the financial year 2019/20. She highlighted the key audit risks which had been identified following discussions with staff, attendance at meetings and review of supporting information and detailed the reporting arrangements and timetable. She indicated that these matters, along with the review of the annual accounts and consideration of key audit dimensions of financial sustainability, financial management, value for money and governance and transparency, would form the basis of the audit work. Ms Woolman concluded by drawing attention to the terms of appointment and audit standards which would ensure the independence and objectivity of the external audit role.

The Chair thanked Ms Woolman for her comprehensive summary of the plan.

Ms Flanagan said she had worked closely with the auditors in building the plan.

Decision

The Committee agreed to note the contents of the annual audit plan.

5. INTEGRATION AUTHORITIES FINANCIAL PERFORMANCE FOR 2019/20 AFTER QUARTER 1

A report was submitted by the Chief Finance Officer summarising the quarterly report from the CIPFA IJB CFO Section on Financial Performance for all Integration Authorities (IAs) for financial year 2019-20 after Quarter 1.

Ms Flanagan presented the report advising that this was the first summary which presented an overview of financial performance for all 31 IAs for 2019-20. She highlighted some of the key figures including the total budget for health and social care services in 2019-20, the total reserves held by IAs, projected year end overspends and

some of the factors contributing to the forecasted positions. She also compared East Lothian's position with that of other IAs. Ms Flanagan offered to present subsequent CIPFA IJB CFO Section reports on a quarterly basis if the members felt that the information would be helpful.

The Chair said it was useful to see where East Lothian sat in relation to other IJBs. She also asked about the current position of the prescribing budget.

Ms Flanagan explained that while the budget was currently underspent the year-end forecast suggested a potential overspend of c. £200,000. The position would continue to be monitored closely.

Ms MacDonald added that this was an incredibly volatile market over which the IJB had little control.

Decision

The Committee agreed to note the key message contained within the report.

6. SCOTTISH GOVERNMENT: WHEN IS HOSPITAL BAD FOR YOUR HEALTH?

A report was submitted by the Chief Finance Officer bring to the attention of the Committee the recent Scottish Government Health and Sport Committee publication of its findings on budget, outcomes and progress within the integration of health and social care.

Ms Flanagan presented the report outlining some of the key messages including that prolonged stays in hospital could have a detrimental effect on the health and wellbeing of patients and that an increased focus on 'front door' services was required to reduce unscheduled care and address patient needs in other areas of the NHS. She pointed to the links with the IJB risk register and NHS Lothian's current position. She indicated that in future there would be a need for greater focus on community services with the Scottish Government setting an ambitious target for all IJBs to achieve a 50/50 funding split between hospital and community services.

The Chair asked about the new East Lothian Community Hospital and was advised by Ms Flanagan that this was classed as a community spend.

Ms Ireland noted that the report did not present a very positive picture overall but that East Lothian had been more successful in shifting the balance of care, as was demonstrated through its achievements in reducing delayed discharges.

Ms MacDonald stated that East Lothian was within the top five in terms of reducing delayed discharges and this gave it a positive foundation for further work in shifting the balance of care.

The Chair referred to the importance of communicating with the public to change their perceptions of the role of acute services in the treatment of minor ailments.

Mr Ireland informed members of a pilot project taking place in the west of Edinburgh based at the Western General Minor Injuries Clinic. It involved people phoning in for a consultation with an advanced nurse practitioner and using their camera phones to assist diagnosis. Patients who required to be seen in hospital could then attend with a planned appointment.

Ms MacDonald advised that this was an important issue for the recovery boards. While the new hospital in East Lothian could not support an accident & emergency department it could provide a minor injuries service with support from GP practices and the unit in North Berwick. She acknowledged that this was an area where further collaboration and development was required.

Decision

The Committee agreed to:

- i. Note the publication; and
- ii. Note the key messages as a result of this report.

7. AUDIT SCOTLAND REPORT ON NHS SCOTLAND IN 2019

A report was submitted by the Chief Finance Officer summarising how the NHS in Scotland was performing and what was required to achieve a sustainable NHS.

Ms Flanagan highlighted some of the key messages contained in the report published by Audit Scotland in October 2018. These included the pressures facing the NHS from an ageing population, achievement of key waiting time targets; the requirement for large scale reform to become less reliant on hospital-based care and the need for financial sustainability. She advised that a similar report had recently been produced looking at the challenges facing local authorities and she would bring this to the next Committee meeting.

The Chair commented on the importance of effective administrative procedures and cited by example a recent experience at the eye hospital.

Ms MacDonald stated that records and administrative processes at the new community hospital were fully electronic which helped to improve the patient experience. However, she acknowledged the challenges of digitising old paper records.

Ms Ireland raised the issue of financial sustainability and asked if IJBs in Scotland were likely to gain from the recent legislative change to health and social care in England and Wales.

Ms Flanagan said that at present it was difficult to know given the uncertainty over budgets at Scottish and UK government levels.

Decision

The Committee agreed to note the key messages contained in the Audit Scotland report.

Signed

Councillor Susan Kempson
Chair of the East Lothian IJB Audit and Risk Committee



REPORT TO: East Lothian IJB Audit and Risk Committee
MEETING DATE: 10 March 2020
BY: Chief Finance Officer
SUBJECT: Risk Register

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1 PURPOSE

This paper lays out the IJB's risk register.

2 RECOMMENDATIONS

2.1 The Committee is asked to:

- i. To note the current risk register
- ii. To consider if any further risks should be added to the register

3. BACKGROUND

3.1 As a key part of its governance process the IJB maintains a risk register. This risk register examines the risks that impact on the business of the IJB itself and not the operational risks that the IJB's partners manage unless those risks are considered so significant that they could impact on the business of the IJB – that is impact on the ability of the IJB to deliver its strategic plan.

3.2 The current version of the risk register is attached. Members are asked to consider if there are additional risks that require to be added to the register and consider if the management actions identified against these current risks provide assurance that these risks are being appropriately managed.

4 ENGAGEMENT

4.1 The IJB's Audit and Risk committee is held in public and the papers are available on the Council's website.

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. Risk Register

AUTHOR'S NAME	Claire Flanagan
DESIGNATION	Chief Finance Officer
CONTACT INFO	Claire.flanagan@nhslothian.scot.nhs.uk
DATE	2 March 2020

ID	Title	Description	Controls in place	Risk level (current)	Risk level (Target)	Risk Owner	Handler	Date Opened	Date Risk Reviewed	Action No	Lead	Description	Progress	Start date	Due date	Done date
3924	Financial resources may be insufficient to sustain the Strategic Plan	There is a risk that the financial challenges faced by the NHS and East Lothian Council will result in allocations to the IJB that do not allow the Strategic Plan to be delivered leading to the failure to achieve outcomes and targets.	<ol style="list-style-type: none"> 1. Financial assurance process carried out by IJB 2. Engagement of IJB Officers and members in NHS and Council budget setting processes 3. Regular performance monitoring reports to IJB 4. Scheme of Integration risk sharing and dispute resolution processes 5. IJB Chief Finance Officer in post 6. Strategic Planning Group in place 7. Efficiency and recovery plans are developed in year by operational teams to "break even". 8. There is a programme of meetings and discussion between IJB, Council and Health Board leading to an IJB financial planning process being approved by the IJB and supported by Council and Health Board 9. The IJB take a lead role in policy decisions to support the Financial Plan. 10. Development of a longer term rolling financial plan for the IJB. 11. Regular financial reporting. 	High 12	Medium 9	Macdonald, Alison X	Flanagan, Claire	26/02/2016	07/01/2020	10548	Claire Flanagan	Annual National and Scottish Budget Allocation	7/1/20: Annual budget settlement is currently unclear. Awaiting further information.	07/01/2020	31/03/2020	
4018	Impact of Partners' Decisions	There is a risk that Partners reach decisions on priorities and services (including service reviews) that impact negatively on the IJB leading to an inability to deliver the Strategic Plan	<ol style="list-style-type: none"> 1. Involvement of IJB membership in the Partners' decision making process including voting members and Officers 2. Involvement in Partners' service reviews 3. Good working relationships and regular formal /informal meetings 4. Participation in MSG self-evaluation to inform improvement actions for better partnership working. 	High 12	Medium 9	Macdonald, Alison X	Macdonald, Alison X	17/06/2016	07/01/2020	6956	Alison Macdonald	Clarity and monitoring of directions	Action extended to cover the period April 2017 to March 2018. 16/05/19 directions for 2019-2020 currently in review. 23/12/19: Directions agreed at IJB on 31/10/19 - ongoing action. 7/1/20: Directions being finalised for publication. 25/02/20: Directions (with links) will be taken to the Core & Extended CMT on 18th March.	03/04/2017	31/03/2020	

ID	Title	Description	Controls in place	Risk level (current)	Risk level (Target)	Risk Owner	Handler	Date Opened	Date Risk Reviewed	Action No	Lead	Description	Progress	Start date	Due date	Done date
4947	NHSL Recovery Plan	There is a risk that the EL IJB will not provide satisfactory services due to acute waiting times, delayed discharges and mental health. There is a risk that we will fail to meet the 4 hour performance target for unscheduled care which could mean that patients fail to receive appropriate care due to volume and complexity of patients, staffing, lack and availability of beds, lack of flow leading to a delay to first assessment, a delay in diagnosis and therefore in treatment for patients and a reputational risk for the organisation. Scottish Government has escalated these risks to Level 3 & 4.	<ol style="list-style-type: none"> 1. Extra capacity available in ELCH. 2. Winter Plan 3. Chief Officer on Recovery Board for Unscheduled Care and MH/LD. 4. NHSL Project Management support has been recruited. 5. Proactive teams are managing the situation on a daily basis. 6. Contribute to tele-conferencing. 	High 16	High 12	Macdonald, Alison X	Macdonald, Alison X	19/12/2019	07/01/2020	10551	Alison Macdonald	Involvement in a Collaborative Approach with all 4 IJB's	25/2/20: (1) Remits of groups and sub-groups in place. (2) Operational deliveyr groups established and attended appropriately.	07/01/2020	31/12/2020	

ID	Title	Description	Controls in place	Risk level (current)	Risk level (Target)	Risk Owner	Handler	Date Opened	Date Risk Reviewed	Action No	Lead	Description	Progress	Start date	Due date	Done date
3925	Operational resources may be insufficient to deliver the Strategic Plan	There is a risk that the IJB fails to achieve its targets due to insufficient access to key services and resources e.g. General Practice, Care at Home, Care Homes, Health Visiting, Housing, acute services etc leading to failure to deliver the Strategic Plan resulting in risk to patients' and clients' safety, external review and reputational damage	<ol style="list-style-type: none"> 1. The Strategic Plan sets out clear priorities 2. IJB directions are clear about actions required by NHS and Council 3. The Partnership Management Team is focussed on ensuring adequate resources are in place for delegated functions to deliver the Strategic Plan 4. NHS Lothian is focussed on ensuring adequate resources are in place for set-aside and hosted functions to deliver the Strategic Plan 5. NHS Lothian and East Lothian Council are focussed on ensuring adequate resources are in place for non-delegated but related functions (e.g. housing), to deliver the Strategic Plan 6. Quarterly Performance Report to IJB and scrutiny by the Audit and Risk Committee. 7. Care at Home contracts in place. 8. Use of Integrated Care Fund to increase capacity and improve terms and conditions. 9. Use Primary Care Transformation Fund to improve access in west of county. 10. Joint Workforce Plan approved at IJB on 23/5/19. 	Medium 6	Medium 6	Macdonald, Alison X	Macdonald, Alison X	26/02/2016	07/01/2020							

ID	Title	Description	Controls in place	Risk level (current)	Risk level (Target)	Risk Owner	Handler	Date Opened	Date Risk Reviewed	Action No	Lead	Description	Progress	Start date	Due date	Done date
3926	Potential Instability e.g elections / IJB changes	There is a risk that the IJB will be de-stabilised as a consequence of membership change or policy change as a result of elections and Public Sector reform leading to conflicting priorities and/or inability to make decisions	<ol style="list-style-type: none"> 1. Standing orders that control members' behaviour 2. Code of Conduct 3. Scheme of Integration which includes a dispute resolution mechanism 4. Ensuring that membership changes are not all planned at the same time e.g. stakeholder member changes are separate from voting member changes, NHS membership changes on a different cycle from the East Lothian Council membership changes 	Medium 4	Medium 4	Macdonald, Alison X	Macdonald, Alison X	26/02/2016	07/01/2020	7349	Alison Macdonald	IJB Induction Review and IJB Members Annual Discussion		31/05/2017	31/05/2020	



REPORT TO: East Lothian IJB – Audit and Risk Committee
MEETING DATE: 10 March 2020
BY: Service Manager – Internal Audit
SUBJECT: Internal Audit Plan 2020/21

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1 PURPOSE

- 1.1 To inform the Audit and Risk Committee of Internal Audit's operational plan for 2020/21.

2 RECOMMENDATION

- 2.1 The Audit and Risk Committee is asked to approve the Audit Plan for 2020/21.

3 BACKGROUND

- 3.1 The annual audit plan has been prepared in accordance with Public Sector Internal Audit Standards (PSIAS).

- 3.2 In preparing the annual audit plan a range of factors have been taken into account, including:

- The Public Bodies (Joint Working) (Scotland) Act 2014, which sets out the framework for integrated adult health and social care services
- The Integration Scheme
- The IJB Strategic Plan 2019-2022
- The IJB risk register in place
- Changes in service delivery

- 3.3 Internal Audit will evaluate the adequacy and effectiveness of controls in responding to risks within the IJB's governance, operations and information systems, regarding the:

- Achievement of the IJB's strategic objectives.

- Reliability and integrity of financial and operational information.
 - Effectiveness and efficiency of operations and programmes.
 - Safeguarding of assets.
 - Compliance with laws, regulations, policies, procedures and contracts.
- 3.4 The provision of the Internal Audit service is on an in-house basis by East Lothian Council's Internal Audit Unit. In addition to the work undertaken by the in-house team, work is also undertaken by the NHS Lothian Internal Audit team – the 2020/21 Audit Plan includes one audit to be undertaken by the NHS Lothian Internal Audit team.
- 3.5 Internal Audit will adopt a risk based approach to audit assignments as the principal means of providing assurance on the adequacy, reliability and effectiveness of internal controls. Testing of controls will be carried out on a sample basis.
- 3.6 For each individual audit, a detailed audit report will be prepared for the IJB Chief Officer and copies of the audit report will be provided to External Audit and to members of the IJB Audit and Risk Committee.
- 3.7 Audit reports will highlight areas where expected controls have been met and areas where there is scope for improvement. A detailed action plan will be attached to each report listing all recommendations made and recording management responses to the recommendations.
- 3.8 Follow-up of all recommendations will be carried out, and formal follow up reviews completed for all reports graded moderate, limited or no assurance.
- 3.9 An Annual Internal Audit Opinion and Report will be prepared at the end of the financial year, outlining:
- A statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that support the statement.
 - An opinion on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and control together with a summary of the work supporting the opinion.
- 3.10 The detailed Audit Plan for 2020/21 is attached.

4 ENGAGEMENT

- 4.1 The Audit Plan has been discussed with Management, but does not require wider engagement.

5 POLICY IMPLICATIONS

5.1 None

6 INTEGRATED IMPACT ASSESSMENT

6.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

7 RESOURCE IMPLICATIONS

7.1 Financial – None

7.2 Personnel – None

7.3 Other – None

8 BACKGROUND PAPERS

8.1 None

AUTHOR'S NAME	Duncan Stainbank
DESIGNATION	Service Manager – Internal Audit
CONTACT INFO	01620 827353
DATE	2 March 2020

AUDIT PLAN 2020/21

AUDITABLE AREAS	SCOPE OF THE AUDIT	INTERNAL AUDIT ASSESSED RISK	WEEKS
Risk Management	Internal Audit will review the risk management processes in place, across all areas of IJB responsibility, to ensure that risks are recognised and reported at an appropriate level.	High	6
Workforce Planning	The NHS Lothian Internal Audit team will review the processes in place to produce a workforce plan and the governance arrangements in place for monitoring the plan.	Medium	-
Community Hospital re-provision of services	Internal Audit will review the planned and actual arrangements to re-provision services to the new East Lothian Community Hospital and for monitoring the achievement of the objectives set for this project.	Medium	6
Integrated workplace processes	Internal Audit will review the management processes in place from a sample of areas where integrated management structures are now operating, to provide assurance that key risks are being identified and properly managed.	Medium	5
Follow-up Audits	Internal Audit will follow-up on previously issued audit reports to ensure that recommendations made have been implemented by Management.	Low	2
Other Audit Work	Time has been allocated for other audit work including the preparation of the audit plan, self-assessment against the Public Sector Internal Audit Standards (PSIAS) and the preparation of the annual internal audit opinion and report.	Low	1



REPORT TO: East Lothian IJB – Audit and Risk Committee

MEETING DATE: 10 March 2020

BY: Service Manager – Internal Audit

SUBJECT: Internal Audit Report – Directions Setting

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1 PURPOSE

1.1 To inform the Audit and Risk Committee of the recently issued audit report on Directions Setting.

2 RECOMMENDATION

2.1 That the Audit and Risk Committee note the contents of the audit report.

3 BACKGROUND

3.1 A review of Directions Setting was recently undertaken as part of the Audit Plan for 2019/20.

3.2 The main objective of the audit was to review the adequacy and effectiveness of the arrangements for Directions Setting operating within the IJB.

3.3 The main findings from our audit work are outlined in the attached report.

4 ENGAGEMENT

4.1 The findings from the review have been discussed with Management, but do not require wider engagement.

5 POLICY IMPLICATIONS

5.1 None

6 INTEGRATED IMPACT ASSESSMENT

- 6.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

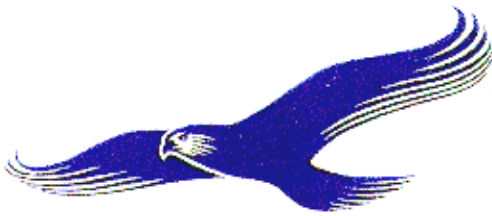
7 RESOURCE IMPLICATIONS

- 7.1 Financial - None
7.2 Personnel - None
7.3 Other - None

8 BACKGROUND PAPERS

- 8.1 None

AUTHOR'S NAME	Duncan Stainbank
DESIGNATION	Service Manager – Internal Audit
CONTACT INFO	01620 827353
DATE	2 March 2020



East Lothian
Integration Joint Board



East Lothian Integration Joint Board
Directions Setting Audit
March 2020

Conclusion

Reasonable Assurance

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1 Executive Summary: Directions Setting Audit

Conclusion: Reasonable Assurance

East Lothian Integration Joint Board has a sound system of Directions setting in place that is in accordance with the Public Bodies Joint Working Act 2014 and The Good Practice Guidance on Directions issued by the Scottish Government in 2016. Some improvements can be made in setting one further direction to ensure coverage of all delegated functions and ensuring that timescales are set as part of Directions when possible.

Background

The East Lothian Integration Joint Board (ELIJB), established under the Public Bodies Joint Working Act 2014 (the Act) is responsible for commissioning, directing, and governing the activities of the East Lothian Health and Social Care Partnership (the Partnership). The Partnership comprises NHS Lothian (NHSL), and East Lothian Council (the Council) who work together to deliver health and social care services for adults across the region.

In order to action the Strategic Plan, the ELIJB must issue in writing, binding directions to the Council and/or NHSL. Directions can be issued at any time and once issued have no expiry date; they can also be withdrawn or amended at any time. The Good Practice Guidance on Directions issued by the Scottish Government in March 2016 makes it clear that directions must set out a clear framework of how each integrated health and social care function is to be exercised; the budget allocated and how that budget is to be used. It is also good practice to describe how the direction links to the strategic plan and any related performance outcomes against which completion of the direction can be measured. Directions for 2019/20 were accepted in the ELIJB meeting on the 31st October 2019.

Summary of findings & recommendations

The following key findings and recommendations are highlighted, which have been **agreed by the Interim General Manager - Strategic Integration**:

- Review of the delegated functions of ELIJB against all of the Directions identified that the Council Adult Protection and domestic abuse services are not currently covered by a Direction, the Act requires direction must be given for all delegated functions. *Management have agreed to develop a direction covering Adult Protection and domestic abuse by June 2020.*
- 2 of the 5 Directions reviewed (see Appendix A) are being considered in more detail by the delivery organisations and have not yet been formally included in change board governance processes. *Management have agreed to monitor these directions through to the appropriate change board by December 2020.*
- One of the directions requires to have a timescale for the completion of activities. *Management have agreed to complete this by May 2020.*
- The process of directions setting is changing moving forward to provide greater flexibility in Directions being set whenever appropriate. Guidance to ensure budgeted resources are available for new Directions moving forward should be considered. *Management have agreed to create guidance by May 2020.*

Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Directions Setting	-	4	-	4

Materiality

The ELIJB has 40 active Directions covering the services delegated by NHS Lothian and East Lothian Council.

These directions cover the £156.5million budget delegated to the ELIJB.

2 Headlines

Objectives	Conclusion	Comment
1. To ensure that East Lothian IJB has issued directions in accordance with the Public Bodies Joint Working Act 2014 and The Good Practice Guidance on Directions issued by the Scottish Government in 2016.	Reasonable	The Public Bodies Joint Working Act 2014 states that the IJB 'must give a direction to a constituent authority to carry out each function delegated to the integration authority'. Review of the delegated functions of ELIJB against all of the Directions identified that Adult Protection and domestic abuse are not currently covered by a Direction. Ongoing consideration is being given to developing a Direction in this area. Otherwise directions are being developed in accordance with the act and good practice guidance.
2. To ensure that Directions issued are aligned to the East Lothian IJB 2019-2022 Strategic Plan approved in March 2019.	Substantial	From a sample of 5 directions all had a direct alignment to the East Lothian IJB Strategic Plan. The Directions setting process and the Strategic Planning Process had been linked by involvement of the Planning and Performance team in both exercises.
3. To ensure that there is a clear line of communication for the Directions to those tasked with governance and management of the activities required to deliver the Directions.	Substantial	In all Directions reviewed the oversight through an ELIJB Change Board has been made the owner of the actions to deliver the Direction. In 3 of the 5 Directions reviewed evidence of the Change Board consideration of the Direction and monitoring of the activities being undertaken to deliver the Directions was evidenced. In the 2 other cases further consideration of the delivery requirements of the Directions is currently being given and it is recommended that this is monitored to active consideration by the appropriate Change Board.
4. To ensure that there are appropriate mechanisms in place to monitor and review the delivery of directions.	Reasonable	In all five Directions reviewed there are identified mechanisms through the Change Board or the inclusion in the ELIJB delivery plan end of year reporting. However, for one Direction, D02i Young Adults with Complex needs, requiring completion of an evidence based needs assessment and a review of third sector community provided services that previously had a target date no longer has a targeted date of completion for these activities.
5. To ensure that there are processes in place to revise Directions when required.	Reasonable	The 2019/20 directions process reset all directions and provided revisions or new directions as required. We understand that the intention is to allow revisions of directions through IJB approval on a regular basis. Whilst this allows for significantly improved flexibility, guidance to ensure linking change to directions and financial resources requires to be developed.
6. To ensure that Directions are revoked when, complete, superseded, or no longer relevant.	Substantial	The ELIJB Directions and Delivery Plan 2019/20 agreed by the ELIJB in October 2019 included in the approved paper which of the previous Directions had been achieved, retired or are no longer relevant, whilst identifying all Directions still in progress.

3 Areas where expected controls are met/good practice

No.	Areas of Positive Assurance
1.	ELIJB directions setting for 2019/20 was completed in conjunction with the development of the East Lothian IJB 2019-2022 Strategic Plan, as a result all of the written Directions issued are in alignment with the strategic plan.
2.	The ELIJB Directions and Delivery Plan 2019/20 accepted by the ELIJB in October 2019 included in the approved paper all previous Directions that had been achieved, retired or are no longer relevant, whilst identifying all Directions still in progress and new Directions made.
3.	The ELIJB Directions and Delivery Plan 2019/20 cross referenced the budgets to be utilised to deliver each Direction.

4 Detailed Recommendations

Directions are issued in accordance with legislation and best practice

Objective: 1	Finding & Risk 1	Grade	Recommendation
	<p>The Public Bodies Joint Working Act 2014 states that the IJB ‘must give a direction to a constituent authority to carry out each function delegated to the integration authority’. Review of the delegated functions of ELIJB against all of the Directions, accepted by ELIJB on the 31st October 2019, identified that Adult Protection and domestic abuse are not currently covered by a Direction. Ongoing consideration is being given to developing a Direction in this area.</p> <p>Otherwise directions are being developed in accordance with the act and good practice guidance, including, in all of the sample of 5 directions reviewed, directions containing :</p> <ul style="list-style-type: none"> ➤ Detailed financial resources information, with budgets that are aligned to each of the Directions issued; ➤ Clear links to the IJB Strategic Plan; ➤ Directions being made in writing and publicly available; ➤ Each direction identifying a review mechanism for performance review. <p>There is a risk that East Lothian Integration Joint Board is not complying with legislation by giving a direction for every function delegated. There is a risk that functions without a direction are not given due consideration in strategic management.</p>	Medium	1.1 A direction covering the work being undertaken by the Health and Social Care partnership in relation to Adult Protection and domestic abuse should be developed and submitted for IJB approval.

Management response

Agreed. A development meeting had already been scheduled for April 2020, with the submission of a proposed Direction to the Strategic Planning Group and ELIJB in May 2020.

Responsible officer & target date

Interim General Manager - Strategic Integration
June 2020

4 Detailed Recommendations

Communication, Governance and Management of Directions

Objective 3	Finding & Risk 1	Grade	Recommendation
	<p>In all Directions reviewed the oversight through an ELIJB Change Board has been made the owner of the actions to deliver the Direction. In 3 of the 5 directions reviewed evidence of the change board consideration of the Direction and monitoring of the activities being undertaken to deliver the directions was evidenced. In the 2 other cases, being D10b Cluster Work and D12j Extra Care Housing Implementation, delivery discussions over these directions are ongoing with the EL Cluster Meetings, and East Lothian Council Housing teams prior to being formally allocated to Change Boards for Governance, when delivery processes are clarified.</p> <p>There is a risk that not all Directions are clearly linked to an appropriate Change Board for Governance monitoring and review.</p>	Medium	3.1 When Directions D10b and D12j have clarified delivery processes in place they are allocated to the appropriate change board for governance, monitoring and review.

Management response	Responsible officer & target date
<p>Agreed. Direction D10b is progressing with the development of quality processes, communication to the Primary Care Change Board is expected in the summer of 2020. D12j is under discussion and will be formally adopted by a Change Board structure during the year.</p>	<p>Interim General Manager - Strategic Integration</p> <p>December 2020</p>

4 Detailed Recommendations

Monitoring and Review of Direction Delivery

Objective 4	Finding & Risk 1	Grade	Recommendation
	<p>In all five Directions reviewed there are identified mechanisms through the change board or the inclusion in the ELIJB delivery plan end of year reporting. However one Direction, D02i Young Adults with Complex needs, requires completion of a comprehensive evidence based needs assessment and a review of third sector community provided services that had a target date of March 2019 in the 2018/19 directions. However the 2019/20 Directions no longer has a targeted date of completion for this activity.</p> <p>There is a risk that delivery of Directions is not completed effectively as clearly identified timescale targets are not set and monitored for completion.</p>	Medium	4.1 Consideration should be given to re-introducing a timescale for the comprehensive evidence based needs assessment and review of third sector community provided services for Direction D02i.

Management response	Responsible officer & target date
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Agreed. The removal of the target date may have been a transposition error, communication with the service teams will be undertaken and a target date agreed.	Interim General Manager - Strategic Integration May 2020
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4 Detailed Recommendations

Directions Revision and Budget Resources			
Objective 5	Finding & Risk 1	Grade	Recommendation
	<p>Following the successful acceptance of the 2019/20 objectives on the 31st October 2019 processes for directions setting within ELIJB are being changed. Rather than review directions setting on an annual basis Directions will be accepted when presented to the ELIJB at any time of year. An end of year delivery plan will still be reported on an annual basis. Whilst this allows greater flexibility in the delivery of the services which is good practice there is no guidance currently in place to ensure that all directions are matched to overall budgetary resource and this will need to be developed as part of the new directions setting approach.</p> <p>There is a risk of directions being accepted that are not fully resourced and cannot be achieved.</p>	<p>Medium</p>	<p>5.1 All new directions accepted by the IJB moving forward should have a clearly identified budget confirmation declared in their presentation to ELIJB.</p>

Management response	Responsible officer & target date
<p>Agreed. Guidance will be provided for Change Board chairs covering the use of the Resources section of IJB papers to ensure agreed resources are clarified before the approval of a new direction.</p>	<p>Interim General Manager - Strategic Integration</p> <p>May 2020</p>

Appendix A Sample Directions Selected

As part of the audit a sample of 5 from the 40 Directions were selected as a representative sample for Internal Audit Review. The following table highlights the 5 Directions selected.

Direction No.	Direction Title	Direction	Related Function(s)
D02i	Young Adults with Complex Needs	NHS Lothian and East Lothian Council to transform community supports for younger adults with complex needs, including a comprehensive evidence based needs assessment and completing the review of all remaining commissioned third sector community provided services.	Social work services for adults and older people Services and support for adults with physical disabilities and learning disabilities
D10b	Cluster Work	NHS Lothian to allocate to East Lothian Health and Social Care Partnership its proportionate share of all funds allocated for the development and support of GP Quality Clusters in order to support further development of quality improvement activities in general practice and to meet the Cluster National Guidance. (revised)	Primary medical services and General medical services
D12a	Hospital to Home and Home Care Services Review	NHS Lothian and East Lothian Council to simplify and speed up the process for assessing and acting on an individual client's needs for care at home by completing a review of Hospital to Home and Home Care Services, including development of more effective protocols for assessment process. (Continuing)	District nursing services Community care assessment teams
D12j	Extra Care Housing Implementation	East Lothian Council Housing and Officers of East Lothian Health & Social Care Partnership to: Maximise independent living <ul style="list-style-type: none"> • Provide specific interventions according to the needs of the service user • Provide a clear care pathway which connects services Contribute to preventing unnecessary hospital admission through implementation of recommendations from the extra care housing review. (NEW Direction – replaces D12b)	Aspects of housing support, including aids and adaptations
D15h	Mental Health Action Plan Implementation	NHS Lothian and East Lothian Council to improve outcomes in relation to mental and emotional health and well-being for people in East Lothian through establishment and delivery of the East Lothian Mental Health Action Plan, including development of community based preventative and early intervention services, crisis support and longer term recovery in line with the Scottish National Mental Health Strategy. (NEW Direction)	Mental health services

Appendix B Recommendation Grading/Overall Opinion

Recommendation	Definition
High	Recommendations relating to factors fundamental to the success of the control objectives of the system. The weaknesses may give rise to significant financial loss/misstatement or failure of business processes.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.

Levels of Assurance	Definition
Substantial Assurance	There is a sound system of internal control designed and operating in a way that gives a reasonable likelihood that the objectives will be met.
Reasonable Assurance	Whilst there is a sound system of internal control, there are minor weaknesses, which may put some of the objectives at risk or there is evidence of non-compliance with some of the controls, which may put some of the objectives at risk.
Moderate Assurance	The system of internal control is broadly reliable, however there are a number of weaknesses, which put some of the objectives at risk or there is evidence that the level of non-compliance with controls put some of the objectives at risk.
Limited Assurance	Weaknesses in the system of internal control are such as to put the objectives at risk or the level of non-compliance puts the objectives at risk.
No Assurance	Control is generally weak leaving the system open to error or abuse, or there is significant non-compliance with basic controls, which leaves the system open to error or abuse.

Appendix C Resource, acknowledgements & distribution list

Internal audit	
Service Manager, Internal Audit: Duncan Stainbank	
Review Dates	Completed By /Date
Internal Audit Draft Report Submission	20/02/2020
Management Review Completion	26/02/2020
Final Report Issue	02/03/2020
Report distribution	
Chief Officer East Lothian IJB	Interim General Manager - Strategic Integration
Audit & Risk Committee Members	Audit Scotland

Acknowledgements.

The weaknesses identified during the course of our audit have been brought to the attention of Management. The weaknesses outlined are those, which have come to our attention during the course of our normal audit work and are not necessarily all of the weaknesses, which may exist.

Although we include a number of specific recommendations, it is the responsibility of Management to determine the extent of the internal control systems appropriate to East Lothian Integration Joint Board Directions setting .

The content of this report has been discussed with the Interim General Manager - Strategic Integration to confirm factual accuracy. The assistance and cooperation received during the course of our audit is gratefully acknowledged.



REPORT TO: East Lothian IJB Audit and Risk Committee
MEETING DATE: 10 March 2020
BY: Chief Finance Officer
SUBJECT: Integration Authorities Financial Performance for 2019-20 after Quarter 2

6

1 PURPOSE

- 1.1 This report summarises the quarterly publication from the CIPFA IJB CFO Section on the Financial Performance for all the Integration Authorities (IA's) for financial year 2019-20 after Quarter 2. Key messages are summarised below, including East Lothian's (EL) position as a comparison.

2 RECOMMENDATIONS

- 2.1 The Committee is asked to:
- i. Note the key messages contained in the report.

3 BACKGROUND

- 3.1 This is the second summary produced which presents an overview of financial performance for all 31 IA's for 2019-20. IAs have different reporting approaches; at this stage of the financial year, 28 IAs report projected outturns for the year end and 3 IAs report year to date (first 6 months of the financial year) positions. East Lothian reports on a projected outturn basis.

Key Messages:

- 3.2 The total budget for health and social care services in 2019-20 is currently forecast at £9,349m, an increase of £112m (1%) since Quarter 1 (Q1). EL increased by £1.832m since Q1 (1.1%).
- 3.3 Total forecast Reserves for 2019-20 after Q2 is £110m (£77.31 contingent, £33.2m earmarked), a decrease from Q1 of £3.2m. Of the 31 IA's 8 do not have a Reserve, 1 has a negative Reserve and 6 do

not have a contingency Reserve. The contingent Reserve equals 0.4% of the £9,349m overall funding envelope.

- 3.4 EL Reserve at 1 April 2019 was £1.772m (earmarked £0.695m, contingency £1.077m). At Q2 EL is forecasting a potential contingent Reserve of £1.077m (representing 0.65% of total funding) and no earmarked Reserve. Earmarked Reserves have been released into operational budgets for 2019-20.
- 3.5 Of the 28 IA's (representing £8,116m of budget), a year end overspend of £66.4m is projected. (EL is forecasting £34K overspend at Q2). The remaining 3 IA's (representing £1,233m of budget) reported a year to date overspend of £2.8m.
- 3.6 Variance analysis is summarised below of the 28 IA's that show a year end forecast. For completeness the total budget for the remaining 3 IA's is also shown below.

Variance Analysis after Q2	28 IAs reporting Year End Forecast	East Lothian Year End Forecast at Q2
	£m	£m
Non Delivery of Savings	41.00	0.47
Demographics	15.00	0.68
Staffing Pressures	10.00	
Prescribing	7.00	(0.16)
Price Increases	3.00	
Other Net Pressures / (Underspends)	6.90	(0.95)
Overspend (23 IA's)	82.90	0.03
Under spend (4 IA's)	(16.50)	
Breakeven (1 IA)		
Overall Net Projection	66.40	
Overall Budget	8,116.00	165.53
Budget of 3 IA's reporting YTD position	1,233.00	
Total Budget for 31 IA's	9,349.00	

- 3.7 These are the positions before any additional financial support from partners, the impact of financial recovery plans or further use of reserves is taken into consideration.
- 3.8 The projected £69.2m overspend will be addressed by anticipated additional funding from NHS Boards (£28.8m), Local Authorities (£6.8m), and Financial Recovery Plans (£12.8m). Leaving £20.8m to be determined.
- 3.9 The key factors contributing to these forecasted positions which were highlighted in the last report remain relevant are largely driven by increased demand and higher costs:

- Increased demand across all services and increasing complexity of needs across older people, adults and children’s services.
- Cost increases in staffing and use of locums, increased cost pressures in prescribing.
- Difficult in delivering savings from reducing services when demand is increasing, new models of service taking longer than originally anticipated to implement

4 ENGAGEMENT

4.1 The IJB’s Audit and Risk committee is held in public and the papers are available on the Council’s website.

5 POLICY IMPLICATIONS

5.1 There are no policy implications arising from this paper.

6 INTEGRATED IMPACT ASSESSMENT

6.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

7 RESOURCE IMPLICATIONS

7.1 Financial – none

7.2 Personnel – none

7.3 Other – none

8 BACKGROUND PAPERS

8.1 None

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Integration Authorities

Financial Performance

Financial Year 2019/20 (Quarter 2)



OVERVIEW - BUDGET POSITION 2019/20

This is the second summary report which presents the overview of financial performance for all Integration Authorities (IA's) for quarter 2 of the financial year 2019/20. The position in respect of the NHS Highland Lead Agency arrangement is also included. The total budget for health and social care services at quarter 2 is £9,349m. This is an increase of £112m (1%) from £9,237m at quarter 1 as follows:

- 26 IAs reported an increase of £3.8m in the set-aside budget which now totals £816m.
- The NHS non-set aside budget increased by £99m to £5,708m.
- The local authority budget increased by £2.5m to £2,789m.
- The use of reserves increased by £7m to £36m.



FINANCIAL VARIANCES 2019/20 – YEAR-END OUTTURN AND YEAR TO DATE

IAs have different reporting approaches. At this stage of the financial year, 28 IAs report projected outturns for the year-end and 3 IAs report year to date (second quarter) positions.

Of the 28 IAs, representing £8,116m of the total budget, a year end overspend of £66.4m is projected. Projected outturns across these IAs vary as follows:

- 23 IAs are projecting overspends totalling £82.9m
- 1 IA is projecting a break-even position
- 4 IAs are projecting underspends totalling £16.5m

This is the position before additional financial support from partners, the impact of financial recovery plans and the further use of reserves is taken into consideration.

Year-end Projected Outturns

- £41m non delivery of savings
- £15m demographics
- £10m staffing pressures
- £7m prescribing
- £3m price increases
- £6.9m other net cost pressures

Projected cost pressures - £82.9m

Year to Date Cost Pressures - £2.8m

- Demographics (£2.8m), staffing pressures (£2.2m) and non delivery of savings (£0.6m)
- Net underspends (£2.8m)

Of the 3 IAs, representing £1,233m of the total budget, a year to date overspend of £2.8m is reported at the end of quarter 2. The year to date positions across these IAs vary as follows:

- 2 IAs are reporting overspends totalling £3.4m
- 1 IA is reporting an underspend of £0.6m



SIGNIFICANT FACTORS 2019/20

The factors contributing to the variances reported by IAs are detailed on the schedule which accompanies this covering report.

The key highlights, which were reported at quarter 1, remain relevant and are summarised as follows:

- the challenge to deliver savings, in particular planned reductions in services not materialising due to increased demand being experienced
- increased activity of acute services
- additional demand for services and the increasing complexity of health and social care needs across older people, adult and children's services
- the timeline to implement new models of service delivery taking longer than originally anticipated
- ongoing challenges associated with identifying further cost reduction and savings opportunities
- prescribing cost pressures; and
- staffing costs including the cost of locums.

As part of their financial strategies, 14 IAs are relying on the planned use of reserves totalling £36m at this stage of the financial year. As reported previously, the increase in costs is partly offset by underspends as a result of staff vacancies and slippage in the implementation of new funding. Both of these provide non-recurring financial relief.

Work continues to be progressed to develop the set-aside monitoring arrangements.



IMPACT ON FUNDING 2019/20

It is currently estimated that the projected overspend totalling £69.2m will be addressed as follows:-

- | | |
|--|--------|
| ▪ Anticipated additional funding from NHS Boards | £28.8m |
| ▪ Anticipated additional funding from Local Authorities | £6.8m |
| ▪ Agreed financial recovery plan with no impact for partners | £12.8m |

The funding impact of £20.8m remains 'not yet determined' or has still to be publicly reported in respect of 12 IAs.

A total of 4 IAs remain in repayment arrangements with partners (£14.7m).

Repayment of Funding Advances

- £2.7m in 19/20
- £12m due 20/21 or later



UPDATE ON RESERVES

The IA's reserves have reduced by £3.2m at quarter 2 to £110m (Earmarked £77m; Contingency £33m). The contingency reserve continues to represent 0.4% of the total financial envelope of £9,349m. 8 IAs do not have a reserve. 6 IAs do not have a contingency reserve. 1 IA has a negative reserve. For 16 IAs, the contingency reserves range from 0.03% to 3.8% of their available funding.



FUTURE REPORTS

IA's will continue to standardise presentation.



REPORT TO: East Lothian IJB Audit and Risk Committee
MEETING DATE: 10 March 2020
BY: Chief Finance Officer
SUBJECT: Audit Scotland Report on Local Government in Scotland:
Financial Overview 2018-19

7

1 PURPOSE

- 1.1 To provide the Committee with a summary of the findings and key messages contained in the Accounts Commission report, 'Local Government in Scotland: Financial Overview 2018-29, as they relate to the East Lothian Integration Joint Board.

2 RECOMMENDATIONS

- 2.1 The Committee is asked to:
- i. Note the key messages contained in the report.

3 BACKGROUND

- 3.1 The Accounts Commission overview report of the 2018/19 financial year, provides an independent, public assessment of how effectively Scottish local government is managing public money and responding to the financial challenges it faces. It is aimed primarily at councillors and senior council officers as a source of information and to support them in their complex and demanding roles. This report summarises its findings and key messages in the context of East Lothian Integration Joint Board
- 3.2 Audit Scotland published a report on 17 December 2019 - "Local Government in Scotland Financial Overview 2018-19" "The full publication of the report can be found here: <https://www.audit-scotland.gov.uk/report/local-government-in-scotland-financial-overview-201819> The report cover the following topics in four parts:

- Part 1 Councils' income in 2018/19

- Part 2 Councils' financial position in 2018/19
- Part 3 Councils' financial outlook
- Part 4 Integration Joint Boards' overview 2018/19

Key Messages

- 3.3 The report recognises that councils face the increasing challenge of meeting changing and growing demands on their services, but their income is straining to keep pace. Although Scottish Government funding to councils has been relatively stable this year, since 2013/14 it has fallen in real terms.
- 3.4 Funding is forecast to fall further in the medium term against a backdrop of increasing volatility in public finances.
- 3.5 The Commission also notes that two-thirds of councils have reduced their general fund reserves over the last three years rather than maintaining or building their reserves. The signs of a trend in reducing reserves may be emerging.
- 3.6 The Accounts Commission previously highlighted that ongoing use of reserves to manage funding gaps is not sustainable.
- 3.7 The report further noted that after several years of tightening budgets, the Accounts commission recognise that councils have already made savings through restructuring and efficiencies, but transformation in terms of service redesign is required to deal with the further reductions forecast.
- 3.8 In 2018/19, the funding gap was three per cent of total budget. Councils planned to manage this primarily through savings, though a shortfall in savings achieved meant that more of the funding gap was met from reserves than planned.
- 3.9 Councils are increasingly drawing on their revenue reserves. The net draw on revenue reserves in 2018/19 was £45 million. Twenty-three councils have reduced their general fund reserves over the last three years.

Report Breakdown

- 3.10 Part 1 - Councils' income in 2018/19.
- In addition to the key messages above the report highlights that an increasing proportion of council budgets is committed to national policy initiatives. This reduces the flexibility councils have for deciding how they plan and prioritise the use of funding to respond to local priorities.

- In its response to the Local Government and Communities Committee on the 2019/20 budget, COSLA's view is that Scottish Government policies and fixed commitments represented 58 per cent of local government revenue expenditure budgets in 2018/19 and 60 per cent in 2019/20.

3.11 Part 2 – Councils' Financial Position in 2018/19.

- The 2018/19 funding gap of three per cent was less than the previous year (four per cent). Councils planned to manage this primarily through savings, though a shortfall in savings achieved meant that a higher proportion of the funding gap was met from reserves than planned.
- Across Scotland councils increased their use of revenue reserves. The net draw on revenue reserves in 2018/19 was £45 million. Over the past five years the position has changed, with councils increasingly drawing on their revenue reserves.
- There is no doubt that difficult decisions lie ahead for all Councils and the report highlights the importance of being proactive in addressing the financial pressures.

3.12 Part 3 – Councils' Financial Outlook.

- Scottish Government revenue funding to local government in 2019/20 increased by 2.9 per cent in cash terms (0.9 per cent in real terms).
- Councils' 2019/20 financial plans identified a total funding gap of £0.5 billion (three per cent of income). This continues the increasing pressure on councils to find further cost savings, redesign services, reduce services, increase income or use reserves. These decisions are likely to become increasingly difficult for councillors. Councils planned to manage their funding gaps mainly through identified cost savings.

3.13 Part 4 – Integration Joint Boards' overview 2018/19

- The pace of health and social care integration has been too slow and there is limited evidence to suggest any significant shift in spending from health to social care.
- Overall, IJB budgets increased by three per cent in 2018/19. The identified budget gap reduced from £248 million (2.9 per cent of total income) in 2018/19 to £208 million (2.5 per cent of total income for 2019/20).

- A majority of IJBs struggled to achieve break-even and 19 would have recorded a deficit without additional funding from partners at the year end.
- Around a third of the IJBs failed to agree a budget with their partners for the start of the 2019/20 financial year. For several IJBs, although the budget was set on time, it still had an element of unidentified savings which meant it was unbalanced at the start of the year.
- A focus on long-term financial planning is required by IJBs to assist effective decision making that will support long-term financial sustainability.
- The Commission has a strong interest in the performance and development of IJBs and are planning to review their progress in delivering Best Value for their communities.
- Over a third of IJB senior staff have changed during 2018/19. This instability inevitably impacts on leadership capacity and the pace of progress.
- East Lothian IJB delivered a £1.7 million underspend against budget in 2018/19 and now has a useable reserve. The IJB's reserve is split £0.695 million earmarked for committed projects and £1.077 million general. Like all IJB's East Lothian continues to face significant financial challenges given the increasing demand for services.

4 ENGAGEMENT

- 4.1 The IJB's Audit and Risk committee is held in public and the papers are available on the Council's website.

5 POLICY IMPLICATIONS

- 5.1 There are no policy implications arising from this paper.

6 INTEGRATED IMPACT ASSESSMENT

- 6.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

7 RESOURCE IMPLICATIONS

- 7.1 Financial – none

7.2 Personnel – none

7.3 Other – none

8 BACKGROUND PAPERS

8.1 None

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