



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

**WEDNESDAY 29 JUNE 2022
VIA DIGITAL MEETINGS SYSTEM/SALTIRE ROOMS, JOHN MUIR HOUSE,
HADDINGTON**

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Members Present:

Ms Fiona Ireland (Chair)
Ms Elizabeth Gordon
Councillor Lyn Jardine
Mr David Binnie (NV)

Officers Present:

Claire Flanagan, Chief Finance Officer
Duncan Stainbank, Chief Internal Auditor
Iain Gorman, Head of Operations

In Attendance:

Jim Rundell, Audit Scotland
James Goodfellow, Audit Scotland
Lorraine Cowan, Chief Nurse / General Manager for Acute, Ongoing Care and
Community Nursing
Lesley Berry, General Manager –East Lothian Rehabilitation Service / East Lothian
AHP Lead
Paul Currie, Interim General Manager - Strategic Integration
Claire Goodwin, Assistant Strategic Programme Manager

Clerk:

Suzanne O’Kane

Apologies:

Councillor Lachlan Bruce
Ms F Wilson, Chief Officer / Director - East Lothian Health & Social Care Partnership

Declarations of Interest:

None

1. INTERNAL AUDIT UPDATE OF EAST LoTHIAN COUNCIL AND NHS LoTHIAN 2020/21 AUDIT REPORTS

A report was submitted by the Chief Internal Auditor.

Duncan Stainbank advised the Committee the purpose of the report was to inform the Committee of the recently issued audit report on Risk Management which has been undertaken as part of the Audit Plan for 2021/22. The main objective of the audit was to review the adequacy and effectiveness of the arrangements in place for Risk Management within East Lothian IJB. Duncan confirmed the main findings from their audit work are outlined in the report which has been graded **Reasonable Assurance**.

Duncan summarised the executive summary on page 5 of the report. Duncan highlighted the key findings –

- The risk management strategy and policy should be reviewed every 3 years and have not been reviewed since 2017 and the resultant review in 2020 did not take place as a result of other competing priorities. Management have agreed to revise the reports by December 2022.
- IJB risk reporting to the Audit and Risk Committee covers all risks without demonstrably subjecting High and Very High risk to closer scrutiny as indicated in the IJB Risk Strategy. Management have agreed to alter reports to focus on High and Very High risks by September 2022.
- To improve the level of insight on IJB risks, Risk Officers from the Council and NHS Lothian should be requested to present risk reports at least once a year. Management have agreed that this will be completed during 2022.
- The information provided within the risk reports needs to be presented in a consistent format. Management have agreed to complete this by September 2022.
- A policy allowing risks from the partners to be escalated to the Joint Board should be put in place. Management have agreed to complete this by December 2022.

Questions/comments –

Iain Gorman commented that the December 2022 timescale is to mirror the development of the new strategic plan.

Fiona Ireland asked if over the course of this audit, it was established whether the IJB explicitly decided to defer the review of the risk management strategy with Covid or implicit in moving to emergency footing. Duncan confirmed implicit due to other priorities took place and the intention was there to review at the appropriate time and now is the right time to link those reviews together as Iain mentioned.

With regard to objective 2, Fiona highlighted to the Committee, and asked that they acknowledge that the partnership risks were brought to the A&R committee on an annual basis, pre-covid and it was deferred as a consequence of the prioritisation of what came to A&R.

With regard to objective 5, Fiona highlighted this is fair in terms of the actions/comments. We have tried very hard in the Committee to be very clear that the IJB risk register/A&R Committee and looking at issues that de-rail the directions and not simply escalating operational risks.

Iain Gorman agreed with the point. Noted that the IJB need to consider updating directions and we update the risk assurance management process to align the risk to each of those strategic directions.

Claire Flanagan agreed with Iain's comments. Claire highlighted we don't want operational risks raised at the A&R Committee unless a direct impact of delivery of our strategic plan. What we do need is to refine the policy/strategy and how we pull the strategic risks into the IJB risk register for consideration.

Councillor Jardine would be keen to be involved with this and Fiona Ireland confirmed we will look at how best to involve everyone in developing these linkages and suggested that officers consider a development event for the committee to take this forward.

Duncan clarified all the items were there was a risk to the strategy had been discussed at the A&R Committee and IJB.

Decision

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

2. ANNUAL INTERNAL AUDIT OPINION AND REPORT 2021/22

A report was submitted by the Chief Internal Auditor.

Duncan Stainbank presented the report on Budget Monitoring and had been undertaken as part of the Audit Plan for 2021/22. The main objective of the audit was to review the adequacy and effectiveness of the arrangements in place for budget reporting within East Lothian IJB. The main findings from the audit work are outlined in the report which has been graded **Reasonable Assurance**.

Duncan summarised the executive summary on page 21 of the report. Duncan highlighted the key findings –

- The East Lothian IJB had a budget of £161.7 million in 2020/21 and an annual budget of £165.8 million in 2021/22.
- The East Lothian IJB received approximately two thirds of its funding from NHS Lothian and one third from East Lothian Council.
- The East Lothian IJB has not prepared a multi-year financial plan based on the final budget offers from the financial partners, laying out how it will resource the delivery of its strategic plan. Management have agreed to prepare a new five year financial plan by December 2022.
- The arrangements currently in place for reporting projected financial out-turns to the East Lothian IJB require review to ensure that the breakdown of the annual budgets and forecasted expenditure are provided for both partners. Management have agreed to review the approach adopted by September 2022.
- The East Lothian IJB had a projected underspend for financial year 2021/22, however there was a lack of clear directive for allocating surplus funds to specific strategic objectives. Management have agreed to create a new direction for allocating the surplus by December 2022.

Questions/Comments –

Claire commented during the last two financial years there have been challenges around all the additional work the finance teams in both partners have undertaken, around governance, monitoring and tracking of the Covid monies. There has also been

a change in personnel of the Chief Finance Officer, which has resulted in a variation of finance reports. It was also mentioned that although there isn't a stand alone financial plan document which we may have had previously, we have the finance reports that have been presented at the IJB which could be refined into a stand alone document for the IJB. Claire also mentioned the reserves balances, given the lateness of receipt of these and the discussion that had taken place at the IJB to consider allocating them to a specific direction. Claire stated she would look at taking this forward with Claire Goodwin.

Fiona raised the term of the budget plan for NHS Lothian and ELC. Claire confirmed we generally have a formal 1-year budget offer and then 2 years of indicative allocations. NHS Lothian does have its 5-year financial plan so it would be possible for the IJB to develop a 5-year rolling plan. However Claire noted that the longer the outlook the more assumptions you must take into consideration and these are refined year on year. The 5 year plan is a challenge but something we can do based on a suite of assumptions. Fiona confirmed we look forward to seeing this by December.

Decision

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

3. INTERNAL AUDIT REPORT – COMMUNITY HOSPITAL RE-PROVISIONING

A report was submitted by the Chief Internal Auditor.

Duncan Stainbank presented the report on Community Hospital Re-provisioning as part of the Audit Plan for 2021/22. The main objective of the audit was to review the adequacy and effectiveness of the arrangements in place for monitoring the Community Hospital Re-provisioning within East Lothian IJB. The main findings from the audit work are outlined in the report which has been graded **Reasonable Assurance**.

Duncan summarised the executive summary on page 33/34 of the report. Duncan highlighted the key findings –

- The overall capital cost for the construction of the East Lothian Community Hospital amounted to £73.3 million with the new facility having a floor area of 22,000 square metres and capacity to provide outpatient and chemotherapy treatment to 66,000 patients, alongside 112 inpatient beds across a number of clinical services.
- Running costs are forecast to be approximately £3.7 million per annum.
- There is no process for monitoring and reporting against service provision targets, identified through the Benefits Realisation Register/Plan or through agreement of other local and service specific measures of success. Management have agreed to identify a suite of key performance indicators and report against them by September 2022.
- Stage 3 and 4 evaluation exercises, recorded in the Business Case for the ELCH have not been scheduled. Consequently, there has been no formal assessment of the service outcomes from the commissioning of the Hospital in October 2020. Management have agreed to reschedule the evaluation exercise and link the reporting of the output to an appropriate East Lothian IJB Change board by September 2022.
- Reporting to the East Lothian IJB Change Boards does not include comparison with the expected performance as detailed within the ELCH Business Case and the anticipated benefits of the ELCH. Management have agreed to implement a

schedule for reporting performance information to the appropriate East Lothian IJB Change Boards by September 2022.

Duncan noted regular detailed reports of performance and capacity issues for services operating within the hospital is completed and reviewed by the appropriate governance reports.

Questions/comments –

Fiona raised the question as to whether the Change Boards have a performance monitoring function. Fiona highlighted her understanding as a Co Chair of a Change Board is that it is not in their remit to monitor against KPIs; each Change Board has allocated directions and they are responsible for ensuring that plans that come forward are aligned to directions/plan and plans then enacted once approved. Fiona asked if the recommendation was proposing to change the remit of the change boards. Duncan confirmed not the intention to move the remit. In respect of this, the outcomes being delivered of the hospital is something the change board looking at, ensuring directions have been implemented and delivering the outcomes being delivered. KPIs are a management function.

Ian Gorman confirmed performance management role is and remains the responsibility of the officers of the HSCP. The role of the change board is to evidence the way in which the direction has been delivered.

Decision

The Committee agreed to note the contents of the Audit Opinion and Report.

4. ANNUAL INTERNAL AUDIT OPINION AND REPORT 2021/22

A report was submitted by the Chief Internal Auditor.

Duncan Stainbank presented the report on the Annual Internal Audit Opinion Report 2021/22. Duncan advised the purpose of the report and advised the internal audit reports functionality to the A&R Committee and has direct access to Senior Management, the Chair of the A&R Committee and the Chair of the IJB. Confirmed that subject to the weaknesses outlined in section 3.14, 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 2022.

Duncan summarised the areas identified with scope for improvement.

Decision

The Committee agreed to note the recommendation of the report.

5. IJB DRAFT (UNAUDITED) ANNUAL ACCOUNTS FOR 2021/22

A report was submitted by the Chief Finance Officer of the IJB.

Claire Flanagan presented the report for the IJB's draft (unaudited) Annual Accounts for 2021/22. Claire confirmed the recommendations the committee is asked to consider. Once audited they will return to the A&R Committee with the external audit report in September in final version. Claire highlighted the accounts did prove more challenge due to the additional Covid costs, funding streams and other funding streams in both partner organisations.

Claire summarised the main points –

- Management commentary which summarises the 2021/22 work of the IJB
- Role and remit of the IJB, presents the members of the board
- The change in personnel and where replacement of additional appointments that have been made
- Summary of the operations of the IJB
- Covid pandemic and impact of this
- IJB strategic plan being updated for 2022-2025 and the IJB's infrastructure supporting this development
- Operations of the IJB, highlighting these in core, hosted and set aside services
- Summarised year end position
- Claire highlighted page 60 of the report as the figures stated are incorrect from what is show. Claire will circulate an updated version before submitting to audit. Claire confirmed the actual figures are £20.2 million of total reserves, £4.8 million of general reserves, £6.2 million of earmarked reserves excluding Covid and £9.2 million of Covid reserve.
- IJB challenges and external factors which would impact on the IJB
- Risk and uncertainties
- Statement of responsibility
- Remuneration report
- Annual Governance Statement
- Independent Auditor's Report
- Financial Statements

Questions/comments –

Fiona asked with regard to the £9.1m of Covid reserves being both non-recurring and allocated directly to the IJB by the Scottish Government how the allocation would be managed where required to support non-delegated functions within the NHS? How will play out from the IJB perspective?. Claire confirmed we did have a Covid reserve at the start of the financial year due to additional funding, which is non-recurring, but we have begun an assessment regarding the Covid services and their potential decommissioning and exiting of them and the impact of this. We will look at re-allocating other new recurring funding to these areas. In terms of non-delegated, Claire confirmed all Covid funding across Scotland is sitting within the Covid reserves and there is no other Covid funding. This can only be used for delegated functions. Scottish Government have had to provide funding for non-delegated functions - c£47 million to NHS Lothian. Claire confirmed she is unaware of the source for this funding. Fiona asked if this is an issue for the IJB or something we don't need to concern ourselves with. Claire confirmed its something we need to be aware of.

Elizabeth Gordon asked in terms HSCP delivering a vaccine program, will there be an expectation that those reserves will be used for that. Claire confirmed both the HSCP delivered service and those functions co-ordinated on a PAN Lothian, which are delegated functions, could be supported through the IJB reserves.

Councillor Jardine asked regarding the NHS Lothian funding of the £47 million where it might come from. Claire confirmed she would need to get clarity on the position nationally.

Decision

The Committee agreed the recommendations unanimously.

6. RISK REGISTER: UPDATE

A report was submitted by the Chief Finance Officer of the IJB.

Claire Flanagan presented the paper for the IJB's risk register. It was highlighted the risk register was drafted and finalised prior to the audit. Moving forward this is likely to change following on from the comments that were discussed earlier. There hasn't been a significant movement from March 2022. Only change under the progress for financial resources, there has been additional progress and the IJB setting its budget at March 2022 meeting. Also, to note the IJB is going through a programme of induction for the new members.

Questions/comments –

Fiona raised the point we need to keep the Covid risk on the register especially with the cases on the rise again. Iain agreed with this point due to the uncertainty and pressures we are facing.

David Binnie raised the issue around looking at only the high and very high risks. David asked will we still have sight of the other risks. Duncan confirmed the proposed approach was the high and very high risks being discussed at every meeting and once per year have a meeting with all the risks being discussed for scrutiny. There was a discussion around this and as the recommendations of the audit had been approved it was agreed the revised format would be brought to the next A&R for discussion. External audit confirmed this was the approach that has been adopted at other committees.

Decision

The Committee agreed to note the current risk register and consider if any further risks should be added to the register.

7. ACTION LOG

A report was submitted by the Chief Finance Officer of the IJB.

Claire Flanagan presented the current action log to the committee and discussed the current actions. Claire confirmed these will be presented at the next IJB.

Decision

The Committee agreed to note the current action log and suggest any amendments/updates.

Signed

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Fiona Ireland

Chair of the East Lothian IJB Audit & Risk Committee



REPORT TO: East Lothian IJB - Audit and Risk Committee
MEETING DATE: 13 September 2022
BY: Chief Finance Officer
SUBJECT: 2021/22 Audited Annual Accounts

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1 PURPOSE

1.1 This report presents the IJB's annual accounts for 2021/22.

2. RECOMMENDATIONS

The Audit & Risk Committee is asked to:

- i. Approve the IJB's Audited Annual Accounts for 2021/22;
- ii. Agree that the IJB's Annual Accounts for 2021/22 are to be signed electronically on behalf of the IJB by the Chair, the Chief Officer and the Chief Finance Officer.

3. BACKGROUND

- 3.1 As a body governed by section 110 of the Local Government Scotland Act (1973) and the appropriate regulations and subsequent Acts, the IJB must prepare a set of Annual Accounts. The accounts must fulfil the requirements of the Act and the regulations and must give a true and fair view of the IJB's financial position.
- 3.2 The accounts must then be reviewed by an Independent Auditor who will report their findings to this IJB's Audit & Risk Committee which will allow the auditors to bring any matters to the committee's attention. If there are no issues arising from the auditors' report then the committee can recommend acceptance and authorisation of the annual accounts.
- 3.3 In summary the auditor's report is unqualified - that is that the auditors consider that the accounts meet the regulations and requirements of the Act and that the accounts are a true and fair view of the IJB's financial position.
- 3.4 The accounts will be signed electronically at a specially arranged meeting straight after this Audit & Risk Committee on 13th September 2022.

4 ENGAGEMENT

4.1 The IJB makes its papers and reports available on the internet.

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

AUTHOR'S NAME	Claire Flanagan
DESIGNATION	Chief Finance Officer
CONTACT INFO	claire.flanagan@nhslothian.scot.nhs.uk
DATE	September 2022

Appendices

1. Letter of Representation
2. IJB's Annual Accounts 2021/22



Gillian Woolman, Audit Director
Audit Scotland
102 West Port
Edinburgh
EH3 9DN

13 September 2022

Dear Gillian

East Lothian Integration Joint Board Annual Accounts 2021/22

1. This representation letter is provided in connection with your audit of the annual accounts of the East Lothian Integration Joint Board for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the remuneration report, management commentary and annual governance statement.

2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Audit and Risk Committee, the following representations given to you in connection with your audit of the East Lothian Integration Joint Board's annual accounts for the year ended 31 March 2022.

General

3. The East Lothian Integration Joint Board and I have fulfilled our statutory responsibilities for the preparation of the 2021/22 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by the East Lothian Integration Joint Board have been recorded in the accounting records and are properly reflected in the financial statements.

4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

Financial Reporting Framework

5. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (2021/22 Accounting Code), mandatory guidance from LASAAC, and the requirements of the Local



Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and The Local Authority Accounts (Scotland) Regulations 2014.

6. In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the financial position of the East Lothian Integration Joint Board at 31 March 2022 and the transactions for 2021/22.

Accounting Policies & Estimates

7. All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2021/22 accounting code, where applicable. Where the code does not specifically apply, I have used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to the East Lothian Integration Joint Board's circumstances and have been consistently applied.

8. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

Going Concern Basis of Accounting

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

Liabilities

10. All liabilities at 31 March 2022 of which I am aware have been recognised in the annual accounts.

Fraud

11. I have provided you with all information in relation to

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



Laws and Regulations

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

Related Party Transactions

13. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2021/22 accounting code. I have made available to you the identity of all the East Lothian Integration Joint Board's related parties and all the related party relationships and transactions of which I am aware.

Remuneration Report

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

Management commentary

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

Corporate Governance

16. I confirm that the East Lothian Integration Joint Board has undertaken a review of the system of internal control during 2021/22 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.

17. I confirm that the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2022, which require to be reflected.

Balance Sheet

18. All events subsequent to 31 March 2022 for which the 2021/22 accounting code requires adjustment or disclosure have been adjusted or disclosed.

East Lothian Health & Social Care Partnership



Yours sincerely

Claire Flanagan
Chief Finance Officer



East Lothian Integration Joint Board

Audited Annual Accounts 2021/22



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Audit Arrangements

Under arrangements approved by the Accounts Commission of Scotland, the auditor with responsibility for the audit of the accounts of East Lothian Integration Joint Board for the period 1 April 2021 to 31 March 2022 is Audit Scotland, 102 West Port, Edinburgh EH3 9DN.



Management Commentary

Introduction

The management commentary considers the work that the IJB has undertaken during the financial year 2021/22 and then describes the financial performance for the financial year ended 31 March 2022. It further provides an overview of the key messages relating to the role, remit, members, objectives and the strategy of the East Lothian Integration Joint Board (IJB).

Impacts of COVID-19 on Service Outcomes and Integration

2021/22 is the second year of the COVID-19 pandemic and the IJB would like to sincerely thank the staff of NHS Lothian, East Lothian Council, the GP Practices, the independent providers of social care and the voluntary organisations who have continued to deliver the functions that have been delegated to the IJB during a very difficult period.

COVID-19 has continued to disrupt 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. The impact of the pandemic has also continued to constrain the work of the IJB in the delivery of its Strategic Plan, for example delivery of services had to cease or reduce to ensure compliance with public health guidance ultimately to keep staff, patients and clients safe. The IJB remains committed to supporting its partners (East Lothian Council and NHS Lothian) during this very difficult time but it is hoped that in 2022/23 that the impacts of the pandemic become more manageable and that the IJB will be able to return to a more 'business as usual' position.

During the financial year, the IJB has expended around £8,141,000 to support the additional costs of health and social care generated by the COVID-19 pandemic and this has been funded through the IJB's COVID-19 reserve along with additional grants from the Scottish Government. In addition, the IJB has continued to support NHS Lothian with its remobilisation plan as part of the overall recovery of Health and Social Care services from the pandemic

These accounts cover the period from 1 April 2021 to 31 March 2022.

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 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. 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.

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 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

The IJB is developing a new Strategic Plan for 2022-2025 and this work is further described below. The IJB Strategic Plan was agreed by the IJB in March 2019 to run from April 2019 to March 2022, in June 2021 the IJB agreed to extend the strategic plan until September 2022.

The process of monitoring the progress of the Strategic Plan and the development of that plan is managed by the IJB's Strategic Planning Group. This group is supported by six change boards reflecting on the IJB's 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.

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.

As mentioned above the IJB is preparing a new Strategic Plan to cover the years 2022-2025. This will be presented to the IJB in September 2022.

Review of the IJB's Integration Scheme

The IJB is constituted through the Integration Scheme drawn up by East Lothian Council and NHS Lothian. This requires revision every five years – although because of the COVID-19 pandemic the scheme had not been revised for six years - and East Lothian Council and NHS Lothian Council drafted a new scheme during the financial year which has been out for consultation and approved by both Council and the Health Board. The scheme is currently with Scottish Government. This new scheme contains no material changes for the old scheme and therefore there should not be any impact on the IJB.

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, including the IJB Chief Officer, Chief Finance Officer, medical and nursing professional advisors, representatives for Carers and third party organisations and staffing representatives.

The IJB met virtually 7 times during the financial year 2021/22. The membership of the IJB during 2021/22 was as follows:



Member	Nominated/Appointed by	Role
Peter Murray	Nominated by NHS Lothian	Chair (voting member)
Councillor Shamin Akhtar	Nominated by East Lothian Council	Vice Chair (voting member)
Alison Macdonald (to June 2022)	Appointed by IJB	Chief Officer (non-voting member)
Fiona Wilson (from June 2022)	Appointed by IJB	Chief Officer (non-voting member)
David King (see note below)	Appointed by IJB	Interim 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
Councillor Neil Gilbert	Nominated by East Lothian Council	Voting Member
Councillor Sue Kempson	Nominated by East Lothian Council	Voting Member
Vacant	Appointed by IJB	Independent sector representative (non-voting member)
Paul White until September 2021 then Maureen Allan	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 until August 2021 then Dr. Claire Mackintosh	Nominated by NHS Lothian	Medical Consultant (non-voting member)
Lesley White	Appointed by IJB	ELC Staff Representative (non-voting member)
Judith Tait	Nominated by East Lothian Council	Chief Social Work Officer (non-voting member)
Thomas Miller	Appointed by IJB	NHS Staff Representative (non-voting member)



Member	Nominated/Appointed by	Role
Dr Jon Turvill	Nominated by NHS Lothian	Clinical Director (non-voting member)
Iain Gorman	Appointed by IJB	Head of Operations (non-voting member)
Lorraine Cowan	Nominated by IJB	Chief Nurse (non-voting member)
Dr. Wendy Hale (from February 2022)	Appointed by the IJB	Specialist in Substance Abuse (non-voting member)
Philip Conalglan	Appointed by IJB	Public Health (non-voting member)

Note – Claire Flanagan is the IJB’s Chief Finance Officer, however she went on maternity leave from the start of August 2021. From then until the end of the Financial year, David King acted as Chief Finance Officer. Claire Flanagan returned to her post in May 2022. The Chief Officer (Alison MacDonald) was appointed to the post of NHS Lothian Executive Director of Nursing and AHPs and she has stepped down as Chief Officer in June 2022. Fiona Wilson has been appointed as Chief Officer and took up post at the end of June 2022.

The IJB’s Operations for the Year

Allowing for the constraints and the operational impact of the COVID-19 pandemic on the IJB’s partners, the IJB has continued to deliver its current Strategic Plan during the financial year. The Strategic Plan is delivered through the IJB’s directions to the partners (East Lothian Council and NHS Lothian) and the IJB considered the delivery of these directions in detail at its June 2021 and February 2022 meetings. The IJB’s Strategic Planning Group (SPG) has met regularly during the financial year to reflect on and develop the IJB’s Strategic Plan with the SPG being supported by the Change Boards as described above

The IJB categorises its services into three broad areas –

Core Services

These are the local health and social care services within East Lothian and are operationally managed by the Health and Social Care Partnership (The HSCP) which is a joint arrangement between East Lothian Council and NHS Lothian. The HSCP has operational delivery of these local services and forms part of the IJB under the title of core services where they are delegated, the IJB however is much wider than this and the IJB not only strategically commissions the delegated services of the HSCP but also those operationally managed outwith East Lothian for example the Emergency Department of the Royal Infirmary of Edinburgh (part of set aside below).

Hosted Services



These being delegated functions that are operationally managed by other parts of NHS Lothian – for example in-patients mental health services provided at the Royal Edinburgh Hospital in Edinburgh.

Set Aside Services

These being delegated functions operationally managed by NHS Lothian in its Acute Division. The Appendix to these accounts describes Set Aside in more detail.

Within each of these areas the IJB has continued to drive forward its Strategic Plan. Examples include –

Core Services

The East Lothian HSCP teams continue to remobilise services locally and are:

- Supporting COVID-19 related actions
- Providing high quality and responsive professional oversight and support to care homes and care at home services
- Providing enhanced community support to home care and care homes to avoid hospital admission
- Delivering a suite of rehabilitation and Technology Enabled Care (TEC) Services
- Developing and delivering long-COVID-19 support (and post-COVID-19 rehabilitation) through rehabilitation services
- Developing pain management approaches
- Fully remobilising social care packages

During the year, the East Lothian Community Hospital wards continue to operate at Amber, with one ward available to mobilise to Red if necessary and with the flexible ward layout continuing to provide bed capacity to respond to increased acute sector or community demand. This is part of the system wide management of the pandemic which is indicated at a range of categories – amber and red being the most severe.

The IJB has also supported the expansion of face-to-face patient attendance at Outpatients and this is happening as circumstances allow. Most clinics still run with one face-to-face appointment and with the majority of follow-up appointments utilising 'Near Me' video.

Care Homes

The nurse-led care home team continues to support East Lothian Care Homes in maintaining high quality services and appropriate infection prevention control approaches (some of which require significant investment in view of building design limitations) to protect residents and staff, while responding to easing of restrictions. The visiting restrictions and testing requirements continue to place additional stress on Care Home providers and staff.

The team continues to manage activity which might otherwise be directed to GP practices, by responding to acute illness, providing anticipatory care and managing many long-term conditions. In doing so, the team is reducing admissions and supporting discharge from hospital.



All care homes continue to receive tailored education and training input from the Care Home Team.

Care at Home

The Pandemic has seen an increased demand on Care at Home services, resulting from continued restrictions on day support, carers not coping and a reluctance to accept residential respite or care home permanent placements. High levels of demand are being met by an increase in the HSCP's homecare service and Hospital to Home funding and by block contract awards to external providers.

The sector is experiencing significant strain, with all providers struggling to recruit adequate staff and to continue to deliver services while dealing with waves of absence resulting from COVID-19 self-isolation.

Work is underway to improve efficiency in assessments for service support, in application of eligibility criteria and in continuing the drive to ensure efficiency in use of resources.

Community Support

Transformation of community resources for under and over 65s continues, with service redesign focussed on the challenges and costs of delivering a blended model. New opportunities arising from COVID-19 responses are being pursued, focussed on: community support; direct access to community physiotherapy and the possibility of third sector co-ordinated volunteers providing support.

Delivery of adult social work continues, with these conducted by telephone and video conference as indicated by assessment of need. Face-to-face appointments remain focussed on statutory and urgent assessments. Each client is risk assessed on an individual basis.

Primary Care

The IJB has continued to support its Primary Care Improvement Plan (PCIP) as a key part of the implementation of the new GMS (General Medical Services) contract

The PCIP has:

- Fully established a Community Link Worker service to all GP practices
- Delivered the flu vaccination programme - planning is underway for delivery of all previously GP delivered vaccinations and for existing and new COVID-19 jags
- Provided pharmacotherapy services to all practices, with further increases planned
- Established Community Treatment and Care (CTACs) bases around East Lothian
- Expanded the Care When It Counts (CWIC) same-day, Nurse Practitioner-led primary care service from one GP practice to four (47% of East Lothian population) with high satisfaction among service users
- Provided direct access Musculoskeletal (MSK) Services, which reduced waiting times



- Established a CWIC mental health service - greatly improving access by providing direct access for patients.

East Lothian Rehabilitation Service (ELRS)

ELRS continues to deliver a suite of services to support patients across a growing and aging population, in recovering from illness and injury and in regaining and maintaining independence. All of ELRS services use integrated approaches, delivered where possible in partnership with other teams.

A new BT Cloud-based telephone contact centre, launched on 14th June 2021, provides patients with a single point of contact, giving rapid access to a clinician who can deal with enquiries immediately, book an appointment/allocate for further assessment or place on a waiting list for:

- Musculoskeletal Physiotherapy
- Community Occupational Therapy
- Domiciliary Physiotherapy
- Post-COVID-19 rehabilitation (via Advanced Practice Occupational Therapy and Physiotherapy).

The system also provides ELRS with metrics to understand demand variation, which assists with capacity planning.

MSK (Musculoskeletal) Service

The service provides direct, first point of contact access to specialist MSK physiotherapy assessment and treatment, significantly decreasing routine MSK waits. It delivers a safe, effective, responsive and cost effective MSK physiotherapy model, providing physiotherapy input to patients in a timely manner, with input determined by assessment of individual clinical need. The service while directing activity from primary care, so decreasing GP workload. In house escalation protocols ensure direct referrals to secondary care if indicated

As all of the Advanced Physiotherapy Practitioners are accommodated within the physiotherapy service, there is no pressure on practices to provide rooms or equipment.

Post-COVID-19/Long COVID-19

A short-life working group has developed an evidence-based and multidisciplinary post-COVID-19/long COVID-19 pathway for East Lothian. This provides assessment and rehabilitation responsive to client demographics.

The group is functioning as a post-COVID-19 network and is developing competencies and in-service training framework for staff across all services to ensure equity of knowledge and resources. The Group's post-COVID-19 directory acts as a resource pack for clinicians and patients to draw on.

Digital and Technology Enabled Care Innovation

The Occupational Therapy (OT)/Physiotherapy (PT) teams continue to use a digital monitoring tool to assess patient mobility and function at home, allowing in some cases reduced packages of care.



Remobilisation of Wellwynd Technology Enabled Care (TEC) clinic is allowing recommencement of OT assessments and application of necessary interventions for patients, alongside the continuation of remote consultations and home visits to explore smart TEC options to support independence. The team is also providing support and advice across East Lothian HSCP teams to support and promote TEC solutions to support clients

The TEC team continues to respond to critical technical service visits and referrals for telecare installations to facilitate hospital discharges and to prevent hospital admissions.

Hosted Services

The IJB has considered and supported phase II of the Royal Edinburgh Hospital (REH) business case, this was considered at its meeting in October 2021. The Royal Edinburgh Hospital is an in-patient facility for Mental Health patients in Edinburgh. NHS Lothian have been working on rebuilding this hospital and providing modern fit-for purpose accommodation and services for patients.

As part of the overall IJB's Mental Health Strategy, the IJB has been successful in reducing the in-patient bed usage at the REH and now requires fewer beds than it used previously. This is recognised in the phase II business case and the IJB was asked to agree to the proposed bed numbers (which it did) noting that financial releases will be available at the end of this development and that these resources can then be reinvested in local mental health services.

Set Aside Services

The COVID-19 pandemic has generated serious pressures on the Acute Hospitals which support East Lothian Patients (the Royal Infirmary of Edinburgh and the Western General Hospital). This has not stopped the IJB's work on reducing its use of acute beds and reducing attendances at the Emergency Department but the IJB recognises the pressure on the Acute system caused by the pandemic and has concentrated on reducing that pressure as much as possible. This work has been delivered by the HSCP who have been developing intermediate care services to reduce admissions and lengths of stay as much as possible.

Performance

The core components and key developments for 2021/22 are summarised above and further details will be included in the Annual Performance Report. The Annual Performance Report will be published at the end of September 2022, 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.

The IJB's Position at 31 March 2022

For the year ending 31 March 2022, 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.



This is the third year that the IJB has been underspent. The underspend in 2020/21 was a reflection of the impact of the COVID-19 pandemic on the health and social care system. Although the system was under a huge pressure additional financial resources were made available to cover that pressure but the shortage of staff and the impact on the pandemic on the third party providers of social care meant that some planned programmes couldn't be undertaken and in financial terms, the IJB was underspent and carried this money forward in its reserves.

Although underspent the IJB still has financial challenges in areas such as General Medical Services and prescribing budgets due to rising prices and demand plus significant financial challenges within our social care learning disabilities budget where care packages are complex and expensive.

In 2021/22, the underspend has been generated by three main areas:

1. Additional funds have been received in year from the Scottish Government to support the COVID-19 pandemic beyond those required in 2021/22. This has been part of a specific policy to allow the IJBs to be able to carry forward into 2022/23 adequate funds to cover the projected costs of supporting the COVID-19 pandemic in that year.
2. Additional support was made available by the Scottish Government in November 2021 to support Winter pressures, in total c. £1,839,000. The IJB has not been able to utilise these funds in year and they have been added to the IJB's earmarked reserves. In addition further investments were made by the Scottish Government through NHS Lothian, again the IJB has not been able to utilise these funds in year
3. Having taken account of funds to be moved to earmarked reserves, the IJB was left with an operational underspend of £1,727,000. This being, as was the case in 2020/21, largely because of the inability of the IJB to fully utilise its planned programmes through the demands and pressures from the COVID-19 pandemic. These funds have been moved to the IJB's general reserve.

Reserves

The movement in the IJB's reserves and the makeup of that reserve is detailed below. In summary the balance in the IJB's reserves on 31 March 2022 is £20,289,000. This is made up of £9,182,000 for COVID-19 costs, £6,297,000 for earmarked reserves and £4,810,000 of general reserves. It is expected that the COVID-19 reserve will be utilised during 2022/23.

	Opening £000's	in Year £000's	Closing £000's
Covid	3,623	5,559	9,182
Other Earmarked	2,903	3,394	6,297
General	3,082	1,727	4,810
	9,608	10,680	20,289

Elements of the reserve are for very specific projects and the IJB will be encouraging the partners to progress these projects, however some elements (for example Additional Capacity in Care at Home) will support broader work and the IJB is committed to ensuring that the earmarked funds which can be appropriately used to



develop the IJB's services are used in that way. Further detail on the reserves can be found in Note 5 in the statements.

The IJB's general reserve is now in excess of the target set by the IJB's Reserves Policy. The IJB is considering how elements of that reserve can be used, albeit non-recurrently, to further develop work that will support the delivery of the Strategic Plan.

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 2021/22.

Income and Expenditure

	Budget Health £000's	Budget Social Care £000's	Expenditure Health £000's	Expenditure Social Care £000's	Variance £000's	Note
Direct East Lothian Services						
Community AHPS	6,027		5,927		100	
Community Hospitals	13,307		12,800		507	
District Nursing	2,795		2,671		124	
General Medical Services	18,835		19,049		-214	
Health Visiting	2,030		1,923		107	
Mental Health	6,116		6,049		67	
Other	20,163		10,757		9,406	
Prescribing	20,894		21,378		-484	
Resource Transfer	4,961		4,964		-3	1
Older People		29,394		30,012	-618	
Mental Health		1,867		2,011	-144	
Physical Disabilities		2,496		2,699	-203	
Learning Disabilities		14,943		17,827	-2,884	
Planning and Performance		2,984		2,877	107	
Other		8,303		3,614	4,689	
East Lothian Share of pan Lothian						
Set Aside	23,652		23,825		-173	2
Mental Health	2,721		2,778		-57	
Learning Disabilities	1,699		1,713		-14	
GP Out of Hours	1,580		1,572		8	
Rehabilitation	1,055		949		106	
Sexual Health	836		811		25	
Psychology	1,046		1,113		-67	
Substance Misuse	419		407		12	
Allied Health Professions	1,716		1,597		119	



Oral Health	2,225		2,187		38	
Other	4,197		4,067		130	
Dental	7,026		7,026		0	3
Ophthalmology	2,091		2,091		0	3
Pharmacy	4,555		4,555		0	3
Totals	149,946	59,987	140,209	59,040	10,680	
SCF	6,216	-6,216	6,216	-6,216	0	4
Per accounts	156,160	53,771	146,427	52,824	10,680	

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 services shared across four IJBs per the budget setting model. The IJB share of the total actual costs incurred in 2021/22 for hosted services is 12% and, generally, 12% of the Lothian element of the set aside budgets and the non-cash limited budgets.

Consideration of the 2022/23 Financial Position

The IJB set a balanced budget for 2022/23 at its March 2022 meeting, albeit using an indicative budget offer from NHS Lothian. The 2022/23 Scottish Budget settlement included significant resources for the Integration Authorities to support further capacity and development in social care and these funds along with an appropriate utilisation of the IJB's reserves as discussed above allowed the IJB to set a balanced budget. That said, there are clearly a significant range of financial pressures impacting on the IJB's partners and the IJB is committed to supporting the partners in so far as the Integration Scheme allows.

NHS Lothian published their 2022/23 initial budget forecast at their Board meeting of 6th April 2022. This forecast shows an unbalanced position with a current projected financial gap of which £79m related to the costs of supporting the Covid Pandemic leaving a core gap of £28m. This gap is then analysed over the delegated and non-delegated functions and shows a gap for East Lothian IJB of £205,000 which is in line with the forecast position in the March 2022 budget setting paper. That said, there is clearly a significant set of pressures within those functions that are not delegated to the IJB. The IJB will wish to consider, as part of the on-going development of its Strategic Plan, how the delegated functions can support pressures on the other non-delegated functions. It should be noted that the NHS Lothian budget remains indicative as further allocations for delegated functions will be received from the Scottish Government in year

The East Lothian Council 2022/23 budget is set and was agreed by the Council. Its clear from further information now available that pressures on the social care budgets, especially the uplifts now being requested by the providers, may be greater than was originally estimated as part of the budget setting process. This may impact on the ability of the IJB to further develop social care services as element of the additional resources from the 2022/23 settlement are used to manage increased financial pressures.

Consultation on the National Care Service

The Scottish Government is undertaking a consultation on their proposal to set up a national care service. The consultation process will support the development of the Bill and under the current proposals IJBs will be reformed into local care boards, accountable to Scottish Ministers. The IJB has formally responded to the consultation and this was presented to the IJB at its October 2021 meeting. The IJB awaits clarity from the legislation.

Lothian Strategic Development Framework



NHS Lothian has drawn up a strategic development framework which includes a range of functions which have been delegated to the IJBs. NHS Lothian and the Lothian IJBs have committed to work jointly to deliver the ambitions in the IJBs' updated Strategic Plans.

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 mobilise 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 a high 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

Peter Murray
Chair

Fiona Wilson
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 for signature.

I confirm that these Annual Accounts were approved for signature at a meeting of the Audit & Risk Committee on 13th September 2022.

Signed on behalf of East Lothian Integration Joint Board

Peter Murray
Chair



Responsibilities of the Chief Finance Officer

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

In preparing the Annual Accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with legislation
- Complied with the local authority Accounting 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 at the reporting date and the transactions of the East Lothian Integration Joint Board for the year ended as at 31 March 2022.

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 2021/22.

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 Chair of East Lothian IJB, has received an additional day's remuneration specifically for his role as Chair of the IJB in 2021/22. This remuneration is £8,930 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 was Alison MacDonald until end of June 2022. 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

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. During 2021/22 the Chief Finance Officer (Claire Flanagan) was on a leave of absence between the start of August 2021 until the end of March 2022. 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 for Claire Flanagan is shown below. Between August 2021 and March 2022, the role of Chief Finance Officer was undertaken on an Interim basis by David King. David King is retired but was paid on the NHS Lothian Staff bank (by NHS Lothian) on an ad hoc basis. David King also undertook the role of CFO in Midlothian IJB but did not undertake any duties as a finance business partner. NHS Lothian have provided the total costs of having employed David King during this time and half of these costs will be shown here (the other half shows in Midlothian IJB). David King is not superannuated.

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.

Total for 2020/21 £	Senior Employees Salary, Fees & Allowances	Total for 2021/22 £
50,757	Alison MacDonald, Chief Officer	53,692
25,000	Claire Flanagan, Chief Finance Officer	9,644
n/a	David King, Interim Chief Finance Officer	14,047

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 (restated)			Accrued Pension benefits	
	For year to	For year to		at	at
	31/03/2021	31/03/2022		31/03/2021	31/03/2022
	£000's	£000's	£000's	£000's	
Alison MacDonald	21	22	Pension	16	17
			Lump Sum	6	13
Claire Flanagan	16	17	Pension	16	18
			Lump Sum	25	27

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 2021/22.

Peter Murray
Chair

Fiona Wilson
Chief Officer



Annual Governance Statement

Purpose

The annual governance statement lays out how East Lothian Integration Joint Board (the ELIJB) complies with the Code of Corporate Governance and sets out the framework within which the ELIJB 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

ELIJB 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 ELIJB. This includes setting the strategic direction, vision, culture and values of the ELIJB 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 ELIJB follows the principles of corporate governance based on the CIPFA/SOLACE Framework and Guidance on ‘Delivering Good Governance in Local Government’.

The ELIJB 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 Committee 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 ELIJB;
- Creating the conditions to ensure that all ELIJB members and the ELIJB’s partners (East Lothian Council and NHS Lothian) are able to fulfil their responsibilities in accordance with legislative and regulatory requirements;
- Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources and to ensure best value is achieved, the ELIJB Workforce Plan 2019-2022 was approved by the ELIJB in May 2019;
- Evaluating and monitoring risk management and internal control on a regular basis, which is monitored through the ELIJB Audit and Risk Committee;
- Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the ELIJB’s Chief Internal Auditor, as monitored through the ELIJB Audit and Risk Committee;
- 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. As demonstrated in the maintenance of all 2021/22 Audit and Risk Committee meetings;
- 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); and

- Ensuring that recommendations for corrective action made by the external auditor are acted upon.

ELIJB Audit & Risk Committee approved the ELIJB adoption of the CIPFA Financial Management Code in March 2022. ELIJB'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 ELIJB's financial arrangements and is professionally qualified and suitably experienced.

The functions of the Audit and Risk Committee are undertaken as identified in Audit Committees: Practical Guidance for Local Authorities and Counter fraud and anti-corruption arrangements are in accordance with the Code of practice on Managing the Risk of Fraud and Corruption within the partner organisations

The ELIJB 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 ELIJB's governance framework is informed by:

- The work of the ELIJB Board, the Strategic Planning Group, and the Audit and Risk Committee;
- The annual assurances that are provided by the ELIJB Chief Officer and the Chief Finance Officer;
- The ELIJB Chief Internal Auditor's annual assurance report which is based on internal audit work completed during the year;
- Reports from the ELIJB'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

ELIJB ('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 ELIJB's inaugural meeting and were subsequently amended on 26 March 2020 as part of COVID-19 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



2021/22 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;
- Annual Performance Report – ELIJB produces an Annual Performance Report, with the last report being published in November 2021 ([east lothian integration joint board annual report 2020 to 2021](#)), incorporating elements of the National Core Suite of National Integration Indicators and a Financial Performance Review. The 2021/22 report will be published at the end of September 2022 and available on the IJBs website;
- 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 ELIJB's initial Code of Conduct on 1 June 2016, a revised code of conduct is being submitted to the June ELIJB meeting and an approved updated Code of Conduct will be supplied to the Scottish Government by the end of June 2022.

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

The ELIJB Chief Internal Auditor concluded that based on the work undertaken in 2021/22 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 2022, but noted areas for further development. These improvements are reflected below.

Action Plan

During 2021/22, areas identified with scope for improvement included the following:

- The Risk Management Policy and Strategy requires to be reviewed and updated, having been originally approved in December 2017 with an expectation that this would be reviewed on a three yearly basis, this did not occur due to other key priorities as a result of the COVID-19 pandemic. The review should ensure that appropriate escalation processes for risks impacting the strategic plan are implemented.
- Financial Reporting to the IJB should be returned to a consistent basis in reporting projected financial outturns. The consistency of reporting has been impacted by



the fast changing nature of the COVID-19 additional funding elements for both partners.

- Evaluation structures monitoring against the strategic objectives set for the East Lothian Community Hospital should be reintroduced during recovery from the COVID-19 pandemic.

The implementation of these actions to enhance the governance arrangements in 2022/23 will be driven and monitored by the ELIJB Chief Officer in order to inform the next annual review. Internal Audit work planned in 2022/23 is designed to test improvements and compliance in governance and implementation of agreed recommendations. Progress has been made against all actions noted in the 2020/21 annual governance statement and monitoring to completion is undertaken by Internal Audit.

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 2022.

Peter Murray
Chair

Fiona Wilson
Chief Officer



Independent Auditor's Report

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

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of the East Lothian Integration Joint Board for the year ended 31 March 2022 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, and any other disclosures presented as financial statements and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the 2021/22 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2021/22 Code of the state of affairs of the East Lothian Integration Joint Board as at 31 March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is six years. I am independent of the East Lothian Integration Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the East Lothian Integration Joint Board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant



doubt on the East Lothian Integration Joint Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the East Lothian Integration Joint Board's current or future financial sustainability. However, I report on the East Lothian Integration Joint Board's arrangements for financial sustainability in a separate annual audit report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my annual audit report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the East Lothian Integration Joint Board is complying with that framework;
- identifying which laws and regulations are significant in the context of the East Lothian Integration Joint Board;



- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the East Lothian Integration Joint Board's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

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

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited part of the Remuneration Report

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

Other information

The Chief Finance Officer is responsible for other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report.

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

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.



Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

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

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my annual audit report.

Use of my report

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

Gillian Woolman MA FCA CPFA
Audit Scotland
102 West Port
Edinburgh
EH3 9DN



Financial Statements

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.

2020/21		2021/22
Net Expenditure	Note	Net Expenditure
£000's		£000's
3,993	Community AHPS	5,927
11,608	Community Hospitals	12,800
2,488	District Nursing	2,671
17,928	General Medical Services	19,049
1,740	Health Visiting	1,923
7,888	Mental Health	8,060
13,545	Other	14,371
20,686	Prescribing	21,378
4,738	Resource Transfer	4,964
28,126	Older People	30,012
3,073	Physical Disabilities	2,699
16,325	Learning Disabilities	17,827
2,543	Planning and Performance	2,877
29,144	Share of pan Lothian Health Services	30,867
21,957	Set Aside	23,825
185,781	Cost of Services	199,251
192,991	Taxation and Non-Specific Grant Income	209,931
7,210	Surplus/(Deficit) on Provision of Services	10,680
7,210	Total Comprehensive Income and Expenditure	10,680



Movement in Reserves Statement

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

	2020/21 Total £000's	2021/22 Movement £000's	2021/22 Total £000's
General Reserves			
Surplus on Provision of Service	3,082	1,727	4,810
Earmarked Reserves			
Surplus on Provision of Service	6,526	8,953	15,479
Total Usable reserves	9,608	10,680	20,289

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, the unused elements of funds made available for Winter (Care at Home Capacity, Interim Care and Multi-disciplinary Teams) and other locally committed programmes.



Earmarked Reserves	£000's
COVID-19	9,182
Primary Care Improvement Fund	354
Mental Health Strategy	8
Alcohol and Drugs Strategy	1,038
Community Living Change Fund	346
Care at Home Capacity	419
Interim Care	420
Multi-disciplinary Teams	158
Carers fund	79
Locally Committed programmes	3,476
Committed Project Funds	15,480



Balance Sheet

The Balance Sheet shows the value, as at 31 March 2022, of the assets and liabilities recognised by the Board. The net assets of the Board are matched by the reserves held.

2020/21		Notes	2021/22
Total £000's			Total £000's
	Current Assets		
9,608	Short Term Debtors		20,289
	Current Liabilities		
0	Short Term Creditors		0
9,608	Total Assets less current Liabilities		20,289
	Capital and Reserves		
6,526	Earmarked Reserves		15,479
3,082	General Reserves		4,810
9,608	Total Reserves	MIRS Note 5	20,289

The accounts were authorised for issue on 13th September 2022

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 2021/22 financial year and its position at the year-end of 31 March 2022.

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 2021/22, 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 2022.

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 £20,289,000 at 31 March 2022.



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 2021/22 was £3,000.

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 2022 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 2021/22 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’s Audit and Risk Committee. 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 2022, 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:

	2020/21	2021/22
	£000's	£000's
Funding due from NHS Lothian	9,049	18,782
Funding due from East Lothian Council	559	1,507
Total	9,608	20,289

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:

	2020/21	2021/22
	£000's	£000's
Earmarked Reserves		
COVID-19 Funding	3,623	9,182
Scottish Government Mental Health Strategy - Action 15	53	8
Scottish Government Primary Care Improvement Plan Fund	226	354
Midlothian and East Lothian Drug and Alcohol Partnership	766	1,038
Community Living Change Fund	346	346
Winter - Care at Home Capacity		419
Winter - Interim Care		420
Winter - Multi-Disciplinary teams		158
Carers		79
Locally Committed Programmes	1,512	3,476
	6,526	15,479
General Reserves	3,082	4,810
Total Reserves	9,608	20,289

6. Taxation and Non-Specific Grant Income

2020/21		2021/22
£000		£000
49,385	Contributions from East Lothian Council	53,771
143,606	Contributions from NHS Lothian	156,160
192,991	Total	209,931



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 £23,825k in respect of the set aside resources and £30,867k 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:

2020/21		2021/22
£000		£000
51	Staff (Chief Officer)	55
6	CNORIS	3
27	Audit Fee	28
84	Total	85

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 NHS Lothian but where the resources are used by social care services delivered by East Lothian Council. Further details are shown on the Income and Expenditure analysis on page 13.

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 2021/22 relates to a presentational reclassification exercise within NHS Lothian.

2020/21		2021/22
Net		Net
Expenditure		Expenditure
£000's		£000's
136,829	NHS Lothian	146,427
(4,738)	Resource Transfer	(4,964)
(6,216)	Social Care Fund	(6,216)
125,875	Total	135,247
48,952	East Lothian Council	52,823
4,738	Resource Transfer	4,964
6,216	Social Care Fund	6,216
59,906	Total	64,003



9. Agency Transactions

COVID-19 Grants were distributed on behalf of the Scottish Government in accordance with the Scottish Government's eligibility criteria. The £500 social care workers grant funding was not received in 2020/21, but has been received and disbursed by East Lothian Council in 2021/22.

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

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:

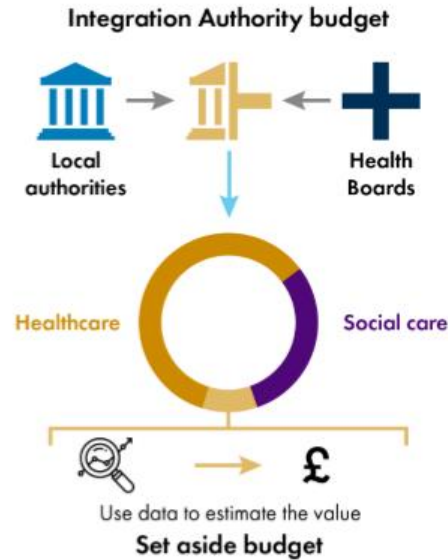
- Social care
- Health care – including primary and community healthcare, as well as some hospital care

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.



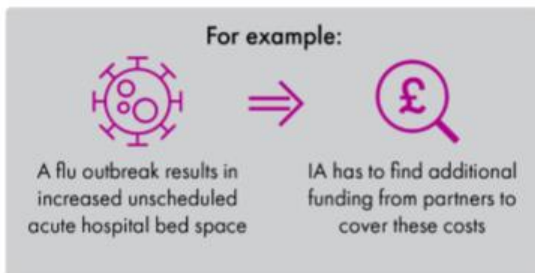
What can change the set aside budget?

In year

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

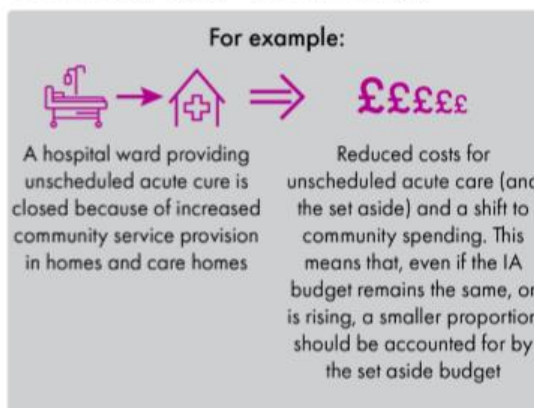
If activity is higher, the IA needs to agree with partners how these additional costs will be met.

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? "

Audit and Risk Committee of the East Lothian Integration Joint Board

13 September 2022

East Lothian Integration Joint Board Audit of 2021/22 annual accounts

3a

Independent auditor's report

1. Our audit work on the 2021/22 annual accounts is now complete. We anticipate being able to issue unqualified audit opinions in the independent auditor's report on 13 September 2022 (the proposed report is attached at [Appendix A](#)).

Annual audit report

2. Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We present for the Audit and Risk Committee's consideration our draft annual report on the 2021/22 audit. The section headed "Significant findings from the audit in accordance with ISA 260" sets out the issues identified in respect of the annual accounts.

3. The report also sets out conclusions from our consideration of the four audit dimensions that frame the wider scope of public audit as set out in the Code of Audit Practice.

4. This report will be issued in final form after the annual accounts have been certified.

Unadjusted misstatements

5. We also report to those charged with governance all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature and request that these misstatements be corrected.

6. We have no unadjusted misstatements to be corrected.

Representations from the Chief Finance Officer

7. As part of the completion of our audit, we are seeking written representations from the Chief Finance Officer on aspects of the annual accounts, including the judgements and estimates made.

8. A draft letter of representation is attached at [Appendix B](#). This should be signed and returned to us by the Chief Finance Officer with the signed annual accounts prior to the independent auditor's report being certified.

Appendix A: Proposed Independent Auditor's Report

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

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of the East Lothian Integration Joint Board for the year ended 31 March 2022 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, and any other disclosures presented as financial statements and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the 2021/22 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2021/22 Code of the state of affairs of the East Lothian Integration Joint Board as at 31 March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is six years. I am independent of the East Lothian Integration Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the East Lothian Integration Joint Board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the East Lothian Integration Joint Board's ability to continue to adopt the going concern

basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the East Lothian Integration Joint Board's current or future financial sustainability. However, I report on the East Lothian Integration Joint Board's arrangements for financial sustainability in a separate annual audit report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my annual audit report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the East Lothian Integration Joint Board is complying with that framework;
- identifying which laws and regulations are significant in the context of the East Lothian Integration Joint Board;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the East Lothian Integration Joint Board's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

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

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited part of the Remuneration Report

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

Other information

The Chief Finance Officer is responsible for other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report.

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

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

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

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

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my annual audit report.

Use of my report

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

Gillian Woolman MA FCA CPFA
Audit Scotland
102 West Port
Edinburgh
EH3 9DN

Appendix B: Letter of Representation (ISA 580)

Gillian Woolman, Audit Director
Audit Scotland
102 West Port
Edinburgh
EH3 9DN

Dear Gillian

East Lothian Integration Joint Board Annual Accounts 2021/22

1. This representation letter is provided in connection with your audit of the annual accounts of the East Lothian Integration Joint Board for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the remuneration report, management commentary and annual governance statement.

2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Audit and Risk Committee, the following representations given to you in connection with your audit of the East Lothian Integration Joint Board's annual accounts for the year ended 31 March 2022.

General

3. The East Lothian Integration Joint Board and I have fulfilled our statutory responsibilities for the preparation of the 2021/22 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by the East Lothian Integration Joint Board have been recorded in the accounting records and are properly reflected in the financial statements.

4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

Financial Reporting Framework

5. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (2021/22 Accounting Code), mandatory guidance from LASAAC, and the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and The Local Authority Accounts (Scotland) Regulations 2014.

6. In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the financial position of the East Lothian Integration Joint Board at 31 March 2022 and the transactions for 2021/22.

Accounting Policies & Estimates

7. All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2021/22 accounting code, where applicable. Where the code does not specifically apply, I have used judgement in developing and applying an accounting policy that results in information that is relevant

and reliable. All accounting policies applied are appropriate to the East Lothian Integration Joint Board's circumstances and have been consistently applied.

8. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

Going Concern Basis of Accounting

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

Liabilities

10. All liabilities at 31 March 2022 of which I am aware have been recognised in the annual accounts.

Fraud

11. I have provided you with all information in relation to

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

Laws and Regulations

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

Related Party Transactions

13. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2021/22 accounting code. I have made available to you the identity of all the East Lothian Integration Joint Board's related parties and all the related party relationships and transactions of which I am aware.

Remuneration Report

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

Management commentary

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

Corporate Governance

16. I confirm that the East Lothian Integration Joint Board has undertaken a review of the system of internal control during 2021/22 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.

17. I confirm that the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2022, which require to be reflected.

Balance Sheet

18. All events subsequent to 31 March 2022 for which the 2021/22 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Claire Flanagan
Chief Finance Officer



REPORT TO: East Lothian IJB - Audit and Risk Committee
MEETING DATE: 13 September 2022
BY: Chief Finance Officer
SUBJECT: Risk Register - update

4

1 PURPOSE

1.1 This paper lays out the IJB's risk register.

2 RECOMMENDATIONS

2.1 The Committee is asked to:

- i. Note the risks on the current risk register with a risk rating of 12 and above
- ii. 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. As agreed at the Audit & Risk Committee June 2022 meeting the register now reports risks with a score of 12 and above. Since the last meeting the following updates have been made

- COVID 19 risk rating has been reduced from 20 to 15 (likely hood 5 impact 3)

- Demographic pressures risk now has an additional control regarding the IJB Change Boards and the progress has also been updated.
- A new National Care Service risk has been included with a rating of 12, due to awaiting clarity on the impact of this. The progress highlights the input to the consultation process.
- The risk titled impact of partners decisions remains in place and our progress has been updated with the work undertaken on the new strategic plan.
- Operational resources insufficient to deliver the strategic plan risk rating has increased from 6 to 12 (likelihood 4 and impact 3) and the progress on mitigation by Officers, the recognition of resource challenges plus the development of strategic plan have been included.

3.3 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

The IJB makes its papers and reports available on the internet.

5 POLICY IMPLICATIONS

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

6 INTEGRATED IMPACT ASSESSMENT

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

Financial – there are none.

Personnel – there are none.

8 BACKGROUND PAPERS

None

AUTHOR'S NAME	Claire Flanagan
DESIGNATION	Chief Finance Officer
CONTACT INFO	Claire.flanagan@nhslothian.scot.nhs.uk
DATE	September 2022

Appendices

Apx 1 Risk Rating Matrix
Apx 2 Risk Register

Appendix 1- Risk Rating Matrix (DATIX)

Likelihood	Consequences / Impact				
	Negligible	Minor	Moderate	Major	Extreme
Almost Certain	Medium 5	High 10	High 15	V High 20	V High 25
Likely	Medium 4	Medium 8	High 12	High 16	V High 20
Possible	Low 3	Medium 6	Medium 9	High 12	High 15
Unlikely	Low 2	Medium 4	Medium 6	Medium 8	High 10
Rare	Low 1	Low 2	Low 3	Medium 4	Medium 5

Appendix 2 - Risk Register

ID	Title	Description	Controls in place	Risk level (current)	Rating (current)	Risk level (Target)	Rating (Target)	Risk Owner	Handler	Date Opened	Date Risk Reviewed	Action Plan in Place	Description	Progress	Start date	Due date	Done date
5045	COVID-19	There is a risk that the IJB will not be able to deliver against its objectives, its strategic plan and deliver financial balance against its budget due to COVID-19 and the response to this.	1. IJB Board/Committee meetings now operating in a virtual manner. 2. Controls in place within HSCP to evidence the response. 3. IJB Members are briefed on challenged as they present.	High	15	Medium	8	Wilson, Fiona M	Gorman, Iain	11/05/2020	16/08/2022		COVID-19 Response	IJB Chief Officer and Head of Operations actively part of East Lothian Council COVID -19 CMT Meeting and NHS Lothian Gold Command Meetings. 01/06/21: These meetings vary depending on the COVID response required. NHS Lothian Gold Command is currently stood down. 15/8/22 - Services continue to consider impact of the COVID 19 in the development of the strategic goals for service. COVID 19 will remain as a risk for the IJB until 2023 while we wait to see if there will be a change with regard to the pandemic which will have a wider affect on our services. 1/9/22 - COVID risk is reducing but will be kept on the register until March 23 giving risk of re-occurrence	11/05/2020	31/03/2023	
5220	Demographic Pressures	There is a risk that because the population of East Lothian has increased over the past few years, the projections predict a further increase. Because of this the pressure is further compounded by the percentage of that population over the age of 65 will also increase from the current position. This will lead to increased demand for the health and social care services in East Lothian that have been delegated to the IJB.	1. This will be managed through the IJB's Strategic Planning processes. 2. Change boards should be operating with recognition of demographic changes within the area.	High	16	Medium	9	Wilson, Fiona M	Wilson, Fiona M	20/08/2021	16/08/2022	Yes	Community Transformation provisioning work	Laura Kerr leading with a timescale of April 2023	01/09/2022	31/03/2023	
													Strategic delivery	Gillian Neil leading with an April 2024 timescale.	01/09/2022	31/03/2023	
5279	Impact of National Care Service Proposals	There is a risk that the NCS consultation could have a significant impact on the IJB, indeed the IJB could be replaced by a new body.		High	12	High	12	Wilson, Fiona M	Wilson, Fiona M	29/11/2021	16/08/2022		Scottish Government	CO engaging with the Scottish Government and inputting to the consultation - 16/8/22	15/08/2022	31/03/2023	
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	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	Wilson, Fiona M	Wilson, Fiona M	17/06/2016	16/08/2022	Yes	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 (including links) will be taken to the Core and Extended CMT on 18th March. 26/02/2021: Development Session ran on the 27th Aug 2020 on Directions, the fitness of purpose of the current directions, the potential impact of Covid on directions, how direction will support remobilisation plans locally and nationally. A paper on Directions following this session was presented to the IJB at the September business meeting of the IJB.	03/04/2017	31/03/2023	

Appendix 2 - Risk Register

ID	Title	Description	Controls in place	Risk level (current)	Rating (current)	Risk level (Target)	Rating (Target)	Risk Owner	Handler	Date Opened	Date Risk Reviewed	Action Plan in Place	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 focused on ensuring adequate resources are in place for delegated functions to deliver the Strategic Plan 4. NHS Lothian is focused 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 focused 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 and in place at IJB on 23/5/19. 11. Financial investment in additional capacity 	High	12	Medium	6	Wilson, Fiona M	Wilson, Fiona M	26/02/2016	16/08/2022	Yes	Strategic Development	New strategic plan being developed which will set new directions. Plan will be completed by December 2022 and risk will require review after this time - 1/9/22	16/08/2022	31/12/2022	



REPORT TO: East Lothian IJB – Audit and Risk Committee

MEETING DATE: 13 September 2022

BY: Chief Internal Auditor

SUBJECT: CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022

5

1 PURPOSE

- 1.1 To inform the Audit and Risk Committee of the recently published CIPFA¹ Position Statement: Audit Committees in Local Authorities and Police 2022 (Position Statement). To approve actions to more closely align the Audit and Risk Committee with the Position Statement.

2 RECOMMENDATIONS

- 2.1 That the Audit and Risk Committee note the attached Position Statement.
- 2.2 That the Audit and Risk Committee approve the actions to consider maintenance of compliance with the Position Statement.

3 BACKGROUND

- 3.1 The CIPFA Position Statement represents CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt. The East Lothian IJB is constituted as a Local Government body. The 2022 edition of the Position Statement replaces the 2018 edition.
- 3.2 It should be noted that compliance with the Position Statement is not a statutory or legislative requirement, however CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements.
- 3.3 The Position Statement identifies that audit committees are a key component of an authority's governance framework. The East Lothian IJB Audit and Risk Committee is established and operates in a manner

¹ CIPFA is the Chartered Institute of Public Finance and Accountancy.

that meets a substantial majority of the Position Statement requirements in relation to the following areas:

- The purpose of the audit committee: providing a high level focus on the adequacy of governance, risk and control arrangements.
- Independent and effective model: being independent of executive decision making and operating effectively and being accountable to the East Lothian IJB.
- Undertaking the core functions of:
 - Maintenance of governance, risk and control arrangements;
 - Financial and governance reporting;
 - Establishing appropriate and effective arrangements for audit and assurance.
- Audit committee membership is objective, inquiring and independent whilst promoting apolitical open discussion.
- Engagement and outputs: the committee meets at least four times a year and is regularly and appropriately attended by appropriate officers and supports transparent reporting.

3.4 The areas identified that the Audit and Risk Committee should consider taking action in compliance with the Position Statement are as follows:

- Page 3 of the Position Statement states that 'Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise'. The Audit and Risk Committee already has one independent member and may wish to consider if another independent member would be appropriate and what knowledge/skills a further member would bring to enhance the committee.
- Page 5 of the Position Statement states that; 'the committee should report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public'.

Recommended Actions

3.5 The actions recommended to the Audit and Risk Committee are as follows:

- The Audit and Risk Committee should consider to which annual committee a written report on the committee compliance with the Position Statement should be brought to and as part of the 2022/23 report consider if a further independent member invitation to join the committee should be made.

- The Audit and Risk Committee Chair should liaise with the Chief Internal Auditor and the Chief Finance Officer on the appropriate method for assessing and reporting on the Audit and Risk Committee performance.

4 ENGAGEMENT

- 4.1 The Position Statement is being shared with the Audit and Risk Committee as the key engagement process.

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 DIRECTIONS

- 7.1 The subject of this report does not require any amendment to or creation of Directions.

8 RESOURCE IMPLICATIONS

- 8.1 Financial - None
 8.2 Personnel - None
 8.3 Other - None

9 BACKGROUND PAPERS

- 9.1 None

AUTHOR'S NAME	Duncan Stainbank
DESIGNATION	Chief Internal Auditor
CONTACT INFO	dstainbank@eastlothian.gov.uk
DATE	2 September 2022

CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022

Scope

This position statement includes all principal local authorities in the UK, corporate joint committees in Wales, the audit committees for PCCs and chief constables in England and Wales, PCCFRAs and the audit committees of fire and rescue authorities in England and Wales.

The statement sets out the purpose, model, core functions and membership of the audit committee. Where specific legislation exists (the Local Government & Elections (Wales) Act 2021 and the Cities and Local Government Devolution Act 2016), it should supplement the requirements of that legislation.

Status of the position statement

The statement represents CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt. It has been prepared in consultation with sector representatives.

CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements. This will enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

The 2022 edition of the position statement replaces the 2018 edition.

The Department for Levelling Up, Housing and Communities and the Home Office support this guidance.

CIPFA's Position Statement 2022: Audit committees in local authorities and police

Purpose of the audit committee

Audit committees are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

In a local authority the full council is the body charged with governance. The audit committee may be delegated some governance responsibilities but will be accountable to full council. In policing, the police and crime commissioner (PCC) and chief constable are both corporations sole, and thus are the individuals charged with governance.

The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.

Independent and effective model

The audit committee should be established so that it is independent of executive decision making and able to provide objective oversight. It is an advisory committee that has sufficient importance in the authority so that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance.

The committee should:

- be directly accountable to the authority's governing body or the PCC and chief constable
- in local authorities, be independent of both the executive and the scrutiny functions
- in police bodies, be independent of the executive or operational responsibilities of the PCC or chief constable
- have rights of access to and constructive engagement with other committees/functions, for example scrutiny and service committees, corporate risk management boards and other strategic groups
- have rights to request reports and seek assurances from relevant officers
- be of an appropriate size to operate as a cadre of experienced, trained committee members. Large committees should be avoided.

The audit committees of the PCC and chief constable should follow the requirements set out in the Home Office Financial Management Code of Practice and be made up of co-opted independent members.

The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation.

Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise.

Core functions

The core functions of the audit committee are to provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers and helping to ensure robust arrangements are maintained.

The specific responsibilities include:

Maintenance of governance, risk and control arrangements

- Support a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance.
- Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.
- Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority's exposure to the risks of fraud and corruption.

Financial and governance reporting

- Be satisfied that the authority's accountability statements, including the annual governance statement, properly reflect the risk environment, and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives.
- Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.

Establishing appropriate and effective arrangements for audit and assurance

- Consider the arrangements in place to secure adequate assurance across the body's full range of operations and collaborations with other entities.
- In relation to the authority's internal audit functions:
 - oversee its independence, objectivity, performance and conformance to professional standards
 - support effective arrangements for internal audit
 - promote the effective use of internal audit within the assurance framework.

- Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.
- Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.
- Support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review and accountability.

Audit committee membership

To provide the level of expertise and understanding required of the committee, and to have an appropriate level of influence within the authority, the members of the committee will need to be of high calibre. When selecting elected representatives to be on the committee or when co-opting independent members, aptitude should be considered alongside relevant knowledge, skills and experience.

Characteristics of audit committee membership:

- A membership that is trained to fulfil their role so that members are objective, have an inquiring and independent approach, and are knowledgeable.
- A membership that promotes good governance principles, identifying ways that better governance arrangement can help achieve the organisation's objectives.
- A strong, independently minded chair, displaying a depth of knowledge, skills, and interest. There are many personal skills needed to be an effective chair, but key to these are:
 - promoting apolitical open discussion
 - managing meetings to cover all business and encouraging a candid approach from all participants
 - maintaining the focus of the committee on matters of greatest priority.
- Willingness to operate in an apolitical manner.
- Unbiased attitudes – treating auditors, the executive and management fairly.
- The ability to challenge the executive and senior managers when required.
- Knowledge, expertise and interest in the work of the committee.

While expertise in the areas within the remit of the committee is very helpful, the attitude of committee members and willingness to have appropriate training are of equal importance.

The appointment of co-opted independent members on the committee should consider the overall knowledge and expertise of the existing members.

Engagement and outputs

The audit committee should be established and supported to enable it to address the full range of responsibilities within its terms of reference and to generate planned outputs.

To discharge its responsibilities effectively, the committee should:

- meet regularly, at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public
- be able to meet privately and separately with the external auditor and with the head of internal audit
- include, as regular attendees, the chief finance officer(s), the chief executive, the head of internal audit and the appointed external auditor; other attendees may include the monitoring officer and the head of resources (where such a post exists). These officers should also be able to access the committee members, or the chair, as required
- have the right to call on any other officers or agencies of the authority as required; police audit committees should recognise the independence of the chief constable in relation to operational policing matters
- support transparency, reporting regularly on its work to those charged with governance
- report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public.

Impact

As a non-executive body, the influence of the audit committee depends not only on the effective performance of its role, but also on its engagement with the leadership team and those charged with governance.

The committee should evaluate its impact and identify areas for improvement.

