



**REPORT TO:** East Lothian Integration Joint Board

**MEETING DATE:** 22 June 2023

**BY:** Chief Finance Officer

**SUBJECT:** 2022/23 Draft Unaudited Annual Accounts

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## **1 PURPOSE**

- 1.1 This report presents to the IJB its draft (unaudited) Annual Accounts for 2022/23.

## **2 RECOMMENDATIONS**

- 2.1 The IJB is being asked to:-
- i. Note the draft audited annual accounts were considered at the IJBs Audit & Risk Committee on the 6 June 2023; and
  - ii. Agree that the draft annual accounts can be published and presented for audit.

## **3 BACKGROUND**

- 3.1 The IJB is constituted under section 106 of the local government (Scotland) Act and as such must prepare a set of annual accounts. These accounts must be presented in draft for approval to either the IJB or a committee of governance of the IJB by 30th June whereupon the accounts will be presented for audit by the IJB's auditors.
- 3.2 The annual accounts contain a range of sections but breakdown into three main areas :-
- The Management Commentary. This provides a statement of the IJB's purpose and its performance against that purpose in the financial year along with a reflection on the challenges facing the IJB in the next financial year.
  - The Annual Governance Statement – which reflect on the governance of the IJB and notes any governance improvements identified by the CIA's Internal Audit Annual Assurance Report

- A range of financial statements showing the financial position of the IJB.

#### **4 ENGAGEMENT**

- 4.1 The IJB makes its papers and reports available on the internet.
- 4.2 The issues in this report have been discussed with the IJB's partners but do not require wider engagement.

#### **5 POLICY IMPLICATIONS**

- 5.1 There are no new policies arising from this paper.
- 5.2 The recommendations in this report implement national legislation and regulations on the establishment of IJBs.

#### **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
- 6.2 The issues in this report do not require an integrated impact assessment.

#### **7 DIRECTIONS**

- 7.1 There are no implications for Directions at this stage.

#### **8 RESOURCE IMPLICATIONS**

- 8.1 Financial – There are no immediate resource implications from this report. Any resource implications from the outcome of the process will be highlighted in a future report if required.
- 8.2 Personnel – None
- 8.3 Other – None

#### **9 BACKGROUND PAPERS**

- 9.1 None

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<b>DATE</b>	June 2023





# **East Lothian Integration Joint Board**

## **Unaudited Annual Accounts 2022/23**

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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 2022 to 31 March 2023 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 2022/23 and then describes the financial performance for the financial year ended 31 March 2023. 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).

### **COVID-19**

During the pandemic, East Lothian, in line with Scottish Government guidance, stepped up a range of services to support the continued system wide response to Covid.

The cost projections associated with these services, through the Scottish Government Local Mobilisation Plan (LMP), were reported to the IJB and during the 2020/21 to 2022/23 financial years the associated costs were funded by designated Covid funding.

The Scottish Government confirmed the funding would not be available in the 2023/24 financial year. In response, a Covid decommissioning assessment and reprioritisation of funding exercise was undertaken. The result of this exercise has allowed funding streams to be assessed and reprioritised to ensure both clinical and financial sustainability of these services.

### **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 third Strategic Plan on 15 September 2022, this covers 2022 to 2025. A link to the plan is below:

[Link: Strategic Plan](#)

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 seven change boards reflecting on the IJB's strategic priority areas for change.

These focus on: primary care, adults with complex needs, mental health and substance use, shifting care from acute hospitals to the community, support to carers, community hospitals and care homes and care at home.

### **Review of the IJB's Integration Scheme**

During 2021 East Lothian Council and NHS Lothian Council drafted a new scheme which has been out for consultation and approved by both Council and the Health Board. The scheme is currently with Scottish Government.

### **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 2022/23. The membership of the IJB as at March 2023 was as follows:

<b>Member</b>	<b>Nominated/Appointed by</b>	<b>Role</b>
Peter Murray	Nominated by NHS Lothian	Chair (voting member)
Councillor Shamin Akhtar	Nominated by East Lothian Council	Vice Chair (voting member)
Fiona Wilson	Appointed by IJB	Chief Officer (non-voting member)
Claire Flanagan	Appointed by IJB	Chief Finance Officer (non-voting member)
Fiona Ireland	Nominated by NHS Lothian	Voting Member, Chair of Audit & Risk Committee
Elizabeth Gordon	Nominated by NHS Lothian	Voting Member
Val de Souza	Nominated by NHS Lothian	Voting Member
Councillor Carol McFarlane	Nominated by East Lothian Council	Voting Member
Councillor Lyn Jardine	Nominated by East Lothian Council	Voting Member
Councillor Lachlan Bruce	Nominated by East Lothian Council	Voting Member
Vacant	Appointed by IJB	Independent sector representative (non-voting member)
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)
Dr Claire Mackintosh	Nominated by NHS Lothian	Medical Consultant (non-voting member)
Vacant	Appointed by IJB	ELC Staff Representative (non-voting member)
Judith Tait	Nominated by East Lothian Council	Chief Social Work Officer (non-voting member)

<b>Member</b>	<b>Nominated/Appointed by</b>	<b>Role</b>
Thomas Miller	Appointed by IJB	NHS Staff Representative (non-voting member)
Dr John Hardman	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	Appointed by the IJB	Specialist in Substance Abuse (non-voting member)
Dr Philip Conalglan	Appointed by IJB	Public Health (non-voting member)

### **The IJB’s Operations for the 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 February 2022 meeting. 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 (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**

### **Learning Disabilities**

Over the last year work has been progressed to develop the enhanced Learning Disabilities service. A multi disciplinary approach with staff across the HSCP working in partnership to support and meet the outcomes of those individuals with a Learning Disability, who often have complex needs. In addition, through the transformation programme, the resource co-ordination model continues to develop and community opportunities have expanded to include Dunbar and North Berwick and this continues to grow, ensuring that individual are linked in with their local communities.

Hardgate Court, a facility for short break and respite, has seen a continued increase in demand throughout the year. The current model has been used successfully to support high risk individuals to be supported within an alternative environment, providing person centred care and reducing risk of suicide and overdose.

### **Substance Use**

Throughout the year a main focus of the Substance Use Service has been the delivery of the Medication Assisted Treatment Standards 1-5 (MAT) by April 2023.

The aim of the standards is to:

- Improve access and retention in MAT
- Enable people to make an informed choice about treatment, care and support.
- Include families or nominated person(s) wherever appropriate

A single point of contact and same day assessment and treatment service has been implemented. The service operates 5 days per week and offers choice and advocacy support. In addition, an assertive outreach service has been developed. This service offers support with harm reduction and follow ups for anyone who experiences a non-fatal overdose where illicit substances are noted.

### **Mental Health**

Work has been undertaken to implement Distress Brief Interventions, the programme will be in partnership with Penumbra. The overarching aim of the programme is to provide a framework for improved inter-agency co-ordination, collaboration and co-operation across a wide range of care settings, interventions and community support to provide person centred support for those who contact services in distress but don't require a clinical response. Individuals experiencing stress or distress will be guaranteed support within 24hrs.

### **Reprovisioning work**

The East Lothian IJB Strategic plan commitment is to support people closer to home, in their own home or in a homely setting. This will be achieved through a number of

measures resulting from re-modelling services as well as the services being commissioned. The work undertaken by the Community Hospitals and Care Homes Provision Change Board provides a key strand to achievement of this objective.

The Community Hospitals and Care Homes Provision Change Board has produced and submitted several reports to Strategic Planning Group and East Lothian Integration Joint Board since its inception in May 2021. The final report was submitted in the 2022/23 financial year. The IJB supported the conclusion of the final report. This detailed the requirement for the Chief Officer and Senior Management Team to develop a range of capacity options for inpatient community hospital and care homes beds and Intermediate Care. This will include the financial assessment across all options being considered.

### **Carers**

Over the past year there has been significantly increased capacity to take forward the carers agenda by appointing a Carers Strategy officer and Carers Community Care Worker dedicated to carer support. Funding has also enabled the short term employment of a Mental Health Officer to reduce a backlog in private guardianship applications.

Carers act funding over 2022/23 has supported the continuing Adult and Young carer services, provided by Carers of East Lothian and East Lothian Councils Young Carers Service, to offer advice, information, support and breaks from caring to carers of people in East Lothian. It has supported the development of community based outreach services for different clients group by diversifying what is already offered by existing providers such as Older Peoples Day Centres and Leuchie house. Funding has also supported new models of dementia support through East Lothian's first 'meeting centre' for people with dementia, building on existing community supports offered for people living with dementia by friendship groups and D'cafes. With carers act funding East Lothian Rehabilitation Service have developed an innovative carer support pathway which for the first time focuses on the needs the carer has in the supporting role.

### **Care at Home**

East Lothian noted considerable challenge this year with a number of care at home providers leaving the region. In response, the HSCP successfully transferred clients from externally commissioned services to internally managed services (Emergency Care Service, Hospital to Home & East Lothian Council Homecare). Internal services were able to adapt quickly, bolstering the workforce through a recruitment campaign and increasing the efficiency within internal services to create the additional capacity required.

### **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.

This supports the following services:

- The Community Link Worker service to all GP practices.
- The Primary Care Vaccination team providing clinic-based and domiciliary vaccination services across East Lothian including vaccinations for seasonal influenza, Covid vaccinations, all unscheduled adult vaccinations, pneumococcal and shingles vaccinations.
- Community Treatment and Care Services across the county from seven locations.
- Musculoskeletal (MSK) Services which provide direct access to face-to-face and telephone appointments.
- The Care When it Counts Mental Health Service available to all practice populations.
- The Care When it Counts (CWIC) Service supporting Tranent, Riverside, Harbours and Inveresk Practices.

Furthermore there have been improvements to the Primary Care premises including:

- The reopening of Cockenzie Health Centre following a 15 month refurbishment and extension project. The extension allowed for the creation of a mini hub of PCIP services including the colocation of CWIC, Mental Health, CTACS and Community Links Workers.
- The MPCC Primary Care hub where CWIC, CTACS and the Vaccination team provide patient services.

### **Physician Associates**

The creation and expansion of the Physician Associate workforce was an innovative solution to address the challenges with the medical workforce. The initiative has worked well and the roles have become established in East Lothian. Physician Associates support a wide range of primary care services including CWIC, the care home team, medicine of the elderly and hospital at home. The Physician Associates, through the development framework, are able to operate at the more senior operational level of Clinical Coordinators, and are able to manage patient groups that Primary Care Advanced Nurse Practitioners currently do not, eg Paediatrics and Women's Health, thereby augmenting an already very effective team.

### **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.

### **Telecare**

ELRS recognise the value of using TEC (Technology Enabled Care) to help people remain as active, independent, enabled and as safe as possible key principles within an Intermediate Care model. TEC has been identified as the Golden Thread running through all services within ELHSCP due to the improved outcomes it creates for patients, carers, and staff. When used at the right time it can aid prevention of admission, facilitate hospital discharge, and enable carers to continue to look after

their loved one. TEC can also be used as an alternative to, or alongside care provision, reducing demand on this scarce resource. TEC is cost effective and plays a key role as an enabler in modernising health and social care. The TEC team meets the key principles of an Intermediate Care model.

Analogue to digital transition for telecare is required due to telephony switch over. The IJB supported the procurement of devices through SPG and it's IJB meetings. A procurement schedule has been agreed at the TEC Board to complete transitioning all clients by end of 2024. In the next year the TEC / Telecare service plans to integrate digital, data, and TEC workstrands to improve service cohesion, and explore development of a predictive model of telecare provision.

## **Pain Management**

The pain management service (ELPMS) delivers group and one to one pain management sessions in response to individual need. During the pandemic, the ELPMS was the first in Lothian to utilise technology to deliver live, online pain management group services with over 120 digital appointments offered. Group sessions continue to be delivered both face-to-face and digitally in response to patient need, optimising access to pain services across a wide geographical area. The service promotes long term sustainable behavioural change through onward referral to the ELRS PACE and Physiotherapy Advanced Rehabilitation with Increased Support (PARIS) exercise programs.

## **Hosted Services**

### **Inpatient Mental Health**

The IJB continues to support phase II of the Royal Edinburgh Hospital (REH) business case. 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.

### **Astley Ainslie Hospital**

The Strategic Planning Group (SPG) supported the review on the requirement for rehabilitation beds allocated to East Lothian patients within the Astley Ainslie Hospital (AAH) in Edinburgh and to explore the development of an East Lothian community-delivered rehabilitation model.

## **Set Aside Services**

There remains 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 work on reducing use of Acute beds and reducing attendances at the Emergency Department but the IJB recognises the pressure on the Acute system



during 2022/23. The HSCP piloted the below service development (Inreach) to further support this.

### **Inreach**

A creative solution to address system issues was piloted by the HSCP in the Royal infirmary Site (RIE). The pilot aimed to prevent admissions and reduce the length of stay for patients who had been admitted. The Royal Infirmary Inreach project commenced on 26th October 2022 and consists of Occupational Therapists, Physiotherapists and Assistant Practitioners, with Clinical Leadership.

Since the inception, the East Lothian Inreach team have case managed over 200 patients and completed over 900 interventions. The team saw patients across 16 different specialties and 35 wards. The patient specialty receiving the largest number of interventions was Medicine of the Elderly. The team have supported 191 discharges from the RIE, utilising 23 different services.

### **Performance**

The core components and key developments for 2022/23 are summarised above and further detail will be included in the Annual Performance Report. The Annual Performance Report will be published and a link to 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 2023**

For the year ending 31 March 2023, the IJB recorded a deficit of £10,167,000. The costs incurred in delivering the IJB’s functions, by East Lothian Council and NHS Lothian, were more than the income that the IJB received from NHS Lothian and East Lothian Council.

	<b>Income £000’s</b>	<b>Expenditure £000’s</b>	<b>Variance £000’s</b>
East Lothian IJB	£204,552	£214,719	(£10,167)

This position should be seen in the context of:

- The IJB generated a surplus in 2021/22. The surplus was the result of funding being allocated by the Scottish Government during 2021/22 for use in 2022/23. A significant proportion of this equated to the Covid funding allocation. Therefore, the deficit is a result of the IJB incurring expenditure against its earmarked reserve.
- The IJB’s financial performance against its “in year” delegated budgets resulted in a surplus of £282,000 within Social Care.
- The health budgets of the IJB generated an overspend of £31,000 and as a result non-recurring financial support was provided by NHS Lothian to ensure a balanced financial position.

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.

## 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 2023 is £10,112,000. This is made up of £5,092,000 for earmarked reserves and £5,030,000 of general reserves.

	Opening £000's	In Year £000's	Closing £000's
Covid	9,182	(9,182)	0
Other Earmarked	6,297	(1,205)	5,092
General	4,810	220	5,030
	<b>20,289</b>	<b>(10,167)</b>	<b>10,122</b>

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.

## Analysis of the Financial Statements

The financial statements are all presented on a net basis and the table below summarises the income and expenditure for the IJB for 2022/23.

## 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
<b>Direct East Lothian Services</b>						
Community AHPS	6,176		5,868		308	
Community Hospitals	14,560		14,048		512	
District Nursing	3,127		2,964		163	
General Medical Services	19,229		19,578		(349)	
Health Visiting	2,207		2,106		101	
Mental Health	6,160		6,302		(142)	
Other	1,415		58		1,357	
Prescribing	21,279		22,342		(1,063)	
Resource Transfer	4,969		4,969		0	<b>1</b>
Older People		34,008		33,693	315	



Mental Health		2,226		2,550	(323)	
Physical Disabilities		2,755		2,894	(139)	
Learning Disabilities		17,923		18,756	(833)	
Planning and Performance		3,159		3,140	19	
Other		7,789		6,546	1,243	
<b>Share of Pan Lothian</b>						
Set Aside	24,764		25,960		(1,196)	<b>2</b>
Mental Health	2,871		3,122		(251)	
Learning Disabilities	1,606		1,624		(18)	
Rehabilitation	1,137		940		197	
Sexual Health	911		928		(17)	
GP OOH	1,593		1,676		(83)	
Psychology	1,580		1,584		(4)	
Substance Misuse	592		567		25	
Allied Health Professions	1,888		1,765		123	
Oral Health	1,626		1,565		61	
Other	4,665		4,420		245	
Pharmacy	4,596		4,596		0	<b>3</b>
Ophthalmology	2,093		2,093		0	<b>3</b>
Dental	7,617		7,617		0	<b>3</b>
<b>Totals</b>	<b>136,661</b>	<b>67,860</b>	<b>136,692</b>	<b>67,578</b>	<b>251</b>	
Non Recurring NHSL support	31		0		31	
<b>Revised Total</b>	<b>136,692</b>	<b>67,860</b>	<b>136,692</b>	<b>67,578</b>	<b>282</b>	
<b>SCF</b>	6,216	(6,216)	6,216	(6,216)	0	<b>4</b>
<b>Per Accounts</b>	<b>142,908</b>	<b>61,644</b>	<b>142,908</b>	<b>61,362</b>	<b>282</b>	

### 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 2022/23 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 2023/24 Financial Position**

The IJB faced challenges balancing its budget for 2023/24.

In March 2023 the IJB considered the budget offer from East Lothian Council. Given the offer was not in line with the parameters set by Scottish Government, the IJB voted to not accept this budget offer from the Council. At the IJB in May 2023, there was no change in the budget offer from East Lothian Council, therefore the IJB noted the further financial recovery action required to balance the budget for 2023/24 and mitigate the reduction in the East Lothian Council offer.

### **Consultation on the National Care Service**

The Scottish Government continued their consultation on the proposal to set up a National Care Service. The consultation process aimed to support the development of the Bill and under the current proposals IJBs will be reformed into local care boards, accountable to Scottish Ministers. In March 2023, MSPs voted to formally postpone the Bill to establish the National Care Service for Scotland until the end of June 2023.

## Key risks, challenges, and uncertainties

The three main pressures faced by East Lothian are:

- The growing demand for services, both locally and in Acute sites, driven by population growth and the changing needs of the population.
- the lack of available workforce; and
- the challenging financial landscape.

Health and Social Care will regularly update the IJB with detailed transformations plans on reshaping services to meet the needs of the population. The challenge for the IJB is to transform the delivery of its delegated functions to ensure both clinical and financial sustainability.

## A growing and ageing population

East Lothian's population is one of the fast growing in Scotland, this was evidenced by the population estimates released by the National Records of Scotland (NRS). The published findings projected that between 2018 and 2028, the population of East Lothian is to increase from 105,790 to 113,403. This is an increase of 7.2%, which compares to a projected increase of 1.8% for Scotland as a whole. This projection compounds the previous growth between 2001 and 2021, in this period the population of East Lothian increased by 21.5%. This was the highest percentage change out of the 32 council areas in Scotland. Over the same period, Scotland's population rose by 8.2%.

The average age of the population of East Lothian is projected to increase. The 75 and over age group is projected to see the largest percentage increase (+32.6%). As people live longer many more people will be living at home with frailty and/or dementia and/or multiple health conditions. This will pose challenges for all our health and social care services whilst also changing the face of some of the local communities.

Source Information - [Link to NRS](#)

## Workforce pressures

Both the NHS and the Local Authority are experiencing a shortage of care professionals. The pressure spans over various disciplines, including medical staff, nurses, allied health professionals, social workers, and carers. The demand for services often exceeds the available workforce, leading to increased workloads and potential strains on the system.

Addressing these challenges requires a multifaceted approach, including robust workforce planning, recruitment, and retention strategies. In response, East Lothian is piloting new approaches and has used promotional videos and held recruitment days to provide a better understanding of services and promote working in East Lothian.

## **Acute hospitals**

The Acute hospitals that support the population of East Lothian (The Royal Infirmary of Edinburgh and the Western General Hospital) remain under significant demand pressures as do other social care and health services, in a financially challenging environment. The IJB will continue to support community-based alternatives that will minimise avoidable admissions and facilitate discharges to help improve system flow.

## **The challenging financial landscape**

The Scottish Government, in setting its budget, highlighted that there is significant financial challenge ahead with limited resources available. The challenge impacts across the whole of the Public Sector and the IJB understands the pressures faced by NHS Lothian and East Lothian Council with increasing costs and constrained funding. The IJB must ensure it's own financial sustainability, reported through the IJB's medium term financial plan. The plan shows significant financial gaps therefore a focus will need to be put on financial recovery to ensure the sustainability of services – tough decisions, service redesign and transformation will be critical.

**Shamin Akhtar**

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 are due to be approved for signature at a meeting of the Audit & Risk Committee on 12<sup>th</sup> September 2023.

Signed on behalf of East Lothian Integration Joint Board.

**Shamin Akhtar**  
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 2023.

**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 2022/23.

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 2022/23. This remuneration is £9,030 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 was replaced by Fiona Wilson from July 2022. Fiona 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 2022/23 the Chief Finance Officer was Claire Flanagan. 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.

### **Other Officers**

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

<b>Total for 2021/22 £</b>	<b>Senior Employees Salary, Fees &amp; Allowances</b>	<b>Total for 2022/23 £</b>
53,692	Alison MacDonald, Chief Officer	13,531
n/a	Fiona Wilson, Chief Officer	32,880
9,644	Claire Flanagan, Chief Finance Officer	25,694
14,047	David King, Interim Chief Finance Officer	1,436

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.



	For year to 31/03/2022 £k	For year to 31/03/2023 £k		Accrued Pension benefits	
				At 31/03/2022 £k	At 31/03/2023 £k
Alison MacDonald	22	24	Pension	17	20
			Lump Sum	13	8
Claire Flanagan	17	18	Pension	18	21
			Lump Sum	27	29
Fiona Wilson	n/a	20	Pension	n/a	31
			Lump Sum	n/a	86

### 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 2022/23.

**Shamin Akhtar**  
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;
- Having a clear vision, which is an agreed formal statement of the ELIJB's purpose and intended outcome which provide the basis for the ELIJB's overall strategy, planning and other decisions, the ELIJB Strategic Plan was agreed by the ELIJB in September 2022 to run from October 2022 to March 2025;
- 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 2022-2025 was endorsed for publication by the ELIJB in February 2023;
- Evaluating and monitoring risk management and internal control on a regular basis, with ELIJB risk register being monitored at every 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.

- 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 FM Code in March 2022. This was further approved by the ELIJB in December 2022 with a report demonstrating that ELIJB meets all of the requirements of the code as considered applicable to ELIJB. 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 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 2022/23 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. Meetings have continued to be held remotely throughout the year;
- Annual Performance Report – ELIJB produces an Annual Performance Report, with the last report being published in September 2022, covering the year 2020/21, In line with Scottish Government guidance, the report included details of performance in relation to the Core Integration Indicators and additional Ministerial Steering Group indicators and financial performance;
- Officers - the Board continues to appoint a Chief Officer and a Chief Finance Officer as required by the legislation. A Chief Internal Auditor is also appointed to carry out the Board's internal audit requirements and assist its Audit and Risk Committee;
- Finance - financial control processes continued as normal during the 2022/23 financial year with the Board receiving regular Financial Update reports, a Medium Term Financial plan was approved by ELIJB in December 2022, however assumptions may need to be reconsidered as result of the budget setting process for 2023/24
- Budget Setting 2023/24 – ELIJB Agreed as part of the Finance Update in March 2023 not to accept the IJB budget offer from East Lothian Council, as it is not in line with the parameters set by Scottish Government. In May 2023 the ELIJB agreed to accept the IJB budget offer from NHS Lothian and note the further financial recovery action required to mitigate the £0.25million financial gap for ELIJB for 2023/24. Work is ongoing in delivering recovery action to create a balanced budget for the current financial year.
- Code of Conduct - the Board adopted a Code of Conduct based on the existing Model Code for Members of Devolved Public Bodies in Scotland which came into effect on 7<sup>th</sup> December 2021, and members have registered their interests according to that Code. The revised Code of Conduct was approved for adoption by the ELIJB in 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 2022/23 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 2023, 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:

- Recruitment to the Strategic Planning Group to ensure that all statutory groups are represented and regular attendance from all group members are to be encouraged to ensure appropriate representation from across the community is in place by September 2023.
- The IJB had a requirement to develop a medium term Financial Plan which has now been completed for 2022/23 to 2026/27, and approved in December 2022. The plan however noted the future work required to refine this financial plan and the requirement for significant recovery actions to bring the plan back into balance. Regular financial reporting has then been provided to the IJB at every meeting. The March 2023 Budget Offer from Partners Paper outlined that *“with a £6.1m projected overspend next year and £5.9m of financial recovery plans there remains a £0.250m financial gap that the IJB requires to decide how this is mitigated.”* And *“within the financial recovery assumptions above, even after the identification of financial recovery plans there was still a financial gap within prescribing and set aside services.”* A recovery action on the remaining £0.250m was identified for noting to the IJB in May 2023. The current challenges highlight that further and ongoing work to continue to refine the financial plan will be required moving forwards to demonstrate appropriate provision of resources to implement the ELIJB strategic plan.
- In developing the IJB workforce plan 2022-25 a comprehensive skills gap analysis has not yet been completed, therefore the Board cannot yet determine the upcoming workforce demands and develop the appropriate recruitment and training strategies to address current and future skills gaps within the workforce, this is planned to be completed by August 2023.

The implementation of these actions to enhance the governance arrangements in 2023/24 will be driven and monitored by the ELIJB Chief Officer in order to inform the next annual review. Internal Audit work planned in 2023/24 is designed to test improvements and compliance in governance and implementation of agreed recommendations. Progress has been made against all actions noted in the 2022/23 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 2023.

**Shamin Akhtar**  
Chair

**Fiona Wilson**  
Chief Officer



East Lothian Integration Joint Board – Annual Accounts for the year ended 31 March 2023

## **Independent Auditor's Report**

## 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.

2021/22 Net Expenditure £000's		2022/23 Net Expenditure £000's
146,427	NHS Lothian	153,357
52,823	East Lothian Council	61,362
<b>199,250</b>	<b>Cost of Services</b>	<b>214,719</b>
209,931	Taxation & Non Specific Grant Income	204,552
<b>10,681</b>	<b>Surplus or Deficit on Provision of Services</b>	<b>(10,167)</b>

### **Movement in Reserves Statement**

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

	<b>2021/22 Total £000's</b>	<b>2022/23 Movement £000's</b>	<b>2022/23 Total £000's</b>
<b>General Reserves</b>			
Surplus on Provision of Service	4,810	220	5,030
<b>Earmarked Reserves</b>			
Surplus on Provision of Service	15,479	(10,387)	5,092
<b>Total Usable reserves</b>	<b>20,289</b>	<b>(10,167)</b>	<b>10,122</b>

### **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.

<b>Earmarked Reserves</b>	<b>£000's</b>
COVID-19	0
Primary Care Improvement Fund	80
Mental Health Strategy	66
Alcohol and Drugs Strategy	59
Community Living Change Fund	346
Care at Home Capacity	419
Interim Care	420
Unpaid Carers PPE	2
Unscheduled Care	1,777
Carers fund	141
Locally Committed programmes	1,782
<b>Committed Project Funds</b>	<b>5,092</b>



### **Balance Sheet**

The Balance Sheet shows the value, as at 31 March 2023, of the assets and liabilities recognised by the Board. The net assets of the Board are matched by the reserves held.

2021/22 Total £000's		Notes	2022/23 Total £000's
	<b>Current Assets</b>		
20,289	Short Term Debtors		10,122
	<b>Current Liabilities</b>		
0	Short Term Creditors		
<b>20,289</b>	<b>Total Assets less current Liabilities</b>		<b>10,122</b>
	<b>Capital and Reserves</b>		
15,479	Earmarked Reserves		5,092
4,810	General Reserves		5,030
<b>20,289</b>	<b>Total Reserves</b>	<b>MIRS Note 5</b>	<b>10,122</b>

The accounts are due to be authorised for issue on 12<sup>th</sup> September 2023.

**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 2022/23 financial year and its position at the year-end of 31 March 2023.

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 2022/23, 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 2023.

### 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 £10,122,000 at 31 March 2023.

## 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 2022/23 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 2023 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 2022/23 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 2023, 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:

	2021/22 £000's	2022/23 £000's
Funding due from NHS Lothian	18,782	8,333
Funding due from East Lothian Council	1,507	1,789
<b>Total</b>	<b>20,289</b>	<b>10,122</b>

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

### 5. Reserves

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

	2021/22 £000's	2022/23 £000's
<b>Earmarked Reserves</b>		
COVID-19 Funding	9,182	0
Scottish Government Mental Health Strategy - Action 15	8	66
Scottish Government Primary Care Improvement Plan Fund	354	80
Midlothian and East Lothian Drug and Alcohol Partnership	1,038	59
Community Living Change Fund	346	346
Winter - Care at Home Capacity	419	419
Winter - Interim Care	420	420
Winter - Multi-Disciplinary teams	158	0
Carers	79	141
Unpaid Carers PPE	0	2
Unscheduled Care	0	1,777
Locally Committed Programmes	3,476	1,782
	<b>15,479</b>	<b>5,092</b>
<b>General Reserves</b>	<b>4,810</b>	<b>5,030</b>
<b>Total Reserves</b>	<b>20,289</b>	<b>10,122</b>

## 6. Taxation and Non-Specific Grant Income

2021/22 £0		2022/23 £0
53,771	Contributions from East Lothian Council	61,644
156,160	Contributions from NHS Lothian	142,908
<b>209,931</b>	<b>Total</b>	<b>204,552</b>

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

The funding contribution from the NHS Board shown above includes £24,764,000 in respect of the Set Aside resources and £32,807,000 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:

2021/22 £0		2022/23 £0
55	Staff (Chief Officer)	46
3	CNORIS	3
28	Audit Fee	31
<b>85</b>	<b>Total</b>	<b>80</b>

## 8. Related Party Transactions

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

There are elements of expenditure which are shown against 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 12/13.

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 2022/23 relates to a presentational reclassification exercise within NHS Lothian.

2021/22 Net Expenditure £000's		2022/23 Net Expenditure £000's
146,427	NHS Lothian	153,357
(4,964)	Resource Transfer	(4,969)
(6,216)	Social Care Fund	(6,216)
<b>135,247</b>	<b>Total</b>	<b>142,172</b>
52,823	East Lothian Council	61,362
4,964	Resource Transfer	4,969
6,216	Social Care Fund	6,216
<b>64,003</b>	<b>Total</b>	<b>72,547</b>

## 9. Agency Transactions

COVID-19 Grants were distributed on behalf of the Scottish Government in accordance with the Scottish Government's eligibility criteria.

## 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.



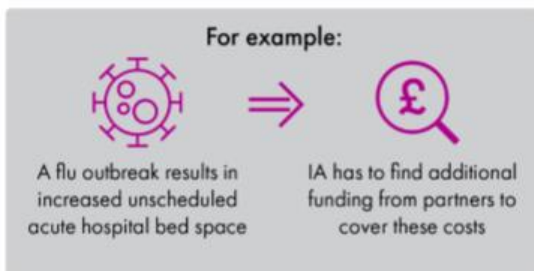
### What can change the set aside budget?

#### In year

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

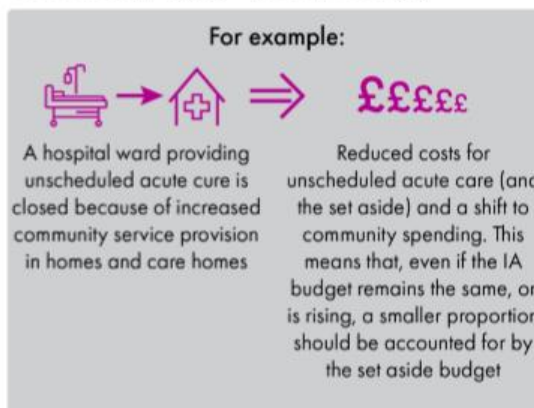
If activity is higher, the IA needs to agree with partners how these additional costs will be met.

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?"