



REPORT TO: East Lothian Integration Joint Board

MEETING DATE: 27 June 2024

BY: Interim Chief Finance Officer

SUBJECT: Draft Unaudited Annual Accounts 2023/24

1 PURPOSE

- 1.1 The IJB is governed by the same statutory regulations that govern local authorities. The IJB must prepare a set of annual accounts for the financial year. This paper presents the IJB with a late draft of the 2023/24 annual accounts which require to be published before the end of June 2024.

2 RECOMMENDATIONS

- 2.1 As a result of this report, Members are asked to:
- Consider the attached draft annual accounts.
 - Approve this draft for publication before the end of June.

3 BACKGROUND

- 3.1 The IJB is corporate body as defined under s106 of the Local Government (Scotland) Act 1973. This Act requires the IJB to produce a set on Annual Accounts at the end of each financial year.
- 3.2 In practice there are three steps:
- To prepare and publish (on the IJB's website) a set of unaudited accounts before the end of June 2024. These accounts require to be approved for publication by the IJB.
 - These accounts are then presented to the IJB's appointed Auditors (Audit Scotland) who undertake an audit of the IJB's annual accounts.

- A final set of accounts is prepared reflecting the appointed auditors comments and including their own formal view on the accounts. This will be presented to the IJB's Audit and Risk Committee at its September meeting and then presented to the IJB for final approval and will then be published on the IJB's website.

3.3 There are broadly five parts to the annual accounts:

- A description of what the IJB is and how it functions.
- A management commentary which is split into two broad parts:
 - A reflection of the financial performance of the IJB and a consideration of the financial challenges in the next financial year
 - A reflection of what the IJB has done during the year. In effect how has the IJB (through its partners) been delivering its strategic plan.
- A range of governance assurances including the Annual Governance Statement which is prepared by the IJB's Chief Internal Auditor. This AGS was brought to the IJB's Audit and Risk committee on 18 June and the committee have now approved this.
- The report from the appointed auditors. This will not be available until after the appointed auditors have completed their audit.
- The actual accounts themselves.

3.4 Its worth just noting how the IJB can have broken even in year whilst report an apparent deficit of £5.8m in its annual accounts. This is a function of the accounting convention. Technically expenditure incurred in year can only be funded from income received in that year – hence the deficit. However, the IJB has used its reserves to achieve a break-even position. This is noted in the annual accounts.

4 ENGAGEMENT

4.1 The IJB makes its papers and reports available publicly.

5 POLICY IMPLICATIONS

5.1 There are no new policies arising from this paper.

6 INTEGRATED IMPACT ASSESSMENT

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

7 DIRECTIONS

7.1 This report does not impact on any of the IJB's directions nor require any new or amended directions.

8 RESOURCE IMPLICATIONS

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

9 BACKGROUND PAPERS

- 9.1 None.

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DATE	June 2024

Appendices:

Draft East Lothian IJB Unaudited Annual Accounts 2023/24

East Lothian
Integration Joint Board



East Lothian Integration Joint Board

Unaudited Annual Accounts 2023/24

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Management Commentary

Introduction

The management commentary considers the work that the IJB has undertaken during the financial year 2023/24 and then describes the financial performance for the financial year ended 31 March 2024. 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).

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 2023 to 31 March 2024 is Audit Scotland, 102 West Port, Edinburgh EH3 9DN.

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:

https://www.eastlothian.gov.uk/download/downloads/id/33015/east_lothian_ijb_strategic_plan_2022_-_25.pdf

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 misuse, 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

The IJB's Scheme of delegation was revised by the IJB's partners in 2022. The revised document has since been approved by the Scottish Government and is in effect for the financial year 2023/24.

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 2023/24. The membership of the IJB as at March 2024 was as follows:

Member	Nominated/Appointed by	Role
Councillor Shamin Akhtar	Nominated by East Lothian Council	Chair (voting member)
Andrew Cogan	Nominated by NHS Lothian	Vice Chair (voting Member)
Fiona Ireland	Nominated by NHS Lothian	Voting Member, Chair of Audit & Risk Committee – see note below
Elizabeth Gordon	Nominated by NHS Lothian	Voting Member
Patricia Cantley	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 Jeremy Findlay	Nominated by East Lothian Council	Voting Member
Fiona Wilson	Ex officio	Chief Officer (non-voting member)
David King	Ex officio	Interim Chief Finance Officer (non-voting member) – see note below
Claire MacDonald	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)
David Aston	Appointed by IJB	Service User representative (non-voting member) - <i>on leave of absence since Dec 2023</i>
Dr Claire Mackintosh	Nominated by NHS Lothian	Registered Medical Practitioner (not GP) (non-voting member)

Member	Nominated/Appointed by	Role
Lindsey Byrne	Ex Officio	Chief Social Work Officer (non-voting member)
Thomas Miller	Nominated by NHSL Unions	NHS Staff Representative (non-voting member)
Dr John Hardman	Nominated by NHSL	Registered Medical Practitioner (GP) (non-voting member)
David Hood	Ex Officio	Head of Operations (non-voting member)
Sarah Gossner	Ex Officio	Chief Nurse (non-voting member)
Dr Philip Conaglen	Ex Officio	Public Health (non-voting member)
Vacant	Nominated by the GP Forum	GP representative (non-voting member)
Vacant	Nominated by ELC Unions	ELC Staff Representative (non-voting member)

Note: The Chief Finance Officer resigned from her post at the end of September 2023. David King has been appointed as Interim Chief Finance Officer until a permanent appointment is made.

Note: Fiona Ireland is no longer a voting member of the IJB and is therefore no longer the Chair of the IJB's Audit and Risk Committee.

The IJB's Operations for the Year

The IJB delivers its Strategic Plan through its directions to its partners and monitors the performance against these directions at the Strategic Planning Group and through reports to the IJB. The IJB produces an annual performance report (as required by the Scottish Government) which lays out its ambitions, achievements and a range of performance indicators.

The 2023-24 East Lothian IJB Directions were approved at its meeting on the 26th of October 2023 and subsequently issued to delivery partners NHS Lothian and East Lothian Council.

The 2023-24 directions included the introduction of a set of core directions as follows:

- Direction to NHS Lothian regarding the delivery primary and community health services.
- Direction to NHS Lothian regarding the delivery of hosted services.
- Direction to NHS Lothian regarding the delivery of set-aside services.
- Direction to East Lothian Council regarding the delivery of social work and social care services.

The introduction of core directions meets the statutory requirement for all delegated functions be covered by a direction.

The IJB's Strategic Objectives for 2023/24 are as follows along with examples of the work carried out to deliver these objectives during the financial year

Strategic Objective 1 – Develop services that are sustainable and proportionate to need

During 2023/24 the IJB:

- Continued delivery of the Planning Older People's Services project. The project aims to work with East Lothian residents and communities to identify options for the development of high quality sustainable services for older people in the future. The project team then worked with an Independent Community Plan to explore and model short list options fitting the project's 'hurdle criteria'. A full options appraisal will be carried during 2024 and a final report submitted to the IJB later in the year.
- Continued to invest in and develop Intermediate Care Services in East Lothian. These services take pressure off hospital and care home beds, make better use of resources, and provide better outcomes for our population.
- Increased the number of Care at Home hours provided directly and continued to support external providers to ensure stability of provision. Although levels of unmet need (hours of care assessed as being needed but not yet delivered) fluctuated across the year, but year-end this was lower the previous year.
- Continued to develop the Integrated Care Allocation Team (ICAT). The ICAT brings together a range of disciplines (including Social Work, Nursing, Occupational Therapy and Care Brokers) to assess people's care and support needs and identify options for meeting these needs.
- Delivery of the East Lothian Inreach Project in supporting patient journeys for East Lothian residents attending Accident and Emergency or being admitted to the Edinburgh Royal Infirmary. The Inreach Project aims to both prevent admission and reduce the length of hospital stay.
- Worked to reduce the number of East Lothian mental health inpatient bed days, within the IJB's ambition to work within its commissioned bed base.
- Launched a Care Home / Home First Project aimed at increasing the proportion of people discharged home from hospital, as opposed to being discharged to a care home placement.

Strategic Objective 2 – Deliver new models of community provision, working collaboratively with communities

During 2023/24 the IJB:

- Continued to make progress in delivering its Community Transformation Programme. The Programme aims to develop innovative approaches to social care, working alongside communities and third sector partners to develop capacity and solutions, adopting a ‘co-production’ approach.
- Continued to develop Neighbourhood Networks. There are now five Networks in place in Musselburgh, Tranent, Haddington, and Dunbar; two of these are specifically for young people moving from children to adult services.
- The East Lothian Community First Service continued to develop, providing support to people struggling with their health and wellbeing, helping them to access community services.
- Supported the ongoing development of the Musselburgh Meeting Centre, providing innovative, peer and carer led, community-based support for people with mild to moderate dementia and their families and friends. The Centre has been developed through a co-production approach and is delivered by DFEL (Dementia Friendly East Lothian), with grant funding from East Lothian HSCP.

Strategic Objective 3 – Focus on prevention and early intervention

During 2023/24 the IJB supported and developed:

- The Smart TEC (Technology Enabled Care) service made use of technology to enable people to remain as active, independent, and safe as possible in their own homes and in the wider community.
- The East Lothian Exercise Pathway continued to develop as a means to engage people in physical activity, and to maintain this participation over the longer-term
- The use of the [ELRS Single Point of Contact \(SPOC\) phonenumber](#) grew over the year. The SPOC allows people to contact the service directly through one central system, and then speak to the professional who is best placed to help with their enquiry. The SPOC can be used for self-referral, professional referral, or enquiries from existing patients.
- Provided an Occupational Therapy led Carers Pathway to help to ensure that carers gain access to the support they need to maintain their physical, emotional, and mental wellbeing, and to help them achieve a balance between their caring role and other aspects of their lives.
- Improving the prevention and management of falls is a strategic delivery priority for the IJB. Referrals to the Falls Service grew during the year, with a total of 373 referrals received and 1,521 interventions delivered.

- Launched a [Distress Brief Intervention \(DBI\)](#) service. The service is delivered by Penumbra on a commissioned basis. Over 250 referrals were received in the first year of the DBI service.

Strategic Objective 4 – Enable people to have more choice and control and provide care closer to home

During 2023/24:

- The IJB continued to develop the primary care services delivered directly by East Lothian HSCP, these include:
 - Primary Care Vaccination Team.
 - Community Treatment and Care (CTAC) service.
 - Pharmacotherapy Service.
 - Care When It Counts (CWIC) service.
 - Musculoskeletal (MKS) direct access service.
 - Link Worker Service.
- The CWIC service supports GP practices by offering same-day appointments with a team of medical professionals. A multifaceted approach by the team led to a 60% increase in appointments available in 2023 compared with the same period in 2022 and provided over 25,000 appointments.
- The Pharmacotherapy Team continued to provide support across all 15 East Lothian GP practices.
- A Primary Care Communication Plan was developed aimed at raising awareness of the range of services available, providing information on how to access them, and encouraging people to contact these services directly rather than going to their GP first. The first part of this Communication Plan was delivered in early 2023, with the launch of a new Primary Care Health Services web page.
- The IJB continued to grow the outpatient services and clinics offered at East Lothian Community Hospital (ELCH).
- Developments at ELCH included:
 - Delivering nurse-led minor operations clinics
 - Increasing the capacity of Dermatology Ultraviolet Phototherapy treatment.
 - Increasing the capacity of the Endoscopy and Day Services Unit to offer 25 sessions a week.
 - Working with the Haematology Unit at the Edinburgh Cancer Centre to provide Intravenous (IV) therapy at ELCH and expanding that in 2023/24 to provide blood transfusion or IV iron therapy for older residents.
- Achievement of JAG Accreditation for the Endoscopy and Day Service Unit making it the first NHS facility in Scotland to achieve this status.
- Increased funding for the provision of Post Diagnostic Support supported a significant increase in the number of people receiving this service (from 99 people

in April 2022 to 198 in November 2023) and cut waiting times in half (from the highest point the previous year).

- The IJB agreed a final version of the East Lothian Dementia Strategy in October 2023. Further consultation then took place with people with lived experience of dementia to determine the priorities for implementation.
- East Lothian's second local Carers Strategy was published in June 2023, guiding activity over the next three years.
- The East Lothian Hospital at Home (H@H) service provides acute, hospital-level care in a home context for conditions that would otherwise require acute hospital inpatient care. There was a significant increase in patient numbers during 2023/24

Strategic Objective 5 – Develop and embed integrated approaches and services.

The IJB delivered this objective in 2023/24 through

- Integration of Care at Home Services

The IJB began work to integrate Hospital to Home and Homecare services. Integration of the teams brought immediate benefits in terms of supporting the development of shared care plans and enabling the care of service users to be shared across staff teams. This resulted in a more flexible and efficient use of resources and increased resilience of service provision.

- Enhanced Learning Disability Service

The ongoing development of an enhanced Learning Disability (LD) Service in East Lothian is proving to be successful in delivering better outcomes for local people. Learning Disability Social Work, Adult Community Resources and the Community Learning Disability Team were brought together to take an integrated, multidisciplinary approach to support more complex and high risk learning disability patients.

- Review of access to Mental Health Services

In 23/24 work continued to review the 'front door' of East Lothian Joint Mental Health Team to create a single point of access.

- Older Adult Mental Health Services

Older Adult Mental Health Services continued to develop and deliver effective, streamlined mental health support for older adults.

- Local Housing Strategy

East Lothian's Local Housing Strategy (LHS) 2024-2029 was adopted in April 2024 following extensive engagement during which over 1,300 voices were heard. Work is ongoing to develop a Housing Contribution Statement (HCS) to formalise the link between the new LHS and East Lothian IJB's Strategic Plan. The Housing Contribution Statement is a statutory requirement and links the strategic processes

of housing, health, and social care at a local level. It is anticipated that the Housing Contribution Statement will be presented to the IJB for approval in autumn 2024.

The IJB continues to work in partnership with East Lothian Council Housing colleagues to develop core and cluster housing using a range of models to best meet individual needs.

- Transitions from Children’s Services to Adult Service

A new East Lothian Transitions Framework was finalised in 2023/24 reflecting the ‘Principles of Good Transitions’¹ and placing further emphasis on putting the young person at the centre of the planning process. The Framework formalises existing processes, defining the responsibilities of those involved and identifying the expected milestones and timescales.

Strategic Objective 6 – Keep people safe from harm

The IJB continued to develop its approach to performance management and improvement in relation to Adult Support and Protection (ASP) services during 2023/24, this included:

- Implementing updated Adult Support and Protection Procedure, ensuring alignment with the Scottish Government’s revised Code of Practice.
- Developing our approach to data managing to comply with revised national data requirements.
- Ongoing improvements to recording templates to ensure that the right information is captured to support evidence-based risk assessment.
- Carrying out a range of audit activities including ‘dip’ audits; peer audits; focussed audits in relation to screening of police concerns; and cross-team audits. Finding of audits fed into continuous improvement cycle.

Reducing harm from substance use.

The IJB works with MELDAP (Midlothian and East Lothian Drug and Alcohol partnership) to continue to reduce harm from substance mis-use.

The introduction of Medication Assisted Treatment (MAT) Standards is a key element of the Scottish Government’s strategy to tackle the rise in drug related harms and deaths and to promote recovery. MAT Standards are described as ‘evidence based standards to enable the consistent delivery of safe, accessible, high-quality drug treatment across Scotland’.

The Scottish Government set a target for the full implementation of MAT Standards 1 to 5 by April 2023, followed by Standard 6-10 being fully implemented by April 2025. East Lothian HSCP has worked with MELDAP to deliver a level of performance ahead of both target dates. This has been achieved through the considerable collective effort of all partners

Justice Social Work

Justice social work is delegated to the IJB. The objectives of justice social work are

- Promoting greater equality of opportunity, enabling our service users to lead more fulfilling lives.
- Making our communities safer places to be by addressing offending behaviour.
- Our interventions are proportionate and based on individual risk, need and responsiveness.
- We reduce reoffending through fostering a sense of belonging and involvement in our community.

Activities during 2023/24 included:

- The roll out of Structured Deferred Sentences (SDS) took place throughout 2023/24 and are now available to low and high threshold service users.
- Increasing the use of the Caledonian System², resulting in a threefold increase in Caledonian orders since September 2020. A dedicated member of staff has been identified to support uptake of Caledonian. We have also adjusted our screening process to encourage greater use (this approach has been adopted by neighbouring local authorities as best practice).
- The Community Payback Work Team continued to develop options for unpaid work for service users.
- A new Community Justice Outreach (CJO) Nurse was introduced in 2023/24 to support service users' health needs including those related to drug and alcohol use, mental health, and minor physical health.

More detailed information and data on the performance of the Justice Social Work Service will be reported in the annual Community Payback Order Report (due in October 2024) and the East Lothian Chief Social Worker Annual Report (available around the same time). Both reports will be published on the East Lothian Council website.

Strategic Objective 7 – Address Health Inequalities

Many of the activities described above contribute to reducing health inequalities. However, a number of specific activities also took place during 2023/24 to further develop the IJB's approach to reducing health inequalities, some of these are described below.

Developing an understanding of health inequalities

A Joint Strategic Needs Assessment³ (JSNA) was published in 2023 and will continue to be developed

IJB members took part in a Development Session in April 2023 to help further their understanding and awareness of equalities and health inequalities.

Equalities, planning, and decision making

Integrated Impact Assessments (IIAs)

During 2023/24, the IJB continued to develop its approach to carrying out IIAs

The completion of a number of IIAs was required in relation to financial savings proposals presented to the IJB at its March 2024 meeting. These saving were required to allow the IJB to set a balanced budget and address a projected financial gap of over £11m. The proposals related to a number of service areas, with potentially significant impacts for people using these services. The completion of 14 individual IIAs, as well as a cumulative IIA (assessing the overall impact of these savings combined) helped to inform the IJB's decision making and to identify actions that could be implemented to reduce negative impacts identified.

Plans for 2024/25 and thereafter

The IJB is continuing to revise its Strategic Commissioning plan during 2024/25 and will now consider how the current financial challenges that the IJB and its partners face will impact on the development of the plan.

It should be noted that the above are highlights, the activities of the IJB in 2023/24 are discussed in detail as part of the IJB's Annual performance Report.

The IJB's Financial Position at 31 March 2023

For the year ending 31 March 2024, the IJB recorded a deficit of £5,778,000. That meant that costs incurred in delivering the IJB's functions by East Lothian Council and NHS Lothian were greater than the income received from those partners in the financial year. The IJB has used its reserves to underpin this deficit and has thus broken-even in the financial year. As part of the delivery of financial balance, NHS Lothian made a further non-recurrent allocation of £740,000 to the IJB to underpin the net deficit within the health elements of the IJB's functions with the IJB using its available reserves to underpin the net deficit within its social care services. In both cases the net deficit being the deficit after the planned use of reserves in year. The table below lays this out:

Year-end Position	Health £000's	Social Care £000's	Notes
Income	157,073	66,930	1
Expenditure	160,470	70,056	2
Surplus/ (Deficit)	(3,397)	(3,126)	
Planned Use of reserves	2,657	1,192	3
Operational Position	(740)	(1,934)	
Additional Funding	740		4
Unplanned Use of reserves		1,934	5
Position at Year end	0	0	

Notes

1. This is the income received from the partners (East Lothian Council and NHS Lothian) in 2023/24 prior to receipt of an additional £740,000 from NHS Lothian to support the year-end position.
2. This is the expenditure incurred by the partners in the delivery of the IJB's delegated functions for 2023/24.
3. The IJB carried funding from 2022/23 which it planned to use in 2023/24 through its reserves. This funding has been used as planned in 2023/24.
4. NHS Lothian made an additional non-recurrent allocation to the IJB in 2023/24 in order to allow the health element of the IJB to break-even.
5. At this point the IJB still was in deficit. The IJB has therefore used further elements of its available to reserves to achieved break-even in 2023/24.

Thus during the financial year 2023/24, the IJB has an in-year deficit in both its health and social care functions.

The deficit in the health services being driven by pressures within GP prescribing services as a result of increased demand and within the costs of the functions

delegated to the IJB delivered in Acute Hospitals (The Royal Infirmary of Edinburgh and the Western General hospital) also as a result of increased demand. This net deficit was covered by additional income from NHS Lothian

Within the IJB's social care services, pressures are largely due to increased demand although there was also funding issues in year. The funding issues are discussed further below.

Funding for the Integration Joint Board

The IJB is funded exclusively by its partners – East Lothian Council and NHS Lothian. The funding is to support the delivery of the functions that the partners have delegated to the IJB. For the sake of clarity, these functions as described above under the role and remit of the IJB are now called 'services' being a more recognisable description.

NHS Lothian's funding is split into three broad areas:

- **Core Funding** – this is funding for health services delivered directly in East Lothian. This includes the running costs of the local hospitals, the community health services, the running costs of the Medical General Practitioners services (the local GPs) and a share of other primary care services (General Ophthalmic Services, General Dental Services and General Pharmaceutical services).
- **Hosted Funding** – the funding for the East Lothian Share of services delivered and managed on a pan-Lothian basis by NHS Lothian. For example Mental Health in-patients beds at the Royal Edinburgh Hospital.
- **Set Aside Funding** – this is a budget 'set aside' by NHS Lothian on behalf of the IJB representing East Lothian's share of delegated unscheduled care services managed by NHS Lothian's Acute Services and delivered at the Royal Infirmary of Edinburgh, The West General Hospital and St. John's at Howden.

East Lothian Council's funding is for the delivery of Adult Social Care services.

Budget offers (representing the funding) are made to the IJB by the partners each financial year. The IJB then assesses these offers and bases its acceptance of these offers on the guidance from the Scottish Government which it issues as part of its own budget setting process. At its March 2023 meeting the IJB accepted the indicative budget offer from NHS Lothian but did not accept the budget offer from East Lothian Council on the basis that it did not meet the criteria laid out by the Scottish Government guidance. After further discussions the Council was unable to amend its offer and the IJB then accepted the position but had to deliver further savings plans to address the shortfall.

Reserves

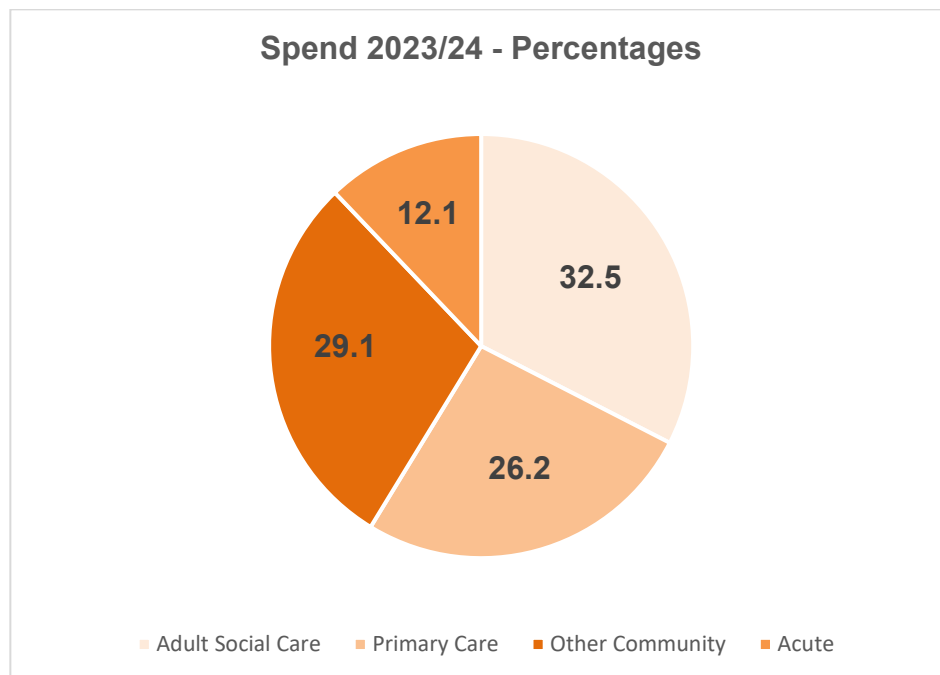
There has been a very significant reduction in the IJB's reserves during the financial year from an opening balance of £10,122,000 at 1 April 2023 to a closing balance of £4,344,000 as at 31 March 2024. Of this reduction in reserves, £3,844,000 was planned in the sense that these reserves had been carried forward from the previous

financial year to support ‘earmarked’ projects but a further use of £1,934,000 of available reserves was required to be used to underpin the IJB’s financial position in year. The IJB has a reserves policy the intention of which is to hold an available reserve (a general reserve) of c. 2% of its turn over. The resolution to the 2023/24 financial position has had the effect of reducing the IJB’s available reserves to under this ambition and this will increase the financial risk in 2024/25.

IJB Spend Profile 2023/24

The Chart below shows how the IJB has spent its funds in 2023/24 in the following areas:

- Adult Social Care
- Primary Care Services (GPs, GP prescribing, community opticians, community pharmacists and community dental services)
- Other Community health services (local community hospitals, community nursing services, community allied health professionals and East Lothian’s share of pan-Lothian hosted services)
- Acute Services (East Lothian Share of those Acute services that have been delegated to the IJB)



Consideration of the 2024/25 financial position

The IJB uses five year financial planning model. At its December meeting an indicative five year plan is produced and this is then revised and used as part of the budget setting process for the next financial year. At its December 2023 meeting a five year plan was presented to the IJB which showed a significant financial challenge in 2024/25. This 2024/25 forecast was then revised over the next three months and series of workshops were held with the IJB to consider how and what recovery actions could be delivered in 2024/25 to bring the financial forecast back into balance.

At its March 2024 meeting the IJB accepted the budget offers from both partners and set a balanced financial plan for 2024/25. This plan is based on the delivery of c. £10.8m of recovery actions in both health and social care. This overall financial pressure and was driven by:

- Recovery actions to bring the overspends in the operational services back to break-even. This is clear from the financial challenges in delivering a balanced financial position in 2023/24 as described above.
- Further efficiency programmes to address future 2024/25 financial pressures driven by increasing demand and projected funding shortfalls.

The IJB has asked the partners to provide monthly financial updates and will monitor the 2024/25 financial position closely and will require additional efficiency programmes if a break-even position is not being forecast. The IJB will continue to revise its current finance year financial plan with a view to delivering a further formal five year plan in December 2024.

Key Risks, challenges and uncertainties

The main financial pressures remain in line with those described in the 2022/23 annual accounts being:

- The growing demand for both health and social care services locally and at the Acute Hospitals driven by population growth and the changing needs of the population.
- The lack of an available workforce
- The challenging national financial landscape.

A growing and ageing population

East Lothian's population remain one of the fastest growing in Scotland. Although, in theory, national funding models for both Local Authorities and the NHS are designed to reflect population growth these models are constrained by

- The total funding available. This has increased but not sufficiently to manage the pressures identified.
- Where population numbers reduce this does not necessarily reduce the costs of delivering services and therefore it is difficult to move funds round the system.

Additionally the average age of the East Lothian population is projected to increase. As people live longer inevitably their health and social care needs increase and this demographic pressure is a national challenge to all IJBs.

The lack of an available workforce

Both health and social care services are experiencing a shortage of care professionals. The IJB has developed a workforce plan in collaboration with its partners but tackling this issue is also a challenge nationally.

The Challenging national financial landscape

In setting its 2024/25 budget the Scottish Government recognises a significant financial challenge ahead for all public services notwithstanding its ambition to protect health and social care services as much as it can.

National Care Service

The Scottish Government is in the process of setting up a national care service (NCS) which will include many of the functions currently delegated to the IJB. The Bill setting up the national care services is currently at Stage 2 (where MSPs can propose changes to the Bill). It is not currently clear what the impact of the NCS will be on the IJB nor the timescales wherein any changes will take place.

Shamin Akhtar
Chair

Fiona Wilson
Chief Officer

David King
Interim 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 12th September 2024.

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 2024.

David King
Interim 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 2023/24.

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 no longer automatically offers another full day's remuneration for being the Board's Lead Voting Member on an IJB. Instead, non-executive remuneration is based on an individual's overall estimated time commitment, which can include multiple memberships of Board committees and IJBs as well as other responsibilities, not just as committee chairs or lead voting members of the IJBs. No specific remuneration is therefore available for the vice chair of the IJB

Remuneration: Officers of the IJB

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

Chief Officer

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

The Chief Officer of the IJB is Fiona Wilson. 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 role of the Chief Finance Officer was filled by Claire Flanagan until 31st September 2023. Until 31st September 2023 the Chief Finance Officer was 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. After 1st October 2023 the role of the CFO was undertaken on an interim basis by David King. David is remunerated by NHS Lothian but is not superannuated. He undertakes the role of CFO at East Lothian IJB and the role as CFO in Midlothian CFO and has no other duties within NHS Lothian. Accordingly 50% of his costs have been charged to East Lothian IJB.

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	Senior Employees	Total for
2022/23	Salary, Fees & Allowances	2023/24
£		£
38,887	Fiona Wilson, Chief Officer	53,564
25,694	Claire Flanagan, Chief Finance Officer	15,038
3,205	David King, Interim Chief Finance Officer	10,272

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.

	Employer Pension Contributions For year to			Accrued Pension Benefits at	
	31/03/2023 £k	31/03/2024 £k		31/03/2022 £k	31/03/2023 £k
Claire Flanagan	18	9	Pension	21	22
			Lump Sum	29	55
Fiona Wilson	20	22	Pension	31	35
			Lump Sum	86	93

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 2023/24.

Shamin Akhtar
Chair

Fiona Wilson
Chief Officer

Annual Governance Statement

Introduction

The Annual Governance Statement explains the IJB's governance arrangements and system of internal control and reports on their effectiveness.

Scope of Responsibility

The IJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

To meet this responsibility, the IJB has established arrangements for governance which includes a system of internal control. The system is intended to manage risk to support the achievement of the IJB's policies, aims and objectives. Reliance is also placed on NHS Lothian and East Lothian Council's (the partners) systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the IJB. The system can only provide reasonable and not absolute assurance of effectiveness.

The Governance Framework and Internal Control System

The Board of the IJB comprises voting members, nominated by either NHS Lothian or East Lothian Council, as well as non-voting members including a Chief Officer appointed by the Board.

The IJB Local Code of Corporate Governance sets out the framework and key principles, which require to be complied with, to demonstrate effective governance. The IJB Local Code reflects the changing context of integration and is consistent with the 7 core principles and recommendations of the new CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016) and the supporting guidance notes for Scottish authorities. The overall aim of the Framework is to ensure that: resources are directed in accordance with agreed policy and according to priorities; there is sound and inclusive decision making; and there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

The main features of the governance framework and internal control system associated with the seven core principles of good governance defined in the IJB Local Code in existence during 2023/24 included:

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The roles and responsibilities of Board members and statutory officers and the processes to govern the conduct of the Board's business are defined in the Scheme of Integration which was approved by the Board and NHS Lothian in June 2022 and by the Scottish Government in July 2023, which serves as the approved constitution, and Standing Orders, a revision of which was approved by the Board in March 2020, to make sure that public business is conducted with fairness and integrity.

The Ethical Standards in Public Life (Scotland) Act 2000 provides for Codes of Conduct for local authority councillors and members of relevant public bodies. As a Public Body listed in schedule 3 of the Act, the IJB is required to produce and for members to adhere to a Code of Conduct, which was approved by the Board in October 2023.

The IJB is dependent upon arrangements within the partner organisations for areas such as:

- ensuring legal compliance in the operation of services;
- handling complaints;
- ethical awareness training and whistleblowing policies and procedures;
- staff appointment and appraisal processes which take account of values and ethical behaviour;
- identifying, mitigating and recording conflicts of interest, hospitality and gifts; and
- procurement of goods and services which are sustainable, represent value of money and which reinforce ethical values.

Other areas where the IJB places significant reliance on arrangements in place within the partner organisations are set out in the remainder of the statement.

The Chief Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

Professional advice on the discharge of duties is provided to the Board by the IJB Chief Officer supported by the Chief Financial Officer, Chief Internal Auditor and Board Clerk as appropriate.

B. Ensuring openness and comprehensive stakeholder engagement

Board meetings are held in public unless there are good reasons for not doing so on the grounds of confidentiality.

Unless confidential, decisions made by the Board are documented in the public domain.

Community engagement was encouraged as part of the development of the Scheme of Integration and the Strategic Plans of the Health and Social Care Integration Joint Board were developed following consultations with interested parties including members of the public. The Board approved the IJB Participation and Engagement Strategy 2023-25 in May 2023.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

The vision, strategic objectives and outcomes are reflected in the East Lothian Integration Joint Board Strategic Plan 2022-25, which was approved in September 2022 and has been updated to reflect on-going assessment of need and priorities following public consultation.

Implementation is underpinned by the associated Directions which were reviewed by the Board in October 2023.

IJB formally adopted the CIPFA FM Code at its meeting in December 2022. Regular review of the medium term financial plans has been ongoing with the most recent review at the IJB in April 2024, with the approval of the revised five year financial plan 2024/25 to 2028/29.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

In determining how services and other courses of action should be planned and delivered, the IJB has a statutory responsibility to involve patients and members of the public. The Board approved the IJB Participation and Engagement Strategy 2023-25 in May 2023.

The IJB Strategic Plan is based on consultation during its review and update.

The IJB has issued Directions to the partners for service delivery.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

The IJB Chief Officer is responsible and accountable to the Board for all aspects of management including promoting sound governance and providing quality information/support to inform decision-making and scrutiny.

Regular meetings are held between the Chief Officer and the Chair and Vice Chair of the IJB. The IJB Chief Officer also meets regularly with representatives from the partner organisations.

Members of the IJB Board are provided with the opportunity to attend Development Sessions relevant to their role.

A three year Workforce Plan 2022-25 was created, approved and published in February 2023 to help ensure it has the right people, with the right skills, in the right place, at the right time to support the delivery of its strategic objectives and priorities.

F. Managing risks & performance through robust internal control & strong public financial management

The IJB Chief Officer has overall responsibility for directing and controlling the partnership to deliver health and social care services. The IJB Board is responsible for key decision-making.

The IJB has approved a Risk Strategy and Risk Policy through the Audit and Risk Committee in December 2022 and risk reporting continues to each Audit and Risk Committee.

The IJB Chief Financial Officer is responsible for the proper administration of all aspects of the IJB's financial affairs including ensuring advice is given to the Board on all financial matters.

The IJB's system of internal financial control is dependent upon the framework of financial regulations, regular management information (including Revenue Budget Monitoring reports to the Board), administrative procedures (including segregation of duties), management supervision and systems of delegation and accountability within the partner organisations.

The IJB also relies upon the partners for:

- Counter fraud and anti-corruption arrangements; and
- Management of data in accordance with applicable legislation.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

The Shared Chief Internal Auditor of East Lothian Council is the IJB's Chief Internal Auditor whose role is to provide an independent and objective annual opinion on the effectiveness of the IJB's internal controls, risk management and governance. This is carried out in conformance with the Public Sector Internal Audit Standards.

The IJB responds to the findings and recommendations of Internal Audit, External Audit, Scrutiny and Inspection bodies. The IJB Audit and Risk Committee is integral to overseeing assurance and monitoring improvements in internal controls, risk management and governance.

An Annual Performance Report for 2023/24 is being prepared to outline progress against strategic objectives over the year. The last Annual Performance Report for 2022/23 was approved by the Board in June 2023.

The Annual Accounts and Report for 2023/24 will set out the financial position in accordance with relevant accounting regulations and is being prepared for submission in draft to the June 2024 Board meeting.

Review of Adequacy and Effectiveness

The IJB is required to conduct an annual review of the effectiveness of its governance framework.

The review was informed by: an annual self-assessment carried out by Internal Audit against the IJB's Local Code of Corporate Governance; Internal Audit reports for the IJB; External Audit reports for the IJB; relevant reports by other external scrutiny bodies and inspection agencies; and relevant partners' (NHS Lothian and East Lothian Council) Internal Audit and External Audit reports.

In respect of the three improvement areas of governance identified by the IJB in 2022/23, there have been developments during the year in all three of these. Specifically, the strategic planning group are continuing to encourage membership and regular attendance from all group members to ensure appropriate representation from across the community, an update to the five year financial plan for 2024/25 to 2028/29 was approved at the December 2023 Board meeting, and a comprehensive skills gap analysis is being progressed to conclusion during 2024.

Improvement Areas of Governance

The review activity outlined above has identified the following areas where further improvement in governance arrangements can be made to enhance compliance with the Local Code:

- A report on the Structure and Governance Review of Change Boards, that was approved by the East Lothian Strategic Planning Group in October 2023, identified weaknesses in the framework for Change Boards, in December 2023 Internal Audit further recommended that the actions were allocated an action owner in order to track implementation, these recommendations continue to be progressed.
- A Draft East Lothian HSCP Performance Framework is in place, outlining performance monitoring and reporting across the ELHSCP. The draft Framework describes the current arrangements in place, provides details of current performance indicators and identifies areas that need to be developed further. However, there is a need to finalise the Performance Framework and ensure that areas for development are sufficiently progressed. The framework was approved at the May 2024 IJB and will now progress these improvements.
- The East Lothian IJB has adopted the Model Publication Scheme (MPS) and made a significant amount of information available to view online. Information has in the main been appropriately classified in the MPS and the associated Guide to Information also adheres to the six MPS principles. The East Lothian IJB MPS has not been updated since 2017 and significant improvement opportunities have been identified relating to the review of the MPS and the information available, alongside a self-assessment exercise and training requirements it is anticipated that these improvements will be in place by September 2024.
- The revised IJB five year financial plan 2024/25 to 2028/29 stated the following: The forecast position for 2024/25 was then revised and updated in the light of the Scottish Government's Budget announcements for 2024/25, further revisions to the NHS Lothian forecast, a revision to the IJB's Set Aside budget model and the budget offers for 2024/25 from the IJB's funding partners. The impact of these changes was to reduce the 2024/25 financial gap to £10.8m. The impact of the revision to the IJB's Set Aside budget model -which reduced the financial pressure on the IJB – indicates a total financial pressure of £37.6m. In addition to considering the governance framework to monitor the annual budget pressures and recovery plans the five year financial plan also indicated that further work is underway to ensure that the financial plan is fully mapped onto and driven by the Strategic Plan.

The implementation of these actions to enhance the governance arrangements in 2024/25 will be driven and monitored by the IJB Chief Officer in order to inform the next annual review. Internal Audit work planned in 2024/25 is designed to test improvements and compliance in governance.

Conclusion and Opinion on Assurance

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the IJB's governance arrangements and system of internal control, while recognising that further improvements are required to fully demonstrate compliance with the Local Code in order for the IJB to fully meet its principal objectives. Systems are in place to regularly review and improve governance arrangements and the system of internal control.

Shamin Akhtar
Chair

Fiona Wilson
Chief Officer

Independent Auditor's Report

Prepared by the appointed auditor – will be provided for the final, audited accounts

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.

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

Gross Expenditure 2022/23 £000's	Income 2022/23 £000's	Net Expenditure 2022/23 £000's		Gross Expenditure 2023/24 £000's	Income 2023/24 £000's	Net Expenditure 2023/24 £000's
153,357		153,357	Health Delegated	160,470		160,470
61,362		61,362	Social Care Delegated	66,930		66,930
0		0	Health Set-Aside	0		0
214,719	0	214,719	Cost Of Services	227,400	0	227,400
	(204,552)	(204,552)	Taxation & non-specific grant Income		(221,621)	(221,621)
214,719	(204,552)	10,167	(Surplus)/Deficit on Provision of Services	227,400	(221,621)	5,779

10,167	Total Comprehensive (Income) and Expenditure	5,779
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Movement in Reserves Statement

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

	General Fund Balance £000s	Total Usable Reserves £000s
Movement in Reserves during 2022/23:		
Opening Balance as at 1/4/2022	(20,289)	(20,289)
Total Comprehensive Income or Expenditure in 2022/23		
Surplus/(Deficit) on Provision of Services	10,167	10,167
Closing Balance as at 31/3/2023	(10,122)	(10,122)
Movement in Reserves during 2023/24:		
Opening Balance as at 1/4/2023	(10,122)	(10,122)
Total Comprehensive Income or Expenditure in 2023/24		
Surplus/(Deficit) on Provision of Services	5,779	5,779
Closing Balance as at 31/3/2024	(4,343)	(4,343)

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.

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.

2022/23 Total £000's		Notes	2023/24 Total £000's
	Current Assets		
10,122	Short Term Debtors		4,343
	Current Liabilities		
	Short Term Creditors		
10,122	Total Assets less current Liabilities		4,343
	Capital and Reserves		
10,122	General Fund		4,343
10,122	Total Reserves	MIRS Note X	4,343

The accounts are due to be authorised for issue on September 2024.

David King
Interim Chief Finance Officer

Notes to the Financial Statements

1. Significant Accounting Policies

General Principles

The Financial Statements summarises the IJB's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024.

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 2023/24, 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 2024.

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 £4,343,000 at 31 March 2024.

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 2023/24 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. 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 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

3. Short Term Debtors

The IJBs short term debtors are broken down as follows:

	2022/23 £000's	2023/24 £000's
Funding due from NHS Lothian	8,333	4,205
Funding due from East Lothian Council	1,789	138
Total	10,122	4,343

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.

4. Reserves

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

	2022/23 £000's	2023/24 £000's
Scottish Government Mental Health Strategy - Action 15	66	0
Scottish Government Primary Care Improvement Plan Fund	80	0
Midlothian and East Lothian Drug and Alcohol Partnership	59	0
Community Living Change Fund	346	45
Winter - Care at Home Capacity	419	0
Winter - Interim Care	420	0
Carers	141	93
Unpaid Carers	2	0
Unscheduled Care	1,777	0
Locally Committed Programmes	1,782	1,109
Earmarked General Fund Reserves	5,092	1,247
Uncommitted General Fund Reserves	5,030	3,096
Total Usable Reserves	10,122	4,343

5. Taxation and Non-Specific Grant Income

2022/23 £000's		2023/24 £000's
61,644	Contributions from East Lothian Council	63,809
142,908	Contributions from NHS Lothian	157,812
204,552	Total	221,621

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 £XXXk in respect of the set aside resources and £XXXXk in respect of East Lothian's share of pan Lothian health services resources.

6. Corporate Service

Included in the above costs are the following corporate services:

2022/23 £0		2023/24 £0
52	Staff (Chief Officer)	54
3	CNORIS	3
31	Audit Fee	35
86	Total	92

7. 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, being Resource Transfer and the Social Care fund. Resources Transfer relates to funds which have been agreed to be moved annually from health to support social care services and the social care fund is an investment in social care made through a Scottish Government allocation but which was actioned through the NHS. These funds total £11.1m.

2022/23 Income £000's		2023/24 Income £000's
142,908	NHS Lothian	157,812
61,644	East Lothian Council	63,809
204,552	Total	221,621

2022/23 Expenditure £000's		2023/24 Expenditure £000's
153,357	NHS Lothian	160,470
61,362	East Lothian Council	66,930
214,719	Total	227,400

2022/23 Net Transactions £000's		2023/24 Net Transactions £000's
(10,449)	NHS Lothian	(2,658)
282	East Lothian Council	(3,121)
(10,167)	Total	(5,779)

2022/23 Debtors £000's		2023/24 Debtors £000's
8,333	NHS Lothian	4,205
1,789	East Lothian Council	138
10,122	Total	4,343

8. 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.