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| Edinburgh Integration Joint Board |
| **Draft unaudited accounts 2023/24** |

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The Annual Accounts of Edinburgh Integration Joint Board for the year ended 31 March 2024, prepared pursuant to Section 105 of the Local Government (Scotland) Act 1973 and in accordance with the terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and Service Reporting Code of Practice.

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# MANAGEMENT COMMENTARY

**Introduction**

This commentary provides an overview of progress against the objectives and strategy of the Edinburgh Integration Joint Board (EIJB). It considers our financial performance for the year ended 31st March 2024 and gives an indication of the issues and risks which may impact upon our organisation in the future.

**Role and remit**

**Edinburgh Integration Joint Board**

EIJB was established as a body corporate by order of Scottish Ministers in June 2015 under the Public Bodies (Joint Working) (Scotland) Act 2014. This legislation brought together the planning and operational oversight for a range of NHS and Local Authority services under the EIJB as a statutory public body, with the intent to improve overall health and wellbeing through the delivery of efficient and effective health and social care services. One of the key levers available to the EIJB to support transformation is that NHS and Local Authority budgets are no longer separate. We can move resources between the partners in order to deliver new models of care and ensure the health and care system for Edinburgh is high quality, sustainable and effective.

The board meets 8 times a year and has ten voting members: five elected members appointed by City of Edinburgh Council; and five NHS Lothian non-executive directors appointed by NHS Lothian. Non-voting members of the Board include the EIJB Chief Officer, Chief Finance Officer, representatives from the third sector and citizen members. Service and staffing representatives also sit on the board as advisory members.

**Delegated services**

We are responsible for planning the future direction of, and overseeing the operational delivery of, integrated health and social care services for the citizens of Edinburgh. These services are delegated to EIJB from our partners, the City of Edinburgh Council and NHS Lothian. They are largely delivered by the Edinburgh Health and Social Care Partnership (the Partnership), although some are managed by NHS Lothian on our behalf. These are referred to as “hosted” or “set aside” services. The full range of delegated services is set out in the table below:

|  |  |  |
| --- | --- | --- |
| **Adult social care** | **Community health** | **Hospital-based services** |
| Assessment and care management including occupational therapyResidential careExtra-care housing and sheltered housingIntermediate careSupported housing – learning disabilityRehabilitation – mental healthDay servicesLocal area coordinationCare at home servicesReablementRapid responseTelecareRespite servicesQuality assurance and contractsSensory impairment servicesDrugs and alcohol services | District nursingServices relating to an addictionServices provided by allied health professionals (AHPs)Community dental servicesPrimary medical services (GP)\*General dental services\*Ophthalmic services\*Pharmaceutical services\*Out-of-hours primary medical servicesCommunity geriatric medicinePalliative careMental health servicesContinence servicesKidney dialysisPrison health care servicePublic health services\* *includes responsibility for those aged under 18* | A&EGeneral medicineGeriatric medicineRehabilitation medicineRespiratory medicinePsychiatry of learning disabilityPalliative careHospital services provided by GPsMental health services provided in a hospital with exception of forensic mental health servicesServices relating to an addiction or dependence on any substance |

**Strategic Plan**

Much has happened since the publication of our last strategic plan in 2019. Our city has had to manage unprecedented challenges in facing a pandemic that impacted profoundly on the health and wellbeing of all our citizens. The effects of meeting the challenges posed by COVID-19 whilst felt by all citizens did exacerbate existing inequalities and further marginalised the most vulnerable in our communities. Addressing these inequalities will remain a challenge and a focus for all of us during the life of this plan and we are committed to working across or communities of identity, interest, and place.

In June 2024 the EIJB agreed its draft strategic plan for 2024-27 and launched a 3-month consultation. This refreshed strategic plan, titled ‘More Good Days’, seeks to reflect the challenges we anticipate in the coming years while remaining realistic about our ambitions given the significant financial challenges. The following diagram presents the ‘draft strategic plan on a page’:

A close-up of a diagram

Description automatically generated

The draft strategic plan sets out a vision for a healthier, happier, and fairer city, which will enable people, regardless of their health status, to have more good days. Good health and wellbeing come from all aspects of our lives; our homes and communities, education, employment, and environment and that is why partnership working is a must do if we want to create a healthier, happier, and fairer city for all. It also aims to address the significant financial challenges that all public services across Scotland are facing. Over the lifespan of the strategic plan these are likely to impact on our delivery of our priorities and test our resilience. The risks that are being activity monitored and will be kept under scrutiny and review are:

The strategy will inform a whole system planning and prioritisation approach that will identify short, medium, and longer-term phases of delivery over the next five years. This will be a dynamic process that may flex as we evaluate the impact and effectiveness of our actions in improving population health. Delivery plans will be developed, setting out what we intend to do year by year in delivering the aspirations of More Good Days.

Four priorities are identified in the draft strategy which we believe are realistic, achievable, and informed by the findings of our joint strategic needs assessment and feedback from our extensive dialogue across the city:

To achieve the priorities of the IJB and its partners a range of activity is planned or underway. During the life of the strategic plan there will be further activity that emerges which will delivered in collaboration with partners. All the activity which is progressed will be relevant to one or more of the priorities and will contribute towards meeting the 9 national health and wellbeing outcomes.

**Change programme**

*This section will be supplemented by performance data when the performance report is finalised.*

Our change programme remains one of the key mechanisms for delivery of the ambitions set out in our strategic plan. The change programme works in tandem with other key strategies such as carers, Thrive Edinburgh (mental health) and the primary care improvement plan (PCIP). The programme has evolved and adapted since it was first established in early 2020 (then known as the transformation programme). As the financial challenges faced by the EIJB have increased, the focus has sharpened on change and transformation initiatives which seek to redesign pathways and services to increase efficiency and ensure sustainability in the longer term. During 2023/24, we developed the medium-term financial strategy (MTFS) for the EIJB, which takes a 3-year approach to financial planning and seeks to return the EIJB to financial sustainability. The change programme is the delivery vehicle for many of the initiatives detailed in the MTFS.

Throughout 2023/24, the Change Board oversaw delivery of a significant financial savings programme of £21m, alongside a number of other strategic change programmes aimed at transforming and improving health and social care services. In total, savings totalling c£22m were delivered in 2023/24, with some projects exceeding their original target. Some of the key highlights of the savings and change programme are outlined below.

We continue to make good progress with the delivery of our ***home-based care*** transformation, through the implementation of the “One Edinburgh” approach to care at home services, which focuses on quality outcomes and creating additional capacity. During 2023/24, a new mobile scheduling system was implemented across all of our homecare and reablement teams, offering opportunities to improve scheduling and maximise capacity, whilst also increasing digital skills and connection for around 600 staff. This new system helped to realise £0.6m of savings in 2023/24 as a result of optimising efficiency and creating additional capacity. We are also progressing with the shift towards a reablement model for our internal teams, with training in development to support staff in these new ways of working. Reablement offers significant benefits for the people we support, maximising independence and helping people regain confidence and ability. The new care at home contract will be implemented by April 2025 and will further strengthen our approach to the delivery of home-based care, ensuring that we can commission high-quality services at a fair price from trusted partners in the independent sector.

During 2023/24, there was a renewed focus on ***improving commissioning models*** and approaches to ensure best value and high-quality services to meet the needs of the citizens of Edinburgh. Building on the work previously undertaken as part of the ‘bed-based review’ programme, we have established the ‘older people’s pathways programme’. This takes a whole system approach to the redesign of bed-based services both in community settings and in hospital-based settings. The programme is overseeing the closure of Liberton hospital and the appropriate redesign of the remaining estate to ensure ongoing provision of appropriate care in the right place and at the right time. In addition to this, the programme is also redesigning commissioning models for residential and nursing homes, taking an evidence-based approach to ensure fair and appropriate pricing for commissioned services and aiming to deliver financial savings of circa £2.5m in 2024/25. Based on the success of this approach, similar programmes have been initiated for mental-health services and services for working-age adults.

We continued to drive forward our ***digital transformation*** work throughout 2023/24. The analogue to digital transition has recently been implemented for our telecare services, with a new digital alarm receiving centre (ARC) providing the foundations for future digital innovation and development of care and response services. In February 2024, the Council approved a business case for the replacement of the Swift social care case management system. Over the next 18 months, the project will deliver a new, modern, fit for purpose system which will support staff and improve services to citizens. Work is now underway to cleanse existing data and design processes to maximise the benefits that this opportunity presents. Our draft digital strategy is being expanded to encompass both digital and data, and is anticipated to be finalised by the end of 2024.

Under the banner of our ***Edinburgh wellbeing pact*** and as part of our wider approach to community mobilisation, we continued to work in partnership with a wide range of community and third sector organisations to deliver community-based supports and initiatives. Despite a challenging financial context (early intervention and prevention funding for 2024/25 has had to be reduced by 10%) our community partners have continued to deliver high-quality services and supports. Engagement continues regarding the future commissioning model for funding community services, which we aim to implement when the current health inequalities grants programme comes to an end in March 2025.

Throughout 2023/24, there was a strong focus on ***managing demand*** and we initiated a programme of systematic ***reviews*** of current packages of care and support. Benchmarking evidence suggests that Edinburgh has typically provided higher levels of support than other areas of the country which can mean that we miss opportunities to maximise independence for the individuals we support. The review programme has sought to right-size packages of care, taking an asset-based approach and seeking to utilise community-based supports, equipment and technology as an alternative, where appropriate, to traditional formal care. Additional temporary resource and expertise was secured to focus on reviews and this learning has now been embedded into an internal review team which will continue the work into 2024/25. After addressing some initial teething problems, the right-sizing of packages of care in 2023/24 released savings with a full-year effect of £2.5m.

Throughout the year, proposals have been developed and refined for a new ***organisational structure*** for the Partnership, which will see a shift towards city-wide service management, rather than locality management. This is intended to strengthen and simplify lines of accountability, reduce duplication and drive consistency. Formal consultation with affected staff will take place throughout May and June 2024, with the new senior management structure in place by August 2024. A further phase will then look at optimal structure for teams and services below this level. We continue to focus on wider workforce development and improvement as part of the implementation of our workforce strategy. This includes improvements to recruitment and retention and the development of specific learning and development for staff groups.

The ***home first*** programme continues to help avoid the need for hospital admission and supports people to get home as quickly as possible once it is safe for them to do so. The discharge without delay (DwD) workstream is delivering improvements in relation to active discharge planning, using multi-disciplinary team approaches to reduce the length of stay in both the Western General Hospital (WGH) and the Royal Infirmary of Edinburgh. The ***home first*** ethos is embedded across all of our teams and services and remains a key pillar of our strategic approach.

Our focus on change, transformation and sustainability carries forward into 2024/25 and we have refined and strengthened governance arrangements to allow for more robust oversight of the delivery of financial and performance benefits. The savings governance board will act as the main governance forum for all projects which seek to deliver a financial saving. Separately, the change board will be retained but with a tighter remit and scope, focusing only on major, complex, strategic change programmes and ensuring that interdependencies are well-managed and coherence is maintained. The change board will provide the space to manage delivery of existing priorities, but also to develop and initiate new projects and programmes to address gaps. During 2024/25, it is our intention to establish a further change programme focused on the redesign of the front door, with a focus on developing the existing social care direct model and improving the digital front door.

We will continue to refine and adjust the change programme as required as the strategic plan is finalised.

**Operational overview**

**Annual performance report**

We will publish our performance report for 2023/24 at the end of August 2024. In this, we will outline our challenges and achievements in 2023/24 as well as our progress against the six strategic priorities in our strategic plan, and against the Scottish Government’s national health and wellbeing outcomes and associated indicators.

*Given the timescales to which we are working the following narrative comes from the current draft report which contains updates on less than half of the indicators because of the timing of data releases.*

Like integration authorities across Scotland, the EIJB is facing a challenging financial environment. Factors such as an ageing population, an increase in the number of people living with long term conditions, and resource availability mean we are not able to continue to match the current level of demand.

We recognise the need to redesign services and reshape the services we commission. Our main focus is to protect our core services that the people of Edinburgh rely upon and concentrate on statutory services and the people that need our help the most. We have also worked closely with community organisations to be innovative in how we invest remaining funding. Early intervention and prevention approaches are at the heart of the services we deliver, and our strong partnership working is crucial to this.

Joint inspections of both our adult support and protection work and adult social work and social care by the Care Inspectorate in early 2023 highlighted some highlighted significant weaknesses and areas for improvement. Although the latter report also recognised some positives, the findings were taken very seriously and accepted. In response, plans were developed to prioritise key actions to deliver good quality social work and social care services to keep people safe from harm. Implementing actions from the resultant improvement plan has been a major focus for the Partnership. Our priorities in year one included early intervention and prevention, improved access to services, and staff recruitment and retention.

In the 2023/2024 annual performance report, we outline the progress we have made in continuing to develop and improve our services and our performance against the national health and wellbeing indicators set out by the Scottish Government. Overall, our performance in 2023/24 is positive with X out of 18 of the measures *(6 out of 7 reported so far, others to be updated on 2 July)* are performing better or similar to the Scottish average. X out of 18 indicators have seen an improved or steady ranking on benchmarked performance compared to last year *(6 out of 7 reported so far, others to be updated on 2 July)* and we remain in the top half of partnerships for X of the indicators with an update in this report *(4 out of 7 reported so far, others to be updated on 2 July)*, with improvements also seen in other areas.

Despite challenges in recruitment across the Partnership, our strength is our hard working and passionate colleagues who care deeply for the people we support throughout Edinburgh. Their dedication to the community, and in providing the best care possible, allows us to continue supporting the people of Edinburgh in the best way we can. Towards the end of 2023 Pat Togher joined as the new Chief Officer of the Edinburgh Integration Joint Board (EIJB). Under Pat’s leadership we have strengthened links with our partners, the City of Edinburgh Council and NHS Lothian, as well as given us a clear direction for the future.

The annual performance report can be found TBC.

**Financial Overview**

**Annual accounts**

The annual accounts report the financial performance of EIJB. Their main purpose is to demonstrate the stewardship of the public funds that have been entrusted to us for the delivery of our vision and strategic priorities. The requirements governing the format and content of IJBs’ annual accounts are contained in *The Code of Practice on Local Authority Accounting in the United Kingdom* (the code). These annual accounts have been prepared in accordance with this code.

**2023/24 financial plan**

Each year we produce a financial plan which sets out how we ensure our limited resources are targeted to maximise the contribution to our objectives in the year ahead.

At its meeting in March 2023, the board considered the financial plan for 2023/24 and supported the continuing development of the board’s medium term financial strategy (MTFS). This assumed funding from our partners totalling £809m and estimated costs for the year at £856m, giving an initial gap of £47m. At the same meeting, the first phase of a savings and recovery programme to deliver savings of £12m was considered. As this did not entirely address the £47m budget deficit, the Chief Finance Officer (CFO) was asked to further develop the MTFS and to present the options for balancing the in-year plan to a future meeting.

Accordingly, an update was presented to, and agreed by, the EIJB in June 2023. This included agreement of a savings and recovery programme of £21m and further mitigating actions totalling £12m, leaving a residual shortfall of £14m. The board accepted the recommendation from officers that bridging this residual budget gap would require a series of measures which would have significantly negative in-year and future year consequences for people and performance more generally.

Discussions with senior officers in the Council and NHS Lothian had been taking place both in advance of, and following, the decision of the IJB in June. In parallel, a financial recovery plan was developed in the event that no additional support from partners was forthcoming. On 2nd November 2023 the Council agreed to delegate additional budget of £14.5m to the IJB. This funded the budget deficit and remedial building work in two Council owned care homes. Whilst this additional funding addressed the underlying budgetary shortfall it did not provide for the in-year increased costs associated with purchasing additional social care capacity. Further mitigation actions were agreed by the board to address this but these were not sufficient to bridge the gap entirely.

By the end of the year the remaining shortfall across all delegated services was £9.1m. To meet this NHS Lothian and the Council agreed further payments of £4.5m and £4.6m respectively. £2.6m of the Council payment will be treated as ‘brokerage’ by the Council and IJB to be repaid in instalments over the next 3 financial years.

**Financial Performance**

EIJB’s financial performance for the year is presented in the comprehensive income and expenditure statement, which can be seen on page 30. The balance sheet (page 31) sets out the liabilities and assets at 31st March 2024.

Financial performance is disclosed in the annual accounts on a different basis from that used to report the ongoing financial performance monthly to the board. The latter considers actual costs against budget and the former captures income and expenditure.

For the year, we are reporting a deficit of £16m in the annual accounts. This compares to a deficit of £58m for 2022/23. Both these results are effectively the result of timing differences, specifically income which was received and held in reserves at the year-end being spent in the following year.

EIJB’s financial performance against its “in year” delegated budgets resulted in a break-even position in both health and social care services. This was achieved following an additional one-off allocation of £4m from NHS Lothian to support the position with set aside services and £17m from the Council (as discussed above). All funding received during the year but not yet spent has been transferred to reserves. During the year our reserves have reduced to £8m at 31st March 2024, details of these reserves all of which are ‘ring fenced’ for specific purposes are given in note 9.

Overall, we incurred costs of £978m during the year, further information on the components is given in the segmental analysis in note 8. The underlying financial pressures facing us have not materially changed, these include:

* + - * **Externally purchased services** where demographic factors and increases in capacity continue to drive demand for these services. Whilst an element of growth was factored into the financial plan for the year, this was outstripped by the actual increase. This was most evident with care at home services where a 14% increase in the number of hours of care commissioned. There is a direct correlation between this increase in cost and ongoing performance improvements.
      * **Medicines** prescribed by General Practitioners cost £88m in 2023/24. This is an area where, although Edinburgh has one of the lowest costs per head of population, we see costs rising year on year as both volumes and prices increase;
      * **General medical services** (the range of healthcare provided by General Practitioners) are experiencing increasing locum costs to cover maternity leave and sickness; and
      * Expenditure in **set aside** which continues to be one of the main financial issues facing NHS delegated services. NHS Lothian agreed a one-off additional allocation to reflect this.

These pressures have been offset in year by high levels of **vacancies** across a number of services in both the City of Edinburgh Council and NHS Lothian. Professions particularly impacted include nursing, allied health professionals and social care workers. We continue to face significant challenges in recruiting and retaining staff and continue to rely on a level of vacancies to balance the financial position.

Whilst it is positive that we are able to report a break-even position against our in-year budget, the continued reliance on one-off measures to achieve financial balance remains a concern. As a board we face a number of material and long-standing financial pressures and a baseline gap in our financial plan which we struggle to address on a recurring basis. Our medium-term financial strategy (MTFS) begins to set out what a path to financial sustainability could look like and this will continue to be developed in the coming financial year.

**Medium term financial strategy**

In common with all public services, the EIJB is operating at a time when demand for our services is increasing, costs are rising and we are striving to improve performance. We are facing unprecedented challenges to the sustainability of our health and care system; an ageing population; an increase in the number of people living with long term conditions; a reduction in the working age population which compounds the challenge in workforce supply, and fundamentally resource availability cannot continue to match levels of demand. These issues are longstanding and have been recognised on a UK and Scotland wide basis.

In the case of Edinburgh this is compounded by the structural deficit which the IJB inherited from partners. Since its inception the IJB has routinely faced an underlying budget gap which we are unable to bridge on a sustainable basis. This complex landscape leads to a difficult set of choices for the IJB, how we balance our ambition to expand and improve services and continue to improve our performance and outcomes for our citizens, with the requirement to balance our budget. These goals are not necessarily congruent but do reflect the picture nationally.

To address sustainability in the longer term and avoid the need to relentlessly develop savings programmes that lead to inefficient ‘salami slicing’, we have evolved our thinking and approach. This resulted in the publication of our draft medium-term financial strategy (MTFS) in June 2024. This has been prepared at a time of significant financial challenges facing all public bodies. With our delegated budget we will prioritise services for the most vulnerable, drive improvements in service delivery through transformation and seek to maximise the benefits from the funding we have available. Despite this it must be recognised that balancing the budget will require the identification and agreement of significant savings, making it extremely unlikely that the current level of service provision can be sustained.

**Risk**

The Audit and Assurance Committee oversees the risk management arrangements; including receipt, review, and scrutiny of reports on strategic risks and escalation of any issues that require to be brought to the attention of the EIJB. As a key part of our governance process, the risk register examines the risks that impact the EIJB’s ability to deliver its strategic plan, and identifies, assesses risks, and clearly associates their owners and controls to manage them. The nine risks are captured under 3 headings: strategic planning and commissioning; issuing of directions; and management and role of the IJB. A summary extract of the register as at March 2023 is included below:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **I****D** | **Ris****k Type** | **Risk Appetite** | **Risk** | **Nov 23 RAG** | **Feb 24 RAG** | **Target Rating** | **Path to target risk** |
| **1.** | **Strategic Planning and Commissioning** | | | | | | |
| [1.1](file:///C:\Users\moira.pringle\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\7S2O0XVF\Working%20Draft%20-%20Annual%20Accounts.docx#_bookmark5) | Strategic & People | Medium–very high | There is a risk that the Edinburgh Integration Joint Board (EIJB) is unable to deliver its strategic objectives. | High | Very High | High |  |
| [1.2](file:///C:\Users\moira.pringle\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\7S2O0XVF\Working%20Draft%20-%20Annual%20Accounts.docx#_bookmark6) | Strategic & People | Medium –very high | There is a risk that the EIJB is not able to influence decision-making over delegated services that are not managed by the Partnership. | High | High | Med |  |
| [1.3](file:///C:\Users\moira.pringle\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\7S2O0XVF\Working%20Draft%20-%20Annual%20Accounts.docx#_bookmark7) | Financial | Low-high | There is a risk that the NHS Lothian and City of Edinburgh Council cannot deliver delegated services within available budgets. | High | High | High | N/A |
| **2.** | **Issuing of Directions** | | | | | | |
| [2.1](file:///C:\Users\moira.pringle\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\7S2O0XVF\Working%20Draft%20-%20Annual%20Accounts.docx#_bookmark8) | Strategic | Medium –very high | There is a risk that NHS Lothian and City of Edinburgh Council do not deliver directions set by the EIJB. | High | High | Med |  |
| **3.** | **Management and Role of the EIJB** | | | | | | |
| [3.1](file:///C:\Users\moira.pringle\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\7S2O0XVF\Working%20Draft%20-%20Annual%20Accounts.docx#risk31) | Strategic | Medium –very high | There is a risk that the EIJB is unable to operate effectively as a public body. | Med | Med | Low |  |
| [3.2](file:///C:\Users\moira.pringle\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\7S2O0XVF\Working%20Draft%20-%20Annual%20Accounts.docx#_bookmark10) | Strategic | Medium –very high | There is a risk that the EIJB’s workforce strategy is not delivered. | High | High | Med |  |
| [3.3](file:///C:\Users\moira.pringle\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\7S2O0XVF\Working%20Draft%20-%20Annual%20Accounts.docx#risk33) | Regulatory | Low | There is a risk that the EIJB has insufficient assurance from assurance providers to support effective delivery of scrutiny responsibilities. | Low | Low | Low | N/A |
| [3.4](file:///C:\Users\moira.pringle\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\7S2O0XVF\Working%20Draft%20-%20Annual%20Accounts.docx#Risk34) | Regulatory | Low | There is a risk that the EIJB does not comply with the necessary legislative and regulatory requirements. | Low | High | Low | N/A |

Each of these risks is supported by a ‘risk profile card’ which:

* + - * identifies the risk, states the objective (what the IJB is trying to achieve) and the source of that objective (key document or relevant legislation);
      * names a risk owner who is responsible for actions;
      * explains how the risk would happen and the potential outcomes;
      * illustrates the historic and current risk score and how it relates on the risk assessment matrix;
      * provides a recent update on risk management activities;
      * identifies what we are currently doing to reduce the risk; and
      * summarises the planned actions to reduce the risk score to our target risk and additional actions that need to be taken.

We continue to enhance our risk framework and risk register to manage, mitigate, and identify risk. This includes developing our risk maturity, risk management framework and risk appetite statements and enhancing our risk reporting, ensuring that we are identifying potential threats preventing us from achieving the EIJB’s strategic objectives.

In 2023/24, we have undertaken an analysis to understand what actions need be undertaken to reduce our risk rating in line with our target risk and these actions are now incorporated in the risk cards. Our risk appetite statement has been reviewed and a risk matrix introduced, so risk explanations clearly articulate why a risk rating has been chosen. This ensures a level of consistency in risk scoring across all EIJB risks. The next step in enhancing our risk registers is to include performance measure as part of the risk cards.

This systematic risk management approach has been endorsed by both the Audit and Assurance Committee and the board itself and will support the more dynamic nature of the risk register.

**Conclusion**

Public sector finances are under more pressure than ever before and the impacts of the wider economy and consequent cost of living crisis bring further uncertainty. In Edinburgh we are facing the twin challenges of an increasing demand for services and a climate of constrained financial resources. This means that a strategic approach to financial planning over the next 3–5 years essential to support the sustainability of health and social care delivery in Edinburgh. We are addressing this through our refreshed EIJB strategic plan and associated medium term financial strategy which set out our ambition for the city, recognising the limitations and challenges in working within severely constrained resources. It is in this context that, whilst we will continue to strive to identify and deliver efficiencies which align with our strategic intent, the ability to do so is increasingly limited. As a result, performance levels are likely to drop but we will focus our resources on protecting the most vulnerable.

**Pat Togher Katharina Kasper Moira Pringle**

**Chief Officer Chair Chief Finance Officer**

# STATEMENT OF RESPONSIBILTIES

**STATEMENT OF RESPONSIBILITIES FOR THE STATEMENTS OF ACCOUNT**

**Responsibilities of the Edinburgh Integration Joint Board**

The Edinburgh Integration Joint Board is required:

* to make arrangements for the proper administration of its financial affairs and to secure that it has an officer responsible for the administration of those affairs. In this Integration Joint Board, that officer is the Chief Finance Officer;
* to manage its affairs to achieve best value in the use of its 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); and
* to approve the annual accounts.

I confirm that these annual accounts were approved for signature by the Edinburgh Integration Joint Board on xxx.

**Katharina Kasper**

**Chair of the Edinburgh Integration Joint Board**

**Responsibilities of the Chief Finance Officer**

As Chief Finance Officer, I am responsible for the preparation of the EIJB’s statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (“the Code of Practice”), is required to give a true and fair view of the financial position of the EIJB at the financial year end and its income and expenditure for the year then ended.

In preparing the financial statements I am responsible for:

* selecting suitable accounting policies and then applying them consistently;
* making judgements and estimates that are reasonable and prudent; and
* complying with the Code of Practice and legislation

I am also required to:

* keep proper accounting records which are up to date; and
* take reasonable steps to ensure the propriety and regularity of the finances of the EIJB.

Statement of Accounts

I certify that the statement of accounts presents a true and fair view of the financial position of the Edinburgh Integration Joint Board at the reporting date, and its income and expenditure for the year ended 31st March 2024.

**Moira Pringle**

**Chief Finance Officer**

# REMUNERATION REPORT

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 Chief Officer of the Edinburgh Integration Joint Board (EIJB) is a joint appointment between City of Edinburgh Council, NHS Lothian and the EIJB. The terms and conditions, including pay for the post, are those set by the City of Edinburgh Council, who employ the current post holder directly and recharge the costs to EIJB and NHS Lothian.

The EIJB Chief Financial Officer is appointed by the EIJB and is supplied without charge by NHS Lothian and the associated costs are included in the support costs disclosed in note 3.

The voting members of the EIJB are appointed by the respective partner bodies (NHS Lothian and City of Edinburgh Council). The voting members from NHS Lothian and City of Edinburgh Council in the period April 2023 to March 2024 were:

|  |  |  |  |
| --- | --- | --- | --- |
| K. Kasper (Chair) *(appointed 05/04/23)* | NHS | T. Pogson (Vice Chair) | CEC |
| P. Allenby *(appointed 01/02/24)* | NHS | E. Davidson *(resigned 09/05/24)* | CEC |
| E. Gordon | NHS | C. Miller | CEC |
| G. Gordon | NHS | M. Mitchell | CEC |
| P. Knight | NHS | V. Nicolson | CEC |
| A. McCann *(resigned 04/04/23)* | NHS |  |  |
| P. Murray *(resigned 31/01/24)* | NHS |  |  |

The current voting members from NHS Lothian and City of Edinburgh Council are:

|  |  |  |  |
| --- | --- | --- | --- |
| K. Kasper (Chair) *(appointed 05/04/23)* | NHS | T. Pogson (Vice Chair) | CEC |
| P. Allenby *(appointed 01/02/24)* | NHS | A. Beal *(appointed 09/05/24)* | CEC |
| E. Gordon | NHS | C. Miller | CEC |
| G. Gordon | NHS | M. Mitchell | CEC |
| P. Knight | NHS | V. Nicolson | CEC |

Remuneration for the Chair and Vice Chair in relation to their additional duties is set out in the table below. The full year allowance is £17,592. No allowances were paid to other voting members during the year.

|  |  |  |
| --- | --- | --- |
|  | **Year to 31/03/2024** | **Year to 31/03/2023** |
|  | Additional remuneration (£) | Additional remuneration (£) |
| R. Henderson (Chair to 04/05/22) | 0 | 1,658 |
| T. Pogson, Chair (until 26/06/23) and Vice Chair (from 27/06/23) | 17,592 | 15,041 |
| A McCann, Vice Chair (until 04/05/23) \* | 0 | 0 *(restated)* |
| K. Kasper, Vice Chair (from 05/04/23 until 26/06/23) and Chair (from 27/06/23) \* | 0 | 0 |

\* NHS Lothian 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. This allows a more accurate and fairer allocation of resources, taking account of all key responsibilities and time commitments. This is a change in practice and the prior year disclosure for A McCann has been amended to reflect this.

The remuneration and pension benefits received by all voting members in 2023/24 are disclosed in the remuneration reports of their respective employer. Voting members can, through their parent bodies, reclaim any expenses. In the year to 31 March 2024, no expense claims were made in relation to work on the EIJB.

**Remuneration Paid to Senior Officers**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Year to**  **31/03/2024** | | **Year to 31/03/2023** |
|  | Salary, fees and allowances  (£) | Total remuneration (£) | Total remuneration (£) |
|
| J Proctor,  EIJB Chief Officer  (from 01/05/18 to 19/05/23) | 118,469 | **118,469** | 170,148 |
| M Massaro-Mallinson,  EIJB Interim Chief Officer  (from 20/05/23 to 05/11/23) | 56,585 | **56,585** | 0 |
| P Togher,  EIJB Chief Officer  (from 06/11/23) | 73,042 | **73,042** | 0 |
| M Pringle,  EIJB Chief Finance Officer | 99,323 | **99,323** | 94,629 |

**Pension benefits**

Pension benefits for the Chief Officer and Chair of the EIJB are provided through the Local Government Pension Scheme (LGPS). Pension benefits for the Chief Finance Officer are provided through the NHS New Pension Scheme (Scotland) 2015. 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.

**Local Government Pension Scheme**

For local government employees, the Local Government Pension Scheme LGPS became a career average pay scheme on 1 April 2015. Benefits built up to 31 March 2015 are protected and based on final salary. Accrued benefits from 1 April 2015 will be based on career average salary.

The scheme’s normal retirement age is linked to the state pension age (but with a minimum age of 65).

From 1 April 2009, a five-tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership.

The contribution rates for 2023/24 were as follows:

Whole Time Pay Contribution rate

On earnings up to and including £25,300 (2022/23 £23,000) 5.50%

On earnings above £25,301 and up to £31,000 (2023/23 £23,001 to £28,100) 7.25%

On earnings above £31,001 and up to £42,500 (2022/23 £28,101 to £38,600) 8.50%

On earnings above £42,501 and up to £56,600 (2022/23 £38,601 to £51,400) 9.50%

On earnings above £56,601 (2022/23 £51,401) 12.00%

If a person works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

The value of the accrued benefits has been calculated based on the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

**NHS Pension Scheme**

The NHS Superannuation Scheme (Scotland) is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31st March 2016. This valuation informed an employer contribution rate from 1st April 2019 of 20.9% of pensionable pay and an anticipated yield of 9.6% employees’ contributions.

**The new NHS Pension Scheme (Scotland) 2015**

From 1st April 2015 the NHS Pension Scheme (Scotland) 2015 was introduced. This scheme is a career average revalued earnings (CARE) scheme. Members will accrue 1/54 of their pay as pension for each year they are a member of the scheme. The accrued pension is re-valued each year at an above inflation rate to maintain its buying power. This is currently 1.5% above increases to the Consumer Prices Index (CPI). This continues until the member leaves the scheme or retires. In 2017/18 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings. The normal pension age (NPA) is the same as the state pension age. Members can take their benefits earlier but there will be a deduction for early payment.

**The existing NHS Superannuation Scheme (Scotland)**

This scheme closed to new joiners on 31st March 2015, but any benefits earned in either NHS 1995 or NHS 2008 sections are protected and will be paid at the section’s normal pension age using final pensionable pay when members leave or retire. Some members who were close to retirement when the NHS 2015 scheme launched will continue to earn benefits in their current section. This may affect members who were paying into the scheme on 1st April 2012 and were within 10 years of their normal retirement age. Some members who were close to retirement but did not qualify for full protection will remain in their current section beyond 1st April 2015 and join the 2015 scheme at a later date. All other members automatically joined the NHS 2015 scheme on 1st April 2015.

**Accrued Benefits**

The pension figures shown below relate to the benefits that the person has accrued as a consequence of their total local government service / public service, and not just their current appointment.

The pension entitlements of senior officers and current voting members for the period to 31 March 2024 are shown in the table below, together with the employer contribution made to the employee's pension during the year. Where accrued pension benefits are not shown in the table below, this indicates the employee has been a member of the pension scheme for less than 2 years.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **In-Year Contribution** | |  | **Accrued Pension Benefits** | |
|  | **For year to 31/03/24** | **For year to 31/03/23** |  | **As at 31/03/24** | **Difference from 31/03/23** |
|  | ***£*** | ***£*** |  | **£000** | **£000** |
| J Proctor,  EIJB Chief Officer  (from 01/05/18 to 19/05/23) | 8,596 | 38,624 | Pension | 11 | 0 |
| Lump Sum | 0 | 0 |
| M Massaro-Mallinson,  EIJB Interim Chief Officer  (from 20/05/23 to 05/11/23) | 11,826 | n/a | Pension | 28 | n/a |
| Lump Sum | 73 | n/a |
| P Togher,  EIJB Chief Officer  (from 06/11/23) | 16,495 | n/a | Pension | 1 | 1 |
| Lump Sum | 0 | 0 |
| M Pringle,  EIJB Chief Finance Officer | 20,562 | 19,777 | Pension | 35 | -2 |
| Lump Sum | 92 | 28 |
| R Henderson, Chair (to 04/05/22) | n/a | 806 | Pension | n/a | n/a |
| Lump Sum | n/a | n/a |
| T Pogson, Chair (to 26/06/2023) Vice Chair (from 27/06/23) | 8,556 | 7,315 | Pension | n/a | n/a |
| Lump Sum | n/a | n/a |

The Vice Chair has been in the pension scheme for less than two years, therefore not currently entitled to pension.

The Chair is not a member of the Local Government Pension Scheme or the NHS Pension scheme; therefore, no pension benefits are disclosed.

All information disclosed in the tables in this remuneration report has been audited by Audit Scotland. Audit Scotland has reviewed other sections of the report to ensure that they are consistent with the financial statements.

**Pat Togher Katharina Kasper**

**Chief Officer Chair**

# ANNUAL GOVERNANCE STATEMENT

The annual governance statement explains the Edinburgh Integration Joint Board (EIJB) governance arrangements and reports on the effectiveness of the system of internal control. The EIJB has adopted governance arrangements consistent, where appropriate with the principles of CIPFA and the society of Local Authority Chief Executives (SOLACE) framework “Delivering Good Governance in Local Government” and the CIPFA Financial Management Code 2019 (FM Code). This statement explains how the EIJB has adhered with the governance arrangements and meets the requirements of the Code of Practice on Local Authority Accounting in the UK, which details the requirement for an annual governance statement.

**Scope of Responsibility**

The EIJB aims to foster a culture of continuous improvement, in the delivery of EIJB functions and is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively. The EIJB has established governance arrangements in place, including systems of internal control intended to identify, prioritise, and manage risks facing the organisation and deliver on its policies, aims and objectives. The EIJB also rely on the systems of internal control of both NHS Lothian and City of Edinburgh Council (the Council) which support compliance with both organisations’ policies and promotes achievement of their aims and objectives as well as those of the EIJB.

**Governance framework & internal control system**

The EIJB has been established as a separate legal entity from both NHS Lothian and the Council with a separate governance framework. NHS Lothian and the Council have delegated functions to the EIJB which are set out in the [**Integration Scheme**](https://www.edinburghhsc.scot/the-ijb/) which has been prepared and approved by NHS Lothian and the Council in 2022 and signed off by Scottish Ministers in May 2023.

The EIJB and its Chief Officer have responsibility for the planning, resourcing, and operational delivery for delegated health and social care services within Edinburgh. The funding provided to the EIJB is dependent on the funding available to the Council and NHS Lothian and the corporate priorities of both. This means the EIJB is reliant on both parties for the resources to deliver health and social care services.

The legislative framework requires the Chief Officer to be the single point of overall strategic and operational advice to the EIJB and they are a member of the senior management teams of both the Council and NHS Lothian.

The EIJB comprises 10 voting members, with 5 Elected Members nominated by the Council and 5 non-executive members nominated from NHS Lothian. The chair rotates every two years between NHS Lothian and the Council. There are also several non-voting professional and stakeholder members on the EIJB including representatives from the third sector, carer, service users and trade unions. As required by the legislation the EIJB has appointed a Chief Officer and a Chief Finance Officer who also provide professional advice to the EIJB, alongside the Chief Social Work Officer. The EIJB has also appointed a Chief Internal Auditor, a Standards Officer, and a Data Protection Officer

The governance framework comprises the systems, processes, culture, and values by which the EIJB is controlled and directed. It enables the EIJB to monitor the progress with its strategic priorities set out in the strategic plan. The governance framework is continually updated to reflect best practice, new legislative requirements, and the expectations of stakeholders. The main features of the governance framework in place during 2023/24 were:

* 1. A [revised EIJB governance handbook](https://democracy.edinburgh.gov.uk/documents/s63197/Item%208.1%20Edinburgh%20Integration%20Joint%20Board%20Revised%20Governance%20Handbook.pdf)**,** which is a live document, setting out the principles of good governance for good governance, including the role of the EIJB, its code of conduct, committee terms of reference. It also sets out what good scrutiny looks like and demonstrates that the EIJB is committed to good governance through a robust and clear framework.
  2. The [Integration Scheme](https://www.edinburghhsc.scot/the-ijb/) is in place and has been reviewed in 2022 approved on 15 May 2023. The Council has requested further consideration of this to ensure it adequately reflects the operating practices in relation to budget setting and dealing with budget overspends.
  3. The EIJB operates within an established procedural framework. The roles and responsibilities of board members and officers are defined by [code of conduct, standing orders,](https://democracy.edinburgh.gov.uk/documents/s63197/Item%208.1%20Edinburgh%20Integration%20Joint%20Board%20Revised%20Governance%20Handbook.pdf) financial regulations, budget setting protocol and standing financial instructions – which are all subject to regular review. Members of the EIJB must comply with the standing orders and code of conduct.
  4. The Standards Officer is responsible for advising and guiding members of the board on issues of conduct and propriety. A register of interest and declaration of interest process is in place for all members and senior officers.
  5. The draft strategic plan sets out the strategic vision, and values of the EIJB and are aligned to deliver on the national health and wellbeing outcomes and which sets out the key outcomes the EIJB is committed to delivering with its partners (NHS Lothian and the Council). The draft strategic plan is currently out to consultation.
  6. Effective partnership working is in place with the Council and NHS Lothian, to ensure delivery of strategic objectives, through sharing of information and clear lines of responsibility. This has been improved in recent months with the new Chief Officer regularly engaging with all political groups as part of the budget setting process and regular reporting on the work of the EIJB to the [Council’s Policy & Sustainability Committee.](https://democracy.edinburgh.gov.uk/documents/s67963/Item%208.2%20Edinburgh%20Integration%20Joint%20Board%20Chief%20Officer%20Update%20Report.pdf)
  7. Appropriate training, development and induction sessions have been provided for all new EIJB members, with annual appraisals in place for all staff, the aim is to focus on their individual performance and how they support delivery of strategic objectives.
  8. Effective scrutiny and decisions making is supported by the formal submission of reports, findings and recommendations by external bodies and internal audit.
  9. A performance management framework is in place which focuses on embedding a performance management culture throughout the organisation, with regular reporting to the Performance and Delivery Committee. The EIJB also publishes an [annual performance report,](https://www.edinburghhsc.scot/the-ijb/annual-performance-report-2022-2023/) which is submitted to the Scottish Government.
  10. Reliance on the procedures, processes, policies and operational systems of the Council and NHS Lothian where these are operationally delegated. The EIJB key governance documents are subject to periodic review.
  11. The [medium-term financial strategy](https://democracy.edinburgh.gov.uk/documents/s68215/Item%207.3%20MTFS.pdf) sets out the approach to achieve financial sustainability over the next three years.
  12. The [EIJB workforce plan 2022 /25](https://www.edinburghhsc.scot/wp-content/uploads/2022/06/Working-Together-Strategy-vfinalJune-2022-1.pdf) sets out how it will undertake workforce development, aligning with the five pillars for workforce development (1) Plan (2) Attract (3) Employ, (4) Train and (5) Nurture. A supporting implementation plan has been developed and is monitored through the Partnership’s workforce board.
  13. [EIJB complaint handling policy](https://www.edinburghhsc.scot/the-ijb/complaints-compliments-comments/) and procedures in place. For 2023/24 cycle, there have been two complaints which have been responded to with the timescales specified in the policy.
  14. [Directions policy and procedures](https://democracy.edinburgh.gov.uk/documents/s59413/7.3%20Revised%20EIJB%20Directions%20Policy.pdf) are in place and reviewed annually through Performance and Delivery Committee and submitted to the EIJB.
  15. [Equality Outcomes report](https://www.edinburghhsc.scot/the-ijb/equalities/) and progress report in place and submitted to Performance and Delivery Committee.
  16. Climate Change annual report presented to Performance and Delivery Committee
  17. Legal liability in place for EIJB members via the CNORIS scheme.

All EIJB meetings have operated in a ‘hybrid’ way since 2023 with committees moving (where appropriate) from virtual to hybrid meetings. The EIJB meetings are held in public, allowing press and members of the public to attend. These are also webcast live, to allow the public to listen and ensures that the EIJB is as open and transparent as possible in its decision making.

Procedures are in place (including a rolling action log and minutes) to monitor the implementation of decisions made at the EIJB and its committees. The EIJB and its committees also have annual cycles of business which gives both board members and the public an indication of when key workstreams/papers will be presented to the EIJB.

A deputation process is in place to allow groups and members of the public to directly address the Board on issues under consideration.

**Board and committee decision making**

A key element of the EIJB’s governance framework is its formal board and committees. These committees provide additional layers of governance, scrutiny, and rigour to the business of the EIJB. Their different remits which have recently been enhanced, allows increased scrutiny and monitoring, and provides the EIJB with the necessary assurance.

The EIJB has established several committees which support the board fulfil its duties as a public body the committee model is as follows:

* **Audit and Assurance** – advises the EIJB on the adequacy of financial reporting arrangements, governance activities, internal and external audit provisions and the implications of assurances provided in respect of risk and internal control.
* **Clinical and Care Governance** – monitors, reviews, and reports to the Board on the quality of care to the local population, specifically in relation to patient safety, clinical effectiveness, and patient experience.
* **Performance and Delivery** –provides advice and assurance on the effectiveness on the financial management and service performance for services delegated to the EIJB.
* **Strategic Planning Group** – monitors, reviews, and reports to the board on the strategy, plans and delivery of services delegated to the EIJB.

The [**terms of reference**](https://democracy.edinburgh.gov.uk/documents/s63197/Item%208.1%20Edinburgh%20Integration%20Joint%20Board%20Revised%20Governance%20Handbook.pdf) for all the committees were reviewed and agreed at the EIJB on 16 November 2023. A log of all statutory, legislative, and regulatory requirements is included as an appendix to the terms of reference for each committee. This ensures that each committee covers all necessary requirements and allows members to have oversight and visibility of those requirements that the EIJB need to comply with. The Chair is working with board members to address current gaps in committee membership.

An annual assurance process for the 2023/24 cycle has now concluded. This provides assurance on how effective the committees are operating to discharge their remits. All committee members are asked a range of questions, covering membership, training, induction. These are presented to committees for endorsement and then presented to Audit and Assurance Committee alongside the annual accounts.

**Internal financial control**

Maintaining an operating an effective system of internal financial control is the responsibility of the Chief Finance Officer. The IJB’s Financial management arrangements conform to the governance requirements of the CIPFA statement [‘**The Role of the Chief Financial Officer in Local Government (2016)’.**](https://www.cipfa.org/policy-and-guidance/reports/the-role-of-the-chief-financial-officer-in-local-government)

The system of internal financial control is based on a framework of regular management information, Financial Regulations and Standing Financial Instructions, administrative procedures (including segregation of duties), management and supervision and a system of delegation and accountability. Development and maintenance of these systems are undertaken by managers within the EIJB and during 2023/24 this included:

* Financial regulation and guidance relating to financial processes and procedures were reviewed.
* Formalised budget setting process and engagement through the EIJB budget working group, the approval of the medium-term financial strategy and approval of a £60m savings programme
* Regular review of detailed financial performance reports at Performance and Delivery Committee with summary reporting to every meeting of the EIJB.
* Formal governance arrangements for the change and improvement programme, led by Chief Officer (e.g., Savings Governance Board, Change Board).
* An effective and independent Internal Audit function.
* Reserves Policy in place and reviewed annually.
* Procurement Board in place – provides oversight of all contract provisions.
* Implementation of the Change Board – provides strategic oversight of all change projects that will deliver the savings agreed at the EIJB on 18th March 2024.

In relation to managing the risk of fraud and corruption, the EIJB relies on the financial regulations, processed and procedures put in place by both partners (NHS Lothian and the Council). The EIJB audit and assurance committee review arrangements for managing fraud risk, including through the work of its internal and external auditors. These arrangements are compliant with [CIPFA’s Code of Practice on Managing the Risk of Fraud and Corruption.](https://www.cipfa.org/policy-and-guidance/reports/code-of-practice-on-managing-the-risk-of-fraud-and-corruption)

**Update on governance improvement actions**

Several areas of development have been identified in previous years. Three (noted in table 1) have been completed and table 2 includes those actions from the previous year as well as further areas for improvement scheduled over the next year:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Table 1 – Actions agreed last year that have been completed | | | | |
|  | **Date Raised** | **Issue** | **Responsible Party** | **Reporting date** |
| 1 | 22/23 | Recommend to EIJB that committee membership is increased for the Audit and Assurance, Clinical and Care Governance and Performance and Delivery | Interim Chief Officer | October 2023 |
| 2 | 22/23 | A skills audit to be undertaken | Operations Manager | December 2023 |
| 3 | 22/23 | Training for officers to ensure consistency in quality of reporting | Interim Chief Officer | December 2023 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Table 2 - Improvement actions | | | | |
|  | **Date Raised** | **Issue** | **Responsible Party** | **Reporting date** |
| 1 | 22/23 | Development of a supported training programme for committee members, alongside a clear process for training opportunities | Chief Officer | July 2024 |
| 2 | 22/23 | Development of succession plans so that committee changes are handled smoothly | Chair | July 2024 |
| 3 | 22/23 | Recruitment of Chief Risk Officer | Chief Officer | December 2024 |
| 4 | 23/24 | Assess the implications of implementation of a National Care Service | Chief Officer | March 2025 |
| 5 | 23/24 | Implementation of an appraisal/1:1 process for board members | Chief Officer | December 2024 |
| 6. | 23/24 | Agreement of new strategic plan | Chief Officer | March 2025 |

**Data protection and management of records**

The EIJB is committed to the highest standards of Data Protection and has put in place arrangements to ensure compliance with the General Data Protection Regulations in partnership with NHS Lothian and the Council. There were no significant or notifiable data breach incidents during 2023/24 relating to the EIJB. The EIJB approach to managing its obligations in relation to public records are set out in the Public Records (Scotland) Act 2011 and is outlined in the EIJB records management plan. The EIJB also have Business Classification Scheme and Records Retention Rules in place.

The EIJB Records Management Plan was agreed in October 2021. The EIJB were able to demonstrate evidence of compliance across 13 of the 15 areas within the Records Management Plan. The two areas assessed at amber are because the EIJB rely on the Council for its record management infrastructure and the Council’s Records Management Plan for these two areas were assessed as amber therefore the EIJB submission for those two also remain at amber. The Council have submitted their Records Management Plan and are addressing the two amber elements (audit trail and assessment and review) and are engaging with the Operations Manager to ensure that the EIJB comply with any process improvements developed.

**Internal audit**

The IJB is required to put in place adequate and proportionate internal audit arrangements to provide independent assurance on risk management, corporate governance, and the system of internal control. The EIJB complies with the requirements for the [CIPFA Statement on “the Role of the Head of Internal Audit in Public Organisations](https://www.cipfa.org/roleofthehia) ”and operates in accordance with the “Public Sector Internal Audit Standards” (CIPFA).

The Council’s Chief Internal Auditor undertakes this role for the EIJB, and they have responsibility for the IJB’s internal audit function and is professionally qualified and suitably experienced to lead and direct internal audit staff.

The Chief Internal Auditor reports directly to the EIJB Audit and Assurance Committee, with a right of access to the Chief Finance Officer, Chief Officer and Chair of the EIJB Audit and Assurance Committee on any matter. The annual programme of internal audit work is based on a strategic risk assessment and is approved by the EIJB Audit and Assurance Committee.

The EIJB internal audit charter that was approved by the EIJB Audit and Assurance Committee in March 2023 states that internal audit will remain free from interference from anyone within the EIJB in relation to audit selection, scope, procedures, frequency, timing, and report content. The charter is based on Public Sector Internal Audit Standards and details the responsibilities of both management and internal audit to support delivery of EIJB audit assurance.

The role of the Audit and Assurance Committee is to provide the EIJB with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. Membership of the audit and assurance committee includes 4 members of the EIJB. Professional advisors, the internal auditor and external auditor support the committee and attend. The internal audit plan was agreed at the Audit and Assurance committee on 20 March 2023 and audit activity during the year included reviews of:

* Change programme & older people’s pathway plus
* Hosted services
* Workforce optimisation
* Annual validation review

In addition, the Committee considered a wide range of reports included several published by Audit Scotland. It also reviews performance in implementing audit recommendations.

The Chief Internal Auditor provides the Audit and Assurance Committee with an annual report on audit activity for the Integration Joint Board. The annual report for 2023/24 provides an independent opinion on the adequacy and effectiveness of the systems of governance and internal control. On the basis of audit work undertaken during the reporting period and the assurances provided by partner organisation, it can be concluded that there is an xx level of assurance can be given that the system of internal control, risk management and governance is operating effectively within the organisation.

The Chief Officer and Executive Management Team continue to drive improvement in closing internal audit management actions in line with deadlines set and have over the last year had no overdue internal audit management actions. Scrutiny is carried out at the Audit and Assurance Committee on internal audit actions on a quarterly basis.

**Risk management**

The Audit and Assurance Committee is responsible for oversight of the risk management arrangements and considers the risk register quarterly. This is in turn referred to the EIJB twice a year. The risk management processes are well developed and are continually reviewed and enhanced. The [risk management policy](https://democracy.edinburgh.gov.uk/documents/s52817/7.2%20EIJB%20Risk%20Register.pdf) was agreed in December 2022 and the [board risk appetite statements](https://democracy.edinburgh.gov.uk/documents/s63197/Item%208.1%20Edinburgh%20Integration%20Joint%20Board%20Revised%20Governance%20Handbook.pdf) (section 12) were reviewed and agreed by the Audit and Assurance Committee and subsequently the EIJB in November 2023. The framework sets out the principles by which the EIJB will identify and manage strategic and operational risks impacting on the EIJB and is a key component of the EIJB overall governance arrangements. The risk policy is reviewed formally every three years, with a light touch review undertaken annually or where there are significant changes to the policy or procedures.

**Best value**

The EIJB has a statutory duty to provide best value as a designated body under section 106 of the Local Government (Scotland) Act 1973. The Annual Performance Report sets out how the EIJB fulfilled its obligations for best value in that year. The [annual performance report](https://www.edinburghhsc.scot/the-ijb/annual-performance-report-2022-2023/) for 2023/24 is approved by the EIJB and is available publicly available.

**Review of adequacy and effectiveness**

The EIJB places reliance on the procedures, processes, policies and operational systems of NHS Lothian and the Council. The EIJB operates within an established procedural framework and the partner organisations provide assurance over the effectiveness of their systems of internal control.

The review is informed by the work of the Executive Team (who have the responsibility for the development and maintenance of the internal control framework environment), the work of Internal and External Audit and the Chief Internal Auditor’s annual report and reports from external auditors and other scrutiny provides (e.g., Care Inspectorate, Mental Welfare Commission, Audit Scotland).

The EIJB has responsibility for conducting, at least annually, a review of effectiveness of the governance arrangements including the system of internal financial control. This is informed by:

* The work of officers within the EIJB
* The work of internal audit
* The work for external audit
* External review and inspection reports
* The compliance with statutory guidance issued for the integration of services
* Recommendations from the Audit Committee

The review of the EIJB governance framework is supported by a process of self-assessment and assurance certification by the Chief Officer. The Chief Officer completes a “self-assessment checklist as evidence of a review of key areas of the EIJB’s Internal Control framework. There were no internal control issues identified by the review.

In addition, the Chief Officer and Chief Finance Officer are satisfied that the organisation has in place appropriate arrangements to manage fraud and corruption risks

Internal Audit undertakes and annual programme of reviews following an assessment of risk. The Chief Internal Auditor for the EIJB provides an annual report to the EIJB audit and assurance committee and an independent opinion on the adequacy and effectiveness of the governance framework, risk management and internal control.

Internal Audit has reported an ‘xx’ rated opinion for the year, concluding that xx assurance can be placed upon the adequacy and effectiveness of the EIJB’s governance, risk management and internal control systems in the year to 31 March 2023.

Due to the nature of the EIJB membership, a conflict of interest can arise between an EIJB members responsibilities to the EIJB and other responsibilities that they may have. The EIJB have arrangements in place to deal with any conflicts of interest that may arise. It is the responsibility of board members to declare any potential conflict of interests. It is the responsibility of the Chair of the EIJB or Chair of the committee to ensure that such declarations are appropriately considered and acted on.

Whilst there is good governance within the EIJB, it was recognised that further work was required to strengthen the relationship between EIJB and Council and NHS Lothian committees and clarify responsibility for the scrutiny of services. Work has been undertaken to strengthen the relationship, with regular reports on EIJB activity, presented to Policy and Sustainability Committee and regular engagement with political parties and the Chief Officer at key points throughout the year, for example as part of budget setting and this work will continue throughout 2024/25. The EIJB committees’ terms of reference have also been updated to ensure that they are undertaking scrutiny of all delegated services, and this will start to feed through into annual cycles of business for each of the committees imminently.

The EIJB set a balanced budget for 2024/25 on 18March 2023 with £48m of savings (through a combination of activity specified in the Medium-Term Financial Strategy and the agreed Savings and Recovery Programme).

**Conclusion and opinion on assurance**

Appropriate governance arrangements are in place and have operated well throughout 2023/24. Continuous improvement and development are ongoing to ensure that the EIJB can deliver on its strategic objectives and operate on a financially sustainable basis in the medium to long term. The annual governance statement outlines several key evidence sources which supports the view that reasonable assurance can be placed on the adequacy and effectiveness of the EIJB’s system of governance.

**Pat Togher Katharina Kasper**

**Chief Officer Chair**

# COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

*This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices*

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2024**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **2022/23** |  |  | **2023/24** | | |
| **Net Expenditure** |  |  | **Gross expenditure** | **Gross income** | **Net Expenditure** |
| **£000** |  | **Note** | **£000** | **£000** | **£000** |
|  | **Health Services** | 8 |  |  |  |
| 310,483 | Core services |  | 324,110 | 0 | 324,110 |
| 114,037 | Hosted services |  | 111,691 | 0 | 111,690 |
| 67,952 | Non-cash limited |  | 70,289 | 0 | 70,289 |
| 119,957 | Set aside services |  | 129,723 | 0 | 129,722 |
| 612,429 |  |  | 635,813 | 0 | 635,811 |
|  |  |  |  |  |  |
|  | **Social Care Services** | 8 |  |  |  |
| 215,434 | External purchasing |  | 236,688 | 0 | 236,688 |
| 29,809 | Care at home |  | 28,906 | 0 | 28,906 |
| 16,599 | Day services |  | 17,848 | 0 | 17,848 |
| 21,001 | Residential care |  | 26,385 | 0 | 26,385 |
| 15,485 | Social work assessment and care management |  | 18,523 | 0 | 18,523 |
| 420 | Corporate services |  | 443 | 0 | 443 |
| 11,672 | Other |  | 12,492 | 0 | 12,492 |
| 310,420 |  |  | 341,285 | 0 | 341,285 |
|  |  |  |  |  |  |
| 420 | Corporate services | 3 | 501 | 0 | 501 |
|  |  |  |  |  |  |
| **923,269** | **Cost of services** |  | **977,599** | **0** | **977,598** |
|  |  |  |  |  |  |
| **(865,143)** | **Taxation and non-specific grant income and expenditure** | 2 | **0** | **(961,586)** | **(961,586)** |
|  |  |  |  |  |  |
| **58,126** | **(Surplus)/deficit on provision of services** |  | **977,599** | **(961,586)** | **16,013** |

# BALANCE SHEET

*The Balance Sheet shows the value, as at 31 March 2024, of the assets and liabilities recognised by the Board. The net assets of the Board are matched by the reserves held.*

**BALANCE SHEET AS AT 31 MARCH 2024**

|  |  |  |  |
| --- | --- | --- | --- |
| **31/03/2023** |  | **Notes** | **31/03/2024** |
| **£000** |  |  | **£000** |
|  | **Current assets** |  |  |
| 24,088 | Short term debtors | 4 | 8,020 |
|  |  |  |  |
|  | **Current liabilities** |  |  |
| -55 | Short term creditors | 5 | 0 |
|  |  |  |  |
| **24,033** | **Net assets** |  | **8,020** |
|  |  |  |  |
| -24,033 | Usable reserves | MIRS | -8,020 |
|  |  |  |  |
| **-24,033** | **Total reserves** |  | **-8,020** |

The unaudited financial statements were issued on 28th June 2024 and the audited financial statements were authorised for issue by the Chief Finance Officer on xxx.

**Moira Pringle**

**Chief Finance Officer**

**MOVEMENT IN RESERVES STATEMENT**

|  |
| --- |
| *This statement shows the movement in the year on the different reserves held by the Edinburgh Integration Joint Board.* |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Notes** | **31/03/2024** | **31/03/2023** |
|  |  | **£000** | **£000** |
| **Usable reserves – general fund brought forward** |  | -24,033 | -82,159 |
| Deficit/(surplus) on the provision of services |  | 16,013 | 58,126 |
| **Total comprehensive income and expenditure** |  | **-8,020** | **-24,033** |
|  |  |  |  |
| **Balance, as at 31 March, carried forward** | 9 | **-8,020** | **-24,033** |

# NOTES TO ACCOUNTS

# 1. ACCOUNTING POLICIES

**1.1 General Principles**

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 Annual Accounts for the year ended 31 March 2024 have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) and the Service Reporting Code of Practice. This is to ensure that the accounts 'present a true and fair view' of the financial position and transactions of the Edinburgh Integration Joint Board (EIJB).

**1.2 Accruals of Income and Expenditure**

The revenue accounts have been prepared on an accruals basis in accordance with the Code of Practice. Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

* all known specific and material sums payable to the IJB have been brought into account;
* suppliers are recorded as expenditure when they are consumed. Expenses in relation to services received are recorded as expenditure when the service is received rather than when payments are made; and
* where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

**1.3 VAT Status**

The EIJB is a non-taxable person and does not charge or recover VAT on its functions.

**1.4 Going Concern**

The accounts are prepared on a going concern basis, which assumes that the EIJB will continue in operational existence for the foreseeable future.

**1.5 Funding**

Edinburgh Integration Joint Board receives contributions from its funding partners, namely NHS Lothian and the City of Edinburgh Council to fund its services.

Expenditure is incurred in the form of charges for services provided to the EIJB by its partners.

**1.6 Provisions, Contingent Liabilities and Assets**

Contingent assets are not recognised in the accounting statements. Where there is a probable inflow of economic benefits or service potential, this is disclosed in the notes to the financial statements.

Contingent liabilities are not recognised in the accounting statements. Where there is a possible obligation that may require a payment, or transfer of economic benefit, this is disclosed in the notes to the financial statements.

The value of provisions is based upon the Board’s obligations arising from past events, the probability that a transfer of economic benefit will take place and a reasonable estimate of the obligation.

**1.7 Employee Benefits**

The Chief Officer is regarded as an employee of the EIJB, although her contract of employment is with City of Edinburgh Council. The LGPS is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998, as amended. The post is funded by the EIJB however the statutory responsibility for employer pension liabilities rests with the employing partner organisation (City of Edinburgh Council).

The Chief Financial Officer is regarded as an employee of the EIJB, although her contract of employment is with NHS Lothian. NHS Lothian participates in the NHS Superannuation Scheme (Scotland) which is a defined benefit statutory public service pension scheme, with benefits underwritten by the UK Government.

The remuneration report presents the pension entitlement attributable to the posts of the EIJB Chief Officer, Chief Financial Officer and Vice Chair of the EIJB although the EIJB has no formal ongoing pension liability. On this basis, there is no pension liability reflected on the EIJB balance sheet for these posts.

**1.8 Cash and Cash Equivalents**

The EIJB does not hold a bank account or any cash equivalents. Payments to staff and suppliers relating to delegated services will be made through cash balances held by the partner organisations (NHS Lothian and City of Edinburgh Council). On this basis, no Cash Flow statement has been prepared in this set of Annual Accounts.

**1.9 Reserves**

The Integration Joint Board is permitted to set aside future amounts of reserves for future policy purposes.  These reserves normally comprise: funds which 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 of Reserves Statement.

The EIJB has one usable reserve, the General Fund which can be used to mitigate financial consequences of risks and other events impacting on the Boards resources.

The Board’s reserves policy was approved on 20 August 2019 and is reviewed annually by the Performance and Delivery Committee. The most recent review took place in June 2024. Reserves will be reviewed through the annual budget process and the level and utilisation of reserves will be formally approved by the EIJB.

**1.10 Support Services**

Support services are not delegated to the EIJB through the Integration scheme, and are instead provided by NHS Lothian and the City of Edinburgh Council free of charge, as a ‘service in kind’. Support services provided mainly comprise the provision of financial management, human resources, legal services, committee services, ICT, payroll and internal audit services.

**1.11 Assumptions made about the future and other major sources of estimation uncertainty**

The cost of services provided by NHS Lothian is based on the NHS Lothian Director of Finance’s assessment of the split of costs between the four Integration Authorities in the NHS Lothian area. This assessment is underpinned by a financial model which is reviewed at least annually and supported by the four Chief Finance Officers. As such this is an area of key judgement and estimation uncertainty within these annual accounts. 

# 2. RELATED PARTY TRANSACTIONS

The Edinburgh Integration Joint Board was established on 27 June 2015 as a joint board between City of Edinburgh Council and NHS Lothian. The income received from the two parties was as follows:

|  |  |  |
| --- | --- | --- |
|  | **31/03/2024** | **31/03/2023** *(Restated\*)* |
|  | **£000** | **£000** |
| NHS Lothian | -624,820 | -583,493 |
| City of Edinburgh Council | -336,324 | -281,650 |
|  |  |  |
| **Total** | **-961,144** | **-865,143** |

|  |  |  |
| --- | --- | --- |
| Expenditure relating to the two parties was as follows; | **31/03/2024** | **31/03/2023** |
|  | **£000** | **£000** |
| NHS Lothian | 636,037 | 612,617 |
| City of Edinburgh Council | 341,083 | 310,197 |
|  |  |  |
| **Total** | **977,120** | **922,814** |

Details of creditor and debtor balances with the partner bodies are set out in the subsequent notes (4 and 5).

The Council provided EIJB with brokerage of £2.627m which is repayable over 3 years. This repayment has been built into the EIJB's medium term financial strategy.

# 3. CORPORATE EXPENDITURE

|  |  |  |
| --- | --- | --- |
|  | **31/03/2024** | **31/03/2023** |
|  | **£000** | **£000** |
| Staff costs | 465 | 386 |
| Other fees | 3 | 3 |
| Audit fees | 33 | 31 |
| **Total** | **501** | **420** |

Staff costs relate to the Chief Officer, Chief Finance Officer, EIJB Chair and Vice-Chair.

EIJB is in receipt of support services from NHS Lothian and City of Edinburgh Council, both organisations have agreed to provide support services, without an onward recovery. Support services to a value of £0.823m (£0.743m 2022/23) have been provided.

# 

# 4. SHORT TERM DEBTORS

|  |  |  |
| --- | --- | --- |
|  | **31/03/2024** | **31/03/2023** |
|  | **£000** | **£000** |
| NHS Lothian | 6,249 | 17,704 |
| City of Edinburgh Council | 1,771 | 6,384 |
| **Total** | **8,020** | **24,088** |

# 5. SHORT TERM CREDITORS

|  |  |  |
| --- | --- | --- |
|  | **31/03/2024** | **31/03/2023** |
|  | **£000** | **£000** |
| External audit fees | 0 | -55 |
| **Total** | **0** | **-55** |

# 6. POST BALANCE SHEET EVENTS

No material events have occurred post the balance sheet reporting date.

# 7. CONTINGENT LIABILITIES and ASSETS

There are no contingent liabilities or assets to disclose.

# 8. SEGMENTAL REPORTING

Expenditure on services commissioned by the EIJB from its partner agencies is analysed over the following services:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **2023/24 Actual Expenditure** | **2022/23**  **Actual Expenditure**  *(restated\*)* |
|  |  | **£000** | **£000** |
| **SERVICES PROVIDED BY NHS LOTHIAN** | |  |  |
| **Core services** | |  |  |
|  | Community hospitals | 14,079 | 13,444 |
|  | District nursing | 14,781 | 13,122 |
|  | General medical services | 102,482 | 98,617 |
|  | Prescribing | 87,638 | 84,224 |
|  | Primary care management | 13,941 | 24,694 |
|  | Primary care services | 17,884 | 13,819 |
|  | Other core services | 73,305 | 62,563 |
| **Total core services** | | **324,110** | **310,483** |
|  | |  |  |
| **Hosted services** | |  |  |
|  | Mental health, substance misuse and learning disabilities | 56,785 | 53,794 |
|  | Other hosted services | 54,906 | 60,243 |
| **Total hosted services** | | **111,691** | **114,037** |
|  | |  |  |
| **Non- Cash Limited** | |  |  |
|  | Dental | 35,330 | 36,182 |
|  | Ophthalmology | 11,195 | 9,941 |
|  | Pharmacy | 23,764 | 21,829 |
| **Total Non-Cash Limited** | | **70,289** | **67,952** |
|  |  |  |  |
| **Set aside services** | |  |  |
|  | General medicine | 34,415 | 31,981 |
|  | Geriatric medicine | 22,588 | 20,506 |
|  | ED and minor injuries | 13,339 | 12,122 |
|  | Other set aside services | 59,381 | 55,348 |
| **Total set aside services** | | **129,723** | **119,957** |
|  |  |  |  |
| **TOTAL SERVICES PROVIDED BY NHS LOTHIAN** | | **635,813** | **612,429** |
|  |  |  |  |
| **SERVICES PROVIDED BY CITY OF EDINBURGH COUNCIL** | |  |  |
|  | External purchasing | 236,688 | 215,434 |
|  | Care at home | 28,906 | 29,809 |
|  | Day services | 17,848 | 16,599 |
|  | Residential care | 26,385 | 21,001 |
|  | Social work assessment & care management | 18,523 | 15,485 |
|  | Other services provided by City of Edinburgh Council | 12,935 | 12,092 |
|  |  |  |  |
| **TOTAL SERVICES PROVIDED BY CITY OF EDINBURGH COUNCIL** | | **341,285** | **310,420** |
|  |  |  |  |
| Corporate expenditure | | 501 | 420 |
| **TOTAL ALL SERVICES** | | **977,599** | **923,269** |

# 9. MOVEMENT IN RESERVES

|  |  |  |  |
| --- | --- | --- | --- |
|  | **01/04/2023**  *(Reclassified\*)* | **Movement** | **31/03/2024** |
|  | **£000** | **£000** | **£000** |
| *Earmarked reserves* |  |  |  |
| Winter | 2,307 | (2,188) | 119 |
| Funding for specific initiatives | 17,871 | (11,248) | 6,623 |
| Other balances | 3,855 | (2,577) | 1,278 |
| **Total** | **24,033** | **(16,013)** | **8,020** |

# 10. FUNDING ANALYSIS

The expenditure and funding analysis shows how annual expenditure is used and funded from resources in comparison with how those resources are consumed or earned in accordance with generally accepted accounting practice. In essence this demonstrates the difference between expenditure on an accounting basis and a funding basis. For EIJB no such difference applies and the information required is disclosed elsewhere in the financial statements.

# INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF EDINBURGH INTEGRATION JOINT BOARD AND THE ACCOUNTS COMMISSION

*To follow*