



**REPORT TO:** East Lothian Integration Joint Board  
**MEETING DATE:** 24 June 2021  
**BY:** Chief Finance Officer  
**SUBJECT:** 2020/21 Draft Unaudited Annual Accounts

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## **1 PURPOSE**

- 1.1 This report presents the Board the IJB's draft (unaudited) Annual Accounts for 2020/21.

## **2 RECOMMENDATIONS**

- 2.1 The IJB is being asked to:-
- i. Agree that the draft annual accounts can be published and presented for audit.

## **3 BACKGROUND**

- 3.1 The IJB is constituted under section 106 of the local government (Scotland) Act and as such must prepare a set of annual accounts. These accounts must be presented in draft for approval to either the IJB or a committee of governance of the IJB by 30th June whereupon the accounts will be presented for audit by the IJB's auditors.
- 3.2 The annual accounts contain a range of sections but breakdown into three main areas :-

The Management Commentary. This provides a statement of the IJB's purpose and its performance against that purpose in the financial year along with a reflection on the challenges facing the IJB in the next financial year.

- The Annual Governance Statement – which reflect on the governance of the IJB and notes any governance improvements identified by the CIA's Internal Audit Annual Assurance Report
- A range of financial statements showing the financial position of the IJB.

#### **4 ENGAGEMENT**

- 4.1 The IJB is held in public and the papers are available to view on the Council's website.

#### **5 POLICY IMPLICATIONS**

- 5.1 There are no policy implications from this report.

#### **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 DIRECTIONS**

- 7.1 Directions will be issued for the budgets delegated to back to East Lothian Council and NHS Lothian.
- 7.2 Directions for the utilisation of the IJB budget will be issued to NHS Lothian and East Lothian Council by the beginning of the new financial year.

#### **8 RESOURCE IMPLICATIONS**

- 7.1 The resource implications are detailed above including best value and following the public £ considerations.

#### **9 BACKGROUND PAPERS**

- 9.1 None

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<b>DATE</b>	15 June 2021

#### **Appendix**

Draft Unaudited Annual Accounts for 2020/21



# **East Lothian Integration Joint Board**

## **Unaudited Annual Accounts 2020/21**



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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 2020 to 31 March 2021 is Audit Scotland, 102 West Port, Edinburgh EH3 9DN.



## **Management Commentary**

### **Introduction**

#### **Impacts of COVID-19 on Service Outcomes and Integration**

The last 12 months have been extremely challenging for our citizens, staff and partners. It seems appropriate to begin with a huge thank you to all. Especially the staff and volunteers who have kept everything going as they managed to find new ways of supporting service-users and carers during the pandemic.

The work of the Health and Social Care Partnership during 2020/21 has been to minimise the disruption to services and adapt services to respond to COVID-19. The pandemic also created opportunity to build on our community connections and working with the people in our communities to develop strong, sustainable and supportive communities for the future.

The arrival of COVID-19 has disrupted patient journeys and service delivery in health and care settings and is delaying access to secondary care treatment which might otherwise reduce care requirements for individuals. This places higher demands on the HSCP to provide care during the wait for treatment, while it is also increasing care to maintain its low delayed discharge numbers to take pressure off acute services. Added to this is the prospect of some patients requiring post-COVID rehabilitation which services had not planned for.

Colleagues across health and social care have risen to the challenge presented by COVID-19, showing a great deal of flexibility and inventiveness in how they have altered service delivery arrangements and in stepping up the use of IT and other technologies, to maintain support to patients and clients. Those staff remobilised to other services have quickly adapted to new demands. Through necessity, barriers between health and social care are being dismantled as teams work in a more integrated way, accelerating the wider adoption of ways of working that were in place before the arrival of COVID-19.

Every member of staff has the gratitude of the IJB for their hard work in difficult circumstances and their innovative approaches to meeting patient and client needs while progressing integration. The IJB is also grateful to the communities and the individuals who volunteered their support to local action.

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). The management commentary outlines the key messages in relation to the IJB's financial performance for the year ended 31 March 2021 and how it has supported the delivery of the IJB's priorities. This commentary also considers those issues and risks which we face as we strive to meet the needs of the people of East Lothian.

These accounts cover the period from 1 April 2019 to 31 March 2021.

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



The purpose of integration is to improve care and support and therefore the health and wellbeing outcomes for people who use health and social care services. It will make sure that they are listened to, involved and take part in decisions about their care and how it is delivered. It is a significant change in how the strategic planning and delivery of services happens with a range of partners – individuals, local groups and networks, communities and organisations, including patients, service users, carers and the third and independent sectors

The functions delegated to the IJB by East Lothian Council and NHS Lothian are as follows:

- 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 sets the strategic direction for these delegated functions through the development of a Strategic Plan, to enable it to plan and deliver these strategic outcomes at an overall health and social care level. It gives directions to the council and NHS Lothian for the operational delivery of functions and the resources available to them for this.

The Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) requires Local Authorities and Health Boards to integrate the strategic planning of a substantial number of health services and functions and most social care functions.

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 assumed formal responsibility for these functions in April 2016 including the budgets for the delivery of these functions.

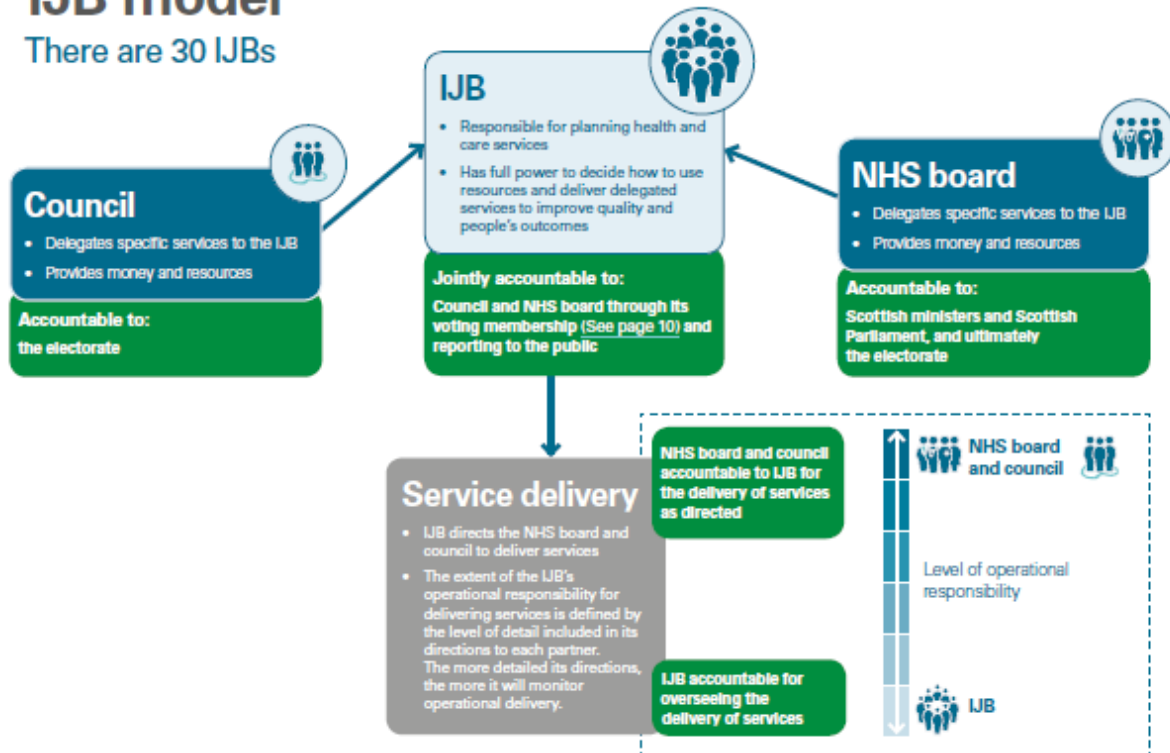
The IJB is governed by the Local Government Scotland Act (1973) along with the 2014 regulations and these accounts are prepared on that basis.

The IJB model has been reproduced below and illustrates the accountability, decision making and governance structure of the IJB model. This was published in April 2018 by the Accounts Commission in a short report entitled "What is integration?"



## IJB model

There are 30 IJBs



## The Strategic Plan

The strategic plan of each IJB must be reviewed and approved by the IJB every 3 years. East Lothian IJB approved its second Strategic Plan on 28 March 2019, this covers April 2019 to March 2022. A link to the plan is below:

[https://www.eastlothian.gov.uk/downloads/file/28278/east\\_lothian\\_ijb\\_strategic\\_plan\\_2019-22](https://www.eastlothian.gov.uk/downloads/file/28278/east_lothian_ijb_strategic_plan_2019-22)

The 2019-2022 plan takes into account the previous plan and our achievements and continuing challenges. It is based on consideration of the many factors that have an impact on the delivery of health and social care services, the experience of people who access services and assessment of need.

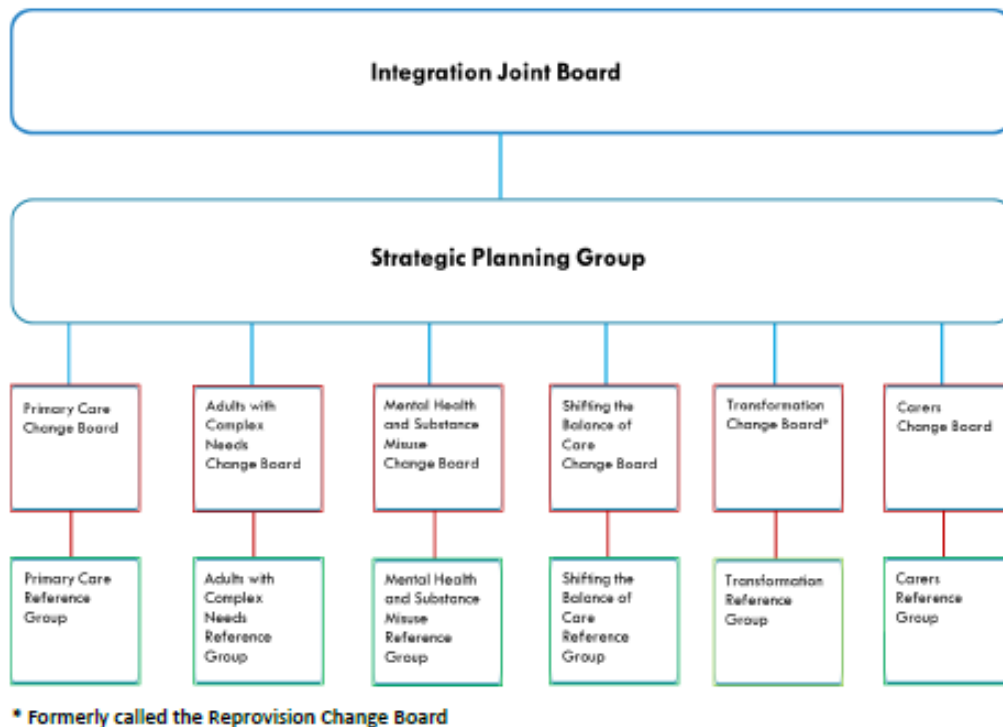
An engagement and consultation process with communities, people who access services, service providers and staff allowed the IJB to hear of, and where possible incorporate, the views and priorities of East Lothian's communities, partners and stakeholders in this Strategic Plan in order to support service development and delivery.

Engagement also allowed participants to hear about the factors that will guide and may limit the opportunities for service change and development over the lifetime of the Strategic Plan.

East Lothian IJB agreed six strategic priority areas for change. These focus on: primary care, adults with complex needs, transformation, adults affected by mental health and substance misuse issues, shifting care from acute hospitals to the community and support to carers.



These six areas, along with our updated Strategic Objectives and a range of ‘Golden Threads’ form the basis of this transformational change supported by this Strategic Plan.



Change Boards report to the Strategic Planning Group on progress against agreed priorities, all relevant Directions, the Golden Threads and timeframes for delivery. Change boards provide a structure and accountable approach for delivering programmes of change and this transformation process requires flexibility. As the work progresses new areas of work emerge, this may require a new Change Board to be established and a formal process to do so is through the Strategic Planning Group. An example of such is a newly formed Change Board “to consider the Community Hospital and Care Home provision throughout East Lothian” which has been set up and will form part of the structure during 2021/22.

The Strategic Plan is underpinned by a delivery plan to ensure that progress is made to achieve the vision for East Lothian. Change Boards and corresponding reference groups have a key role in progressing the IJB Strategic Plan which facilitate on-going stakeholder involvement in strategic planning and development during 2019-2022.

Throughout all strategic priorities the strategic aims and objectives of the IJB are core. We developed our Strategic Objectives in consultation with our stakeholders. They show our commitment to adopting approaches that tailor services to the needs of people and communities while, at the same time, developing efficient and future-proofed service arrangements.

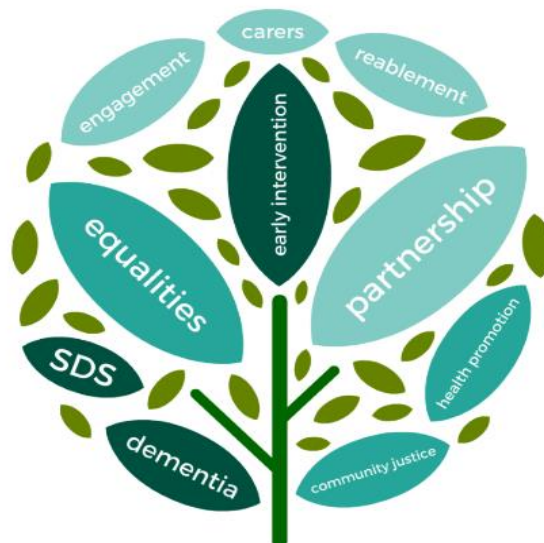
Each Change Board has to take into account in its work key principles or ‘Golden Threads’. The Golden Threads are:

- early intervention and prevention
- carers needs
- Self-Directed Support rights





- equality and diversity, including tackling health inequalities and discrimination
- re-ablement/recovery
- needs of people with dementia health promotion
- partnership working
- communication, engagement and involvement
- advocacy
- community justice
- maximising effective use of resources
- use of integrated information technology and technology enabled care; and
- tackling social isolation



There is a requirement on all projects to evidence to their respective Change Board that the Golden Thread commitments have been achieved as part of project delivery.

Transformation programmes largely stopped during the peak of the Covid outbreak but groups are all up and running again. The transformation programme will also be looking at the impact of Covid and what means to the way we deliver services.

Updates from each Change Board can be found here:

<https://www.edubuzz.org/almac/category/ijb-strategic-plan-and-change-boards/>

## **IJB Membership**

The IJB comprises eight voting members, made up of four elected members appointed by East Lothian Council and four NHS Lothian non-executive directors appointed by NHS Lothian. There are a number of non-voting members of the Board who are advisory members, including the IJB Chief Officer, Chief Finance Officer, and other service and staffing representatives.

As a result of the COVID-19 pandemic, the IJB agreed to a period of emergency recess between 27 March and 24 June 2020. Meetings resumed on 25 June 2020 and, since then, all meetings have taken place online via MS Teams.



The IJB met virtually 6 times during the financial year 2020/21. There have been some changes to the membership of the IJB during 2020/21, the members of the IJB at 31 March 2021 were as follows:

<b>Member</b>	<b>Nominated/Appointed by</b>	<b>Role</b> (* denotes change in year)
Councillor Shamin Akhtar	Nominated by East Lothian Council	Chair (voting member) *
Peter Murray	Nominated by NHS Lothian	Vice-chair (voting member)
Alison Macdonald	Appointed by IJB	Chief Officer (non-voting member)
Claire Flanagan	Appointed by IJB	Chief Finance Officer (non-voting member)
Fiona Ireland	Nominated by NHS Lothian	Voting Member
Dr Richard Williams	Nominated by NHS Lothian	Voting Member *
Dr Patricia Donald	Nominated by NHS Lothian	Voting Member, * Chair of Audit & Risk Committee
Councillor Fiona O'Donnell	Nominated by East Lothian Council	Voting Member * ( Chair part of year)
Councillor Neil Gilbert	Nominated by East Lothian Council	Voting Member
Councillor Sue Kempson	Nominated by East Lothian Council	Voting Member*, (Chair of Audit & Risk Committee part of year)
Vacant	Appointed by IJB	Independent sector representative (non-voting member)
Paul White	Appointed by IJB	Third sector representative (non-voting member)
David Binnie	Appointed by IJB	Carer representative (non-voting member)
Marilyn McNeill	Appointed by IJB	Service-user representative (non-voting member)
Prof Emma Reynish	Appointed by IJB	Medical Consultant (non-voting member) *
Lesley White	Appointed by IJB	ELC Staff Representative (non-voting member)
Judith Tait	Appointed by IJB	Chief Social Work Officer (non-voting member)
Dr Richard Fairclough	Appointed by IJB	General Practitioner (non-voting member)



Member	Nominated/Appointed by	Role (* denotes change in year)
Thomas Miller	Appointed by IJB	NHS Staff Representative (non-voting member)
Dr Jon Turvill	Appointed by IJB	Clinical Director (non-voting member)
Iain Gorman	Appointed by IJB	Head of Operations (non-voting member)
Lorraine Cowan	Appointed by IJB	Chief Nurse (non-voting member)
Philip Conalglan	Appointed by IJB	Public Health (non-voting member)

Below is the attendance by members of the IJB throughout 2020/21.

Members	IJB Meeting Dates					
	25.6.20	27.8.20	17.9.20	29.10.20	10.12.20	25.2.21
<b>Voting</b>						
Akhtar, Shamin (C)	X	X	A(s)	X	X	X
Donald, Patricia*	X	X	X	X	X	X
Gilbert, Neil	X	X	A(s)	X	X	X
Kempson, Susan			X	X	X	X
O'Donnell, Fiona (C)	X	X	X	X	X	X
Ireland, Fiona*	X	X	X	X	X	X
Joyce, Alex*	X	--	--		--	--
Murray, Peter*	X	X	X	X	X	X
Richard Williams*	--	A	A	X	X	A
<b>Non-voting</b>						
Binnie, David	X	X	A	X	X	X
Choudhury, Gourab*						--
Conalglan, Philip						
<i>Cowan, Lorraine*</i>	X	X	X			
Fairclough, Richard						X
Flanagan, Claire	X	X	X	X	X	X
Gorman, Iain	X	X	X	A	X	



MacDonald, Alison	X	X	A	X	X	X
McNeill, Marilyn	X		X	X	X	X
Miller, Thomas	X	X	X	X	X	A
Reynish, Emma*	--	--	--	--	--	X
Tait, Judith	X	A	X	X	X	X
Turvill, Jon*			X		X	X
White, Lesley	A					
White, Paul	X		X	X	X	X
Independent Sector Rep (vacant)	--	--	--	--	--	--

*Key: Present = X; Apologies = A; Apologies (substitute) = A(s); absent without apology = blank*

## The IJB's Operations for the Year

East Lothian IJB has been operational for five years and as described in the opening section the challenge of COVID-19 has been immense. This accelerated the progress we had already made on integrating management arrangements and frontline services. The pandemic has built on the progress made so far and build a stronger partnership between all sectors

We continue to work towards our long-term objectives through the continuing dedication and skill of our staff; our partners in the voluntary and independent sectors; and all the informal carers and neighbours upon whom the health and care system is entirely dependent.

## Financial Impact of COVID-19

NHS Lothian submitted regular information to Scottish Government through the Local Mobilisation Plan (LMP) and this remains the main route for confirming the additional cost and funding required in supporting the Covid-19 response. These returns covered additional costs relating to COVID-19 for the entirety of the Health and Social Care Partnership. There was also additional Health costs within Hosted and Set Aside services. All financial positions are after a significant amount of additional costs were supported through redeployment of existing resources in year.

Additional funding allocations have been received to meet the additional costs and the financial impact of COVID-19 in 2020/21 is covered in full. Where possible staff and resources were redeployed. Detailed below are some of the main costs that were a direct consequence of the pandemic.

## Sustainability Payments

Since the beginning of lockdown the Health and Social Care Partnership have been supporting local social care providers by ensuring that reasonable additional costs are met through the National Principles for Sustainability and Remobilisation Payments to Social Care Providers. COSLA, Scottish Government and key partners



regularly review the principles and evolving COVID situation to ensure that they are fit for purpose and service providers are supported to deliver a sustainable service. All East Lothian adult service providers were contacted in June 2020 to notify them of the availability of sustainability funding and each provider was offered individual support to complete the claim process. As well as providing support to care home providers on the national care home contract the panel have also been supporting non-framework homes on a like for like basis in recognition of their role in local service provision.

The partnership continue to work actively with individual service providers to ensure that they remain stable and sustainable. Funding to support social care has been provided to local NHS boards from the Scottish Government with local claims that are supported being paid via East Lothian Council finance arrangements. Claims are considered at weekly Sustainability Payment Panels that are chaired by Alison MacDonald (Joint Director HSCP/ Chief Officer East Lothian IJB) and attended by a variety of partnership officers. As at 31st March 2021 the panel has approved £1.565m in claims.

### **Additional Hospital Beds**

East Lothian Community Hospital was in the fortunate position of having the flexibility of opening up to an extra 44 hospital beds in the two unoccupied hospital wards at East Lothian Community Hospital (ELCH). This additional capacity was used flexibly as required as part of the remobilisation plan to improve capacity during the first and second wave of Covid. This provided resilience in acute adult in-patient beds and maximised the efficiency of the acute flow. Due to the flexible ward layout, bed capacity could alter to respond to acute sector or community need.

Staffing for the wards was partly through redeployment of staff from services where demand had reduced due to Covid and new staff. The recruitment of permanent staffing was an acceptable risk as the vacancy factor in NHS Lothian was such that, if necessary, redeployment to the wider NHS Lothian workforce would be possible.

### **COVID Assessment Hub**

In April 2020 a COVID-19 Assessment Hub opened in Musselburgh as part of NHS Lothian's regional strategy for the management of patients needing assessment for possible coronavirus infection. Mobile testing units were also set up to identify positive cases and break chains of transmission.

### **Vaccination Programme**

East Lothian Health and Social Care Partnerships are proud to be playing our part in the biggest vaccination programme the country has ever seen, to help protect the population from COVID-19.



The East Lothian's COVID Vaccination Programme links with the NHS Lothian Vaccination Programme Board. There is a dedicated clinical and administrative team to develop, manage and deliver the East Lothian programme. With this support, vaccinations are being delivered in line with the Joint Committee



of Vaccination and Immunisation (JVCI) 9 category age and clinical risk related prioritisation programme.

The vaccination programme in East Lothian is making good progress and keeping pace with the national priority targets. We acknowledge the support to the vaccination programme provided by HSCP staff, East Lothian Council staff, volunteers and partners and their role in maintaining safe and effective vaccine service provision.

### **Health and Social Care Staff Bonus Payment**

Thank you payments were paid to health and social care staff as a one off thank you payment for their extraordinary services in this toughest of years. These payments included independent contractors and staff working in Adult Social Care in external providers. Actual payments to staff were between late 2020/21 and early into 2021/22. At the time of writing, for those people working in social care on a “personal assistant” arrangement, the £500 awards are still being finalised.

An additional allocation was issued to cover the full costs associated with the payment of the £500 bonus to all Health and Social Care staff.

### **Long-COVID (and Post-COVID Rehabilitation)**

An Advanced Practitioner Occupational Therapist has recently been appointed to evaluate the approach to Long-Covid. One aspect of their role will be to coordinate the pathway, as well as providing patient-centred rehabilitation, reflecting the demographic of people experiencing post-COVID/long-COVID difficulties. A short life working group with representation from a multidisciplinary team is developing an evidenced based and supported post-COVID pathway in East Lothian.

### **Funding and Cost Consequences for Next Year**

The Scottish Government confirmed that COVID-19 funding allocations that have not been fully used in 2020/21 should be carried forward by IJB's to support COVID-19 remobilisation plans in 2021/22. For East Lothian, this can be seen in the reserves statement below.

NHS Lothian has submitted the Remobilisation Plan to the Scottish Government, capturing the impact for East Lothian HSCP, which covers the period April 2021 to March 2022. A feature of 2021/22 may be a continued level of COVID-19 responses while also a decreased ability to rely on previously redeployed resources. Clarification from the Scottish Government on the level of funding support available for next financial year 2021/22 is awaited across Scotland but the carry forward funding noted above will provide good reassurance that approved costs will be supported by the Government.

### **Longer Term Financial Risks**

Aside from the over-riding immediate cost impact of COVID-19, there are other financial risks. In future years there is uncertainty regarding long term prescribing issues, immediate and longer term impact on our independent sector providers, the impact of service reconfiguration and a range of other potential medium and longer





term implications. These issues are common across Scotland and continue to be part of regular discussion and reporting between all IJBs and the Scottish Government

## Successful New Approaches over the last year

Many services were redesigned to give all citizens in East Lothian access to services during these unprecedented times. Some highlights are shown below:

### Mental Health Services

It is acknowledged that the negative mental health effects on the pandemic are likely to last longer than the physical health impacts. Mental health effects are falling unequally across society, with people in some social groups bearing much more of the mental health burden than others and those who face the greatest disadvantages in life also face the greatest risk to their mental health.

There was a need to ensure that individuals across East Lothian had equitable access to Primary Care Mental Health support to promote health and well-being. When the pandemic struck our Mental Health services moved quickly to make sure people experiencing poor mental health still had access to the support they needed... The Collaborative Working for Immediate Care (CWIC) Mental Health line was launched in May 2020 and offers same day assessment and support for people suffering with their mental health. An integrated team of Mental Health PR actioners was formed from existing staff to support a single Primary Care Mental Health pathway.

*'We were surprised and delighted at how well the service has been used. It was great getting GP endorsement and referrals, but a surprising number of people phoned us themselves, which is what we're there for. We even managed to engage with people who don't always get in touch through traditional routes, for example, younger men'*

*Fiona Graham from the CWIC Mental Health Team*

### Physiotherapy Services for East Lothian

Joint and muscle pain didn't go away during the pandemic. The MSK and Rehab team had to move fast to find other ways to support people in difficulty. They opted for a same-day assessment phone line, which built on the work they had already been doing on early intervention.

We also moved on line, our lead physiotherapist, has recorded specialist exercise programme which he posts on YouTube for patients with ongoing physio needs. This has helped people who couldn't come into our gym any more to carry on their regime at home.

*'With joint or muscle pain, the earlier you get advice and support the better,' says Lesley. 'Putting up with pain may be brave, but it's not good for you. We wanted to make sure that people could access physio and occupational therapy and support as soon as they needed it.'*

*'We are looking forward to getting back to face-to-face, but the phone lines will stay because they have already proved their worth for people working, parenting or caring'*

*Lesley Berry, General Manager for Access and Rehabilitation*



## Community Link Workers



As we all live with pressures in our daily life but sometimes those pressures grow to the point that they affect our health and wellbeing. There are lots of reasons for feeling under pressure. It could be money worries, living in a stressful relationship, struggling with mental health or finding it difficult to cope with your role as a parent or carer. The Community Link Worker Service is here to help people manage and reduce these pressures. They are link people with support and activities available locally that can help. This can be anything from specialist advice and support to health and wellbeing activities that help you relax or exercise and focus on yourself for a while.

## Nursing Support in the Care Homes



During the coronavirus pandemic it became apparent how important the Care Home Team was in supporting care homes. East Lothian was in the fortunate position of having an established nurse-led Care Home Team. This already provided Nurse Practitioner support to anticipatory care, long-term conditions support and to respond to acute illness presentations in residents in a number of independent care homes and HSCP managed care homes. The team also

provided training to care home staff. The team liaises with those GP colleagues covering each Care Home for medical advice as required. This has greatly reduced the need for GPs to attend Care Homes and has reduced emergency admissions.

During the COVID-19 first wave the team was extended and restructured to support all care homes within East Lothian. A Care Home Operational Group monitors care home occupancy, staffing, infection control and outbreak status and initiates action as required.

Care homes are increasingly using telephone rather than face-to-face assessment. This is reducing time delays to assessment and reducing delays to discharge, and ultimately occupied bed days.

## Community Treatment and Access Service (CTACS)

We were just ready to start rolling out our new CTACS service when the pandemic hit. However, after a slight delay we opened our first Community Treatment and Access service base at

*'We have a fantastic team of experienced NHS nurses in our team. CTACS can offer patients longer appointments when needed, allowing the team to take the time to fully assess and plan individualised care to patients.'*

*'This is a new way of receiving care – one which helps us to ensure people are able to see the right person at the right place at the right time, and one which I know people are coming to value.'* CTACS lead Deidre Quigley





East Lothian Community Hospital in June 2020 and are available with every East Lothian practice. CTACS offer a range of specialised services and Services include wound management, stich and staple removals and B12 injections without a GP referral.

A strategic approach to this was taken and the IJB was involved appropriately. The core components and key developments for 2020/21 are summarised above and further details will be included in the Annual Performance Report. The Annual Performance Report will not be published until November, it has therefore not been possible to include a link to this at this time, but this will be available on the IJB webpage in due course which will include key performance indicators and comparators.

## **Plans for Next Year**

### **Review of Adult Social Care**

Following the Independent Review of Adult Social Care (published in February 2021), East Lothian IJB will closely scrutinise the Review, its recommendations and the implications for East Lothian and for partnership working

<https://www.gov.scot/publications/independent-review-adult-social-care-scotland/>

The Review was set up to recommend improvements to adult social care in Scotland. It looked at these in terms of the outcomes for people who use services, their carers and families and the experience of those working in the sector.

Although the financial implications of the recommendations cannot be assessed at this stage, the changes proposed do not come without costs. There are key areas with greater costs implications and but there is also opportunities to spend money better.

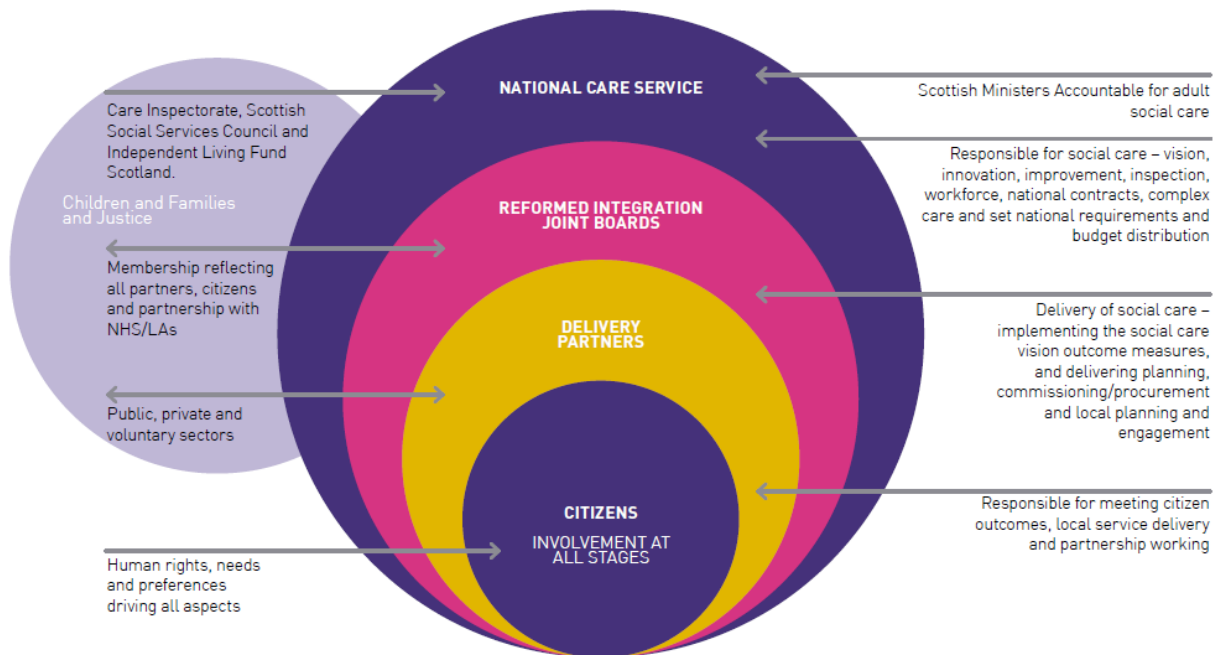
The report describes that some costs arise in our current system because social care supports are often too focused on crisis management and late intervention, and not enough on prevention and empowering people to live fulfilling lives. Suggesting that with more effective care planning and delivery it could in some instances be put to better use to support people more effectively

The focus with all partners is to invest in preventative care rather than crisis responses, to avoid expenditure on poor outcomes.

The diagram below summarises the ethos of the review and the end goal of ensuring the human rights of our citizens is driving all aspects of the review.



## The case for a National Care Service (NCS)



(Source – Independent Review of Adult Social Care in Scotland)

East Lothian IJB have a key objective within their Strategic Plan (2019-2022) to transform care. The transformation programmes will consider the role of all colleagues, including social care, in developing future care and service options. The IJB's strategic objectives, aim to "...support all people in East Lothian to live the lives they want as well as possible, achieving their potential to live independently and exercising choice over the services they use."

East Lothian Health and Social Care Partnership faces current and future increasing demands from an ageing and growing population. It also faces further challenges in meeting the needs of a range of different communities, some urban, some more rural.

East Lothian IJB will work closely in decision making at NHS Board, regional and national levels. We will continue to work with partners to simplify processes to deliver service change and to improve outcomes for patients while increasing the efficient use of public funds in the delivery of services

### The IJB's Position at 31 March 2021

For the year ending 31 March 2021, the IJB was underspent. That is, the costs incurred in delivering the IJB's functions by East Lothian Council and NHS Lothian are less than the income that the IJB received from NHS Lothian and East Lothian Council.

The year-end position was arrived at as follows:

	Income £000's	Expenditure £000's	Surplus £000's
Health	143,606	136,829	6,777
Social Care	49,385	48,952	433
<b>Total</b>	<b>192,991</b>	<b>185,781</b>	<b>7,210</b>



This surplus has been transferred to the IJBs reserve which is described further below.

Although the IJB has a range of functions delegated to it, these are delivered through a range of services provided by the partners (East Lothian Council and NHS Lothian) and these are further described below in the analysis of the Income and Expenditure position.

### Analysis of the Financial Statements

The financial statements are all presented on a net basis.

The table below summarises the income and expenditure for the IJB for 2020/21.

### Income and Expenditure

	Budget	Budget	Expenditure	Expenditure	Variance	Note
	Health	Social	Health	Social Care		
	£000's	Care	£000's	£000's	£000's	
		£000's				
<b>Direct East Lothian Services</b>						
Community AHPS	4,037		3,993		45	
Community						
Hospitals	11,613		11,608		5	
District Nursing	2,600		2,488		112	
General Medical						
Services	17,746		17,928		(182)	
Health Visiting	1,900		1,740		159	
Mental Health	6,161		5,886		275	
Other	16,700		10,359		6,342	
Prescribing	20,599		20,686		(87)	
Resource Transfer	4,819		4,824		(4)	1
Older People		26,466		28,126	(1,660)	
Mental Health		2,004		2,001	2	
Physical Disabilities		3,378		3,073	305	
Learning Disabilities		16,103		16,325	(222)	
Planning and						
Performance		2,871		2,543	328	
<b>Other</b>		4,779		3,100	1,679	
<b>East Lothian Share of pan Lothian</b>					0	
Set Aside	21,921		21,957		(36)	2
Mental Health	2,411		2,492		(81)	
Learning Disabilities	1,816		1,786		30	
GP Out of Hours	1,392		1,517		(125)	
Rehabilitation	875		773		103	
Sexual Health	801		748		53	
Psychology	908		990		(82)	
Substance Misuse	411		407		4	
Allied Health						
Professions	1,500		1,391		109	
Oral Health	2,098		2,060		38	
Other	3,846		3,746		100	
Dental	6,824		6,824		0	3



Ophthalmology	2,046		2,046		0	3
Pharmacy	4,363		4,363		0	3
<b>Totals</b>	<b>137,390</b>	<b>55,601</b>	<b>130,613</b>	<b>55,168</b>	<b>7,210</b>	
SCF	6216	-6216	6216	-6216		4
Per accounts	143,606	49,385	136,829	48,952		

(\* Due to rounding's the Totals for Health are out by £1k when summing the individual budget and expenditure lines.)

## Income & Expenditure 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 is the budget 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 are 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 (SCF) 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 HSCP) 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 2020/21 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 2020/21 position**

Covid has impacted all services during the year. Existing recurring pressures in some areas have continued, while in other areas, due to reduced levels of activity, pressures have been minimal during the year. From the above table, it can be seen that similar underlying pressure areas remain.

### **Direct East Lothian Services**

Within the health budgets although there were operational overspends within General Medical Services these were offset by vacancies across the system, reduction in staffing requirements associated with the ward redesign and slippage of programmes (Programmes starting later in the year than planned and thus generating an underspend).

Within the social care budgets the pressures lay within increased demand for commissioned care services, particularly clients with Learning and Physical Disabilities.

### **East Lothian Share of Pan-Lothian Services**

The Scottish Government released funding to cover the impact of covid costs on NHS Lothian's position and that funding has been allocated to delegated and set aside services to offset additional expenditure incurred. The areas within hosted services with continued pressures being experienced are Adult Psychology Services and Mental Health Inpatient services with additional capacity being required in year to cope with high demand.

The main pressure for Set Aside services in this financial year lies within Gastroenterology Services and the ongoing pressure with drug costs for the treatment of long-term gastroenterology conditions. Junior Medical pay pressure also continued during this year, where additional staffing was required to fill gaps in rotas and where there were service pressures. The Junior Medical position has improved significantly from previous years but still remains a pressure.

With Covid funding being allocated across the IJB set aside specialities to cover additional costs incurred around extra staffing to cope with covid, the overall position on set aside is much improved compared to previous years.

As a reminder, [Appendix 1](#) illustrates the principal of Set Aside

### **Reserves**

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

The IJB is permitted to set aside future amounts of reserves for future policy purposes. These reserves normally comprise funds that are set aside for specific



purposes; and funds which are not earmarked for specific purposes but are set aside to deal with unexpected events or emergencies.

The IJB has reserves at the end of 2020/21 of £9.608m, compared to reserves of £2.398m in March 2020. The movement can be described below.

The IJB's only Unusable Reserve is the Employee Statutory Adjustment Account. This is required by legislation. The IJB's useable reserve is broken down as follows and a full breakdown of earmarked reserves shows later in the accounts:

	2020/21 Total £000's	2020/21 Movement £000's	2020/21 Total £000's
<b>General Reserves</b>			
Surplus on Provision of Service	1,793	1,289	3,082
<b>Earmarked Reserves</b>			
Surplus on Provision of Service	605	5,921	6,526
<b>Total Usable reserves</b>	<b>2,398</b>	<b>7,210</b>	<b>9,608</b>
<b>Unusable Reserve</b>			
Employee Statutory Adjustment Account			0
<b>Balance as at 31 March 2021</b>	<b>2,398</b>	<b>7,210</b>	<b>9,608</b>

### The IJB's Strategy and Business Model

The actions outlined in the Strategic Plan form the basis of more detailed plans for client groups and key services. They also form the basis of the Directions we give to NHS and East Lothian Council and enables us to set out the following strategic aims.

Engagement is key to everything that we do and the purpose of this strategy is to ensure that:

- we have a clear and effective participation and engagement approach which is at the heart of reforming health and social care services locally
- enables the Partnership's vision and how it works to become a reality
- informs decision making processes that drive strategy and inform the carrying out of delegated functions.





East Lothian IJB is committed to ensuring that services:

- are joined-up for service-users
- take account of the particular needs of individual service-users and their circumstances in different parts of the county
- improve the quality of our services and ensure that they are planned and delivered locally in a way that is engaged with our communities
- make the best use of the available facilities, people and other resources.

The IJB's remit and goals are laid out in the IJB's Strategic Plan.

### 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 within the financial resources available.

There remain a series of uncertainties:

- The coronavirus pandemic resulted in a disruption for many services and additional funding met by the Scottish Government to mobilisation services is a short term solution. The medium and long term impacts of the pandemic remain uncertain and there is little doubt that significant financial challenges lay ahead.
- East Lothian faces increasing demands from this ageing and growing population and we must ensure we have the ability to provide additional GP consultations and provide services locally in appropriate premises. East Lothian has the highest level of aging population growth in Scotland. This



population growth and the increasing aspiration to deliver more care in the local community results in pressure on GP practices to provide fit-for-purpose premises.

- The increasing population in East Lothian remains a challenge which may exacerbate the staffing and financial pressures above.
- 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 and Drugs Related Deaths 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.
- The current fragility of provider organisations in the home care and care homes sector may require action and investment to secure sustainability in these important services

**Fiona O'Donnell**  
Chair  
(April to February 2021)

**Shamin Akhtar**  
Chair  
( March 2021)

**Alison MacDonald**  
Chief Officer

**Claire Flanagan**  
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 Integration Joint Board.

Signed on behalf of East Lothian Integration Joint Board

**Fiona O'Donnell**  
Chair  
(April to February 2021)

**Shamin Akhtar**  
Chair  
(March 2021)



## 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 2021 and the transactions for the year then ended.

**Claire Flanagan**  
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.

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 2020/21.

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 was also the Vice Chair of East Lothian IJB, has received an additional day's remuneration specifically for his role as Vice Chair of the IJB in 2020/21. This remuneration is £8,842 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 Alison MacDonald. Alison has a joint role as Director of Health and Social Care for East Lothian Council and the Joint Director of the East Lothian Partnership. As in previous years it has been agreed, 50% of total remuneration is to be shown in the accounts of the IJB as the remuneration as the Chief Officer of the IJB.

#### Chief Finance Officer

The Chief Finance Officer of the IJB is Claire Flanagan. 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 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 as a Finance Business Partner. 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 for 2019/20 £</b>	<b>Senior Employees Salary, Fees &amp; Allowances</b>	<b>Total for 2020/21 £</b>
48,004	Alison MacDonald, Chief Officer	50,757
23,781	Claire Flanagan, Chief Finance Officer	25,000

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.

#### **Pension Disclosure**

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.



	In Year Contribution			Accrued Pension benefits	
	For year to	For year to		at	*(Restated)
	31/03/2021	31/03/2020			at
	£000	£000		£000	£000
Alison MacDonald	13	13	Pension	16	13
			Lump Sum	6	6
Claire Flanagan	9	9	Pension	16	13
			Lump Sum	25	24

(\* The 2019/20 figures have been restated due to information that came to light during 2020/21)

### Disclosure by Pay Bands

Pay band information is not separately disclosed as all staff pay information has been disclosed in the information above.

### Exit Packages

The IJB did not support nor did it direct to be supported by its partners for any exit packages during 2020/21.

**Fiona O'Donnell**

Chair

(April to February 2021)

**Shamin Akhtar**

Chair

(March 2021)

**Alison MacDonald**

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 the IJB's inaugural meeting and were subsequently amended on the 26 March 2020 as part of COVID recess procedures. 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. During the 2020/21 year meetings have been held remotely via Teams. Local press representatives have been invited to meetings and the meetings recorded and made available publicly to meet these commitments
- 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. From August 2020 the Strategic Planning Group continued to meet remotely

- 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 - the Board adopted a Code of Conduct 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 2020/21 reasonable assurance can be placed on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and control for the period to 31 March 2021, but noted areas for further development. These improvements are reflected below.

## Action Plan

During 2020/21, areas identified with scope for improvement included the following:

- The current Health and Social Care Partnership workforce plan and workforce action plan does not reflect the workforce developments arising from the events of 2020, and will require staff in the role of workforce development to take forward appropriate actions.
- If the Health and Social Care Partnership are required to continue operating a PPE equipment hub following the current review, then procedures to ensure a complete audit trail for equipment from receipt to delivery to NHS locations and social care providers will be required.

The implementation by Management of agreed actions to address the weaknesses identified should provide assurance that the system of internal control is operating as intended.

It is our opinion, subject to the weaknesses outlined above, that reasonable assurance can 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 2021.





**Fiona O'Donnell**

Chair

(April to February 2021)

**Shamin Akhtar**

Chair

(March 2021)

**Alison MacDonald**

Chief Officer



## **Independent Auditor's Report**

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

**AUDIT REPORT TO FOLLOW**



**AUDIT REPORT TO FOLLOW**



**AUDIT REPORT TO FOLLOW**



### **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 the Movement in Reserves Statement.

<b>2019/20</b>		<b>Note</b>	<b>2020/21</b>
<b>Net Expenditure</b>			<b>Net Expenditure</b>
<b>£000</b>			<b>£000</b>
3,295	Community AHPS		3,993
9,953	Community Hospitals		11,608
2,393	District Nursing		2,488
16,550	General Medical Services		17,928
1,625	Health Visiting		1,740
7,437	Mental Health		7,888
10,013	Other		13,459
21,031	Prescribing		20,686
3,226	Resource Transfer		4,824
24,049	Older People		28,126
3,321	Physical Disabilities		3,073
17,363	Learning Disabilities		16,325
2,663	Planning and Performance		2,543
26,154	Share of pan Lothian Health Services		29,144
22,118	Set Aside		21,957
<b>171,191</b>	<b>Cost of Services</b>		<b>185,781</b>
171,817	Taxation and Non-Specific Grant Income	<b>6</b>	192,991
<b>626</b>	<b>Surplus or (Deficit) on Provision of Services</b>		<b>7,210</b>
<b>626</b>	<b>Total Comprehensive Income and Expenditure</b>		<b>7,210</b>



### **Movement in Reserves Statement**

This Statement shows the movement in the year on the different reserves held by the East Lothian IJB

	<b>2019/20</b>	<b>2020/21</b>	<b>2020/21</b>
	<b>Total</b>	<b>Movement</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>General Reserves</b>			
Surplus on Provision of Service	1,793	1,289	3,082
<b>Earmarked Reserves</b>			
Surplus on Provision of Service	605	5,921	6,526
<b>Total Usable reserves</b>	<b>2,398</b>	<b>7,210</b>	<b>9,608</b>
<b>Unusable Reserve</b>			
Employee Statutory Adjustment Account	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance as at 31 March 2021</b>	<b>2,398</b>	<b>7,210</b>	<b>9,608</b>

#### **Reserves**

The reserves are classified as either Useable or Unusable Reserves

The Integration Joint Board is permitted to set aside future amounts of reserves for future policy purposes. These reserves normally comprise funds that are set aside for specific purposes; and funds which are not earmarked for specific purposes but are set aside to deal with unexpected events or emergencies. They are created by appropriating amounts out of revenue balances. When expenditure to be funded from a reserve is incurred, it is charged to the appropriate service in that year and thus included in the Comprehensive Income and Expenditure Statement. Movements in reserves are reported in the Movement in Reserves Statement.

#### **Useable Reserves**

East Lothian IJB has both a general reserve which can be used to mitigate financial consequences of risks and other events impacting on the IJB's resources and an earmarked reserve the monies within this fund are earmarked for specific purposes. East Lothian IJB has an earmarked reserve which can be used to mitigate financial consequences of risks and other events impacting on the specific project budget. The monies within this being the carry forward COVID-19 funding, Primary Care Improvement Fund, the Action 15 funding to support implementation of Scottish Government's Mental Health Strategy and other locally committed programmes.

<b>Earmarked Reserves</b>	<b>£000</b>
COVID	3,623
Primary Care Improvement Fund	226
Action 15 - Scottish Government Mental Health Strategy	53
Alcohol and Drugs Scottish Government Allocation	766
Community Living Change Fund	346
Locally Committed programmes	1,512
<b>Committed Project Funds</b>	<b>6,526</b>



### **Unusable Reserve**

East Lothian IJB's only unusable reserve is the Employee Statutory Adjustment Accounts which is required by legislation.



### **Balance Sheet**

The Balance Sheet shows the value, as at 31 March 2021, of the assets and liabilities recognised by the Board. The net assets of the Board are matched by the reserves held.

<b>2019/20</b>		<b>Notes</b>	<b>2020/21</b>
<b>Total</b>			<b>Total</b>
<b>£000</b>			<b>£000</b>
	<b>Current Assets</b>		
2,573	Short Term Debtors		9,783
	<b>Current Liabilities</b>		
(175)	Short Term Creditors		(175)
<b>2,398</b>	<b>Total Assets less current Liabilities</b>		<b>9,608</b>
	<b>Capital and Reserves</b>		
605	Earmarked Reserves		6,526
1,793	General Reserves		3,083
<b>2,398</b>	<b>Total Reserves</b>	<b>MIRS</b>	<b>9,608</b>
		<b>Note 5</b>	

The unaudited accounts were issued on xxxx and the audited accounts were authorised for issue on xxxx.

**Claire Flanagan**  
Chief Finance Officer





## **Notes to the Financial Statements**

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

#### **General Principles**

The Financial Statements summarises the IJB's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021.

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 2020/21, 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 principles 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.

The funding balance due to or from each funding partner as at 31 March is represented as a debtor or creditor on the IJB's Balance Sheet. 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.

### 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 2021.

### Reserves

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

The IJB's only Useable 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 reserves of £9,608,000 at 31 March 2021.

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



## 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 2020/21 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’ opinion 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 2021 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 it in 2020/21 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. 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 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

#### 4. Short Term Debtors

The IJBs short term debtors are broken down as follows:

	2019/20	2020/21
	<b>£000</b>	<b>£000</b>
Funding due from NHS Lothian	2,272	9,049
Funding due from East Lothian Council	126	559
<b>Total</b>	<b>2,398</b>	<b>9,608</b>

Amounts owed by the East Lothian Council is stated on a net basis; that is the creditor balances relating to expenditure obligations incurred but not yet settled in cash terms are offset against the funds they are holding on behalf of the IJB.

#### 5. Reserves

The IJB's useable reserve is broken down as follows:

	2019/20	2020/21
<b>Earmarked Reserves</b>	<b>£000</b>	<b>£000</b>
COVID Funding	-	3,623
Scottish Government Mental Health Strategy - Action 15	50	53
Scottish Government Primary Care Improvement Plan Fund	235	226
Midlothian and East Lothian Drug and Alcohol Partnership	-	766
Community Living Change Fund	-	346
Locally Committed Programmes	320	1,512
	<b>605</b>	<b>6,526</b>
<b>General Reserves</b>	<b>1,793</b>	<b>3,082</b>
<b>Total Reserves</b>	<b>2,398</b>	<b>9,608</b>

#### 6. Taxation and Non-Specific Grant Income

2019/20		2020/21
	<b>£000</b>	<b>£000</b>
47,284	Contributions from East Lothian Council	49,385
124,533	Contributions from NHS Lothian	143,606
<b>171,817</b>	<b>Total</b>	<b>192,991</b>

The contributions received by East Lothian IJB represent the funding provided by the Partners (East Lothian Council and NHS Lothian).

The funding contribution from the NHS Board shown above includes £21,921k in respect of the set aside resources and £29,292k in respect of East Lothian's share of pan Lothian health services resources.



## 7. Corporate Service

Included in the above costs are the following corporate services:

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>		<b>£000</b>
48	Staff (Chief Officer)	51
6	CNORIS	6
26	Audit Fee	27
<b>80</b>	<b>Total</b>	<b>84</b>

## 8. 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.

<b>2019/20</b>		<b>2020/21</b>
<b>Net Expenditure</b>		<b>Net Expenditure</b>
<b>£000</b>		<b>£000</b>
123,732	NHS Lothian	136,829
(3,226)	Resource Transfer	(4,824)
(6,216)	Social Care Fund	(6,216)
<b>114,290</b>	<b>Total</b>	<b>125,789</b>
47,459	East Lothian Council	48,952
3,226	Resource Transfer	4,824
6,216	Social Care Fund	6,216
<b>56,901</b>	<b>Total</b>	<b>59,992</b>

Both Resource Transfer and the Social Care fund are resources which are part of the NHS Lothian Budget and are shown as expected there in but these funds are used to deliver social care service supplied by East Lothian Council.

The change in Resource Transfer in 2020/21 relates to a presentational reclassification exercise within NHS Lothian. The actual monetary values between years remain largely static.

## 9. Agency Transactions

Agency transactions relate to £500 Thank you payment to East Lothian Council staff members within IJB scope and external providers for their contribution to the COVID-19 pandemic.

**2019/20**

**2020/21**



<b>£000's</b>		<b>£000's</b>
0	NHS Lothian	0
0	East Lothian Council	967
<b>0</b>	<b>Total</b>	<b>967</b>

## **10. 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.





## Appendix 1

Set Aside budget relates to services provided by large hospitals on behalf of the IJB. The principle is illustrated in the diagram below.

### What is a set aside budget?

The budgets of integration authorities (IAs) are composed of two elements:

- Social care
- Health care – including primary and community healthcare, as well as some hospital care

The majority of integration authorities (IAs) have a 'set aside' budget. This relates to unscheduled acute hospital care.

### How is the set aside budget agreed?

When setting the budget, the integration authority agrees with the NHS health board partner how much it expects to need for unscheduled acute hospital care. To do this, the partners use hospital data on levels of activity.

For IAs using the "set aside" approach, the agreed amount remains within the NHS rather than being paid to the IA (like the rest of the NHS contribution). This "set aside" budget should still remain under the control of the IA.



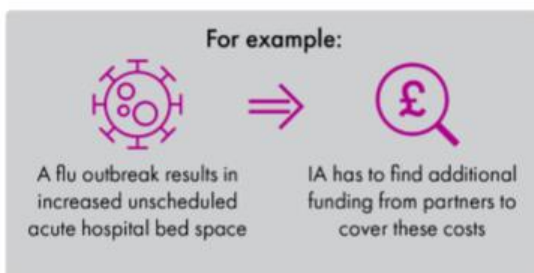
### What can change the set aside budget?

#### In year

During the year, actual **unscheduled acute activity** might be higher or lower than anticipated.

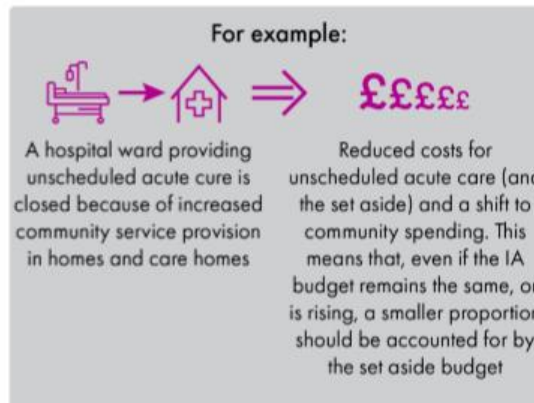
If activity is higher, the IA needs to agree with partners how these additional costs will be met.

If activity is lower, the IA should be able to decide how to spend the difference between actual and anticipated costs.



#### Longer term

Over the longer term, changes to how services are delivered should also be aimed at reducing demand for unscheduled acute care and – in turn – the set aside budget.



Source - Scottish Government Health and Sport Committee report in October 2019 "Looking ahead to the Scottish Government Health Budget 2020-21: When is hospital bad your health? "



