



Edinburgh Integration Joint Board

Annual Accounts 2019/20

Edinburgh Integration Joint Board - Annual Accounts 2019/20

The Annual Accounts of Edinburgh Integration Joint Board for the year ended 31 March 2020, 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 2019/20 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 2020 and gives an indication of the issues and risks which may impact upon our finances 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.

The board meets monthly 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 the 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
<ul style="list-style-type: none"> • Assessment and care management including occupational therapy • Residential care • Extra-care housing and sheltered housing • Intermediate care • Supported housing – learning disability • Rehabilitation – mental health • Day services • Local area coordination • Care at home services • Reablement • Rapid response • Telecare • Respite services • Quality assurance and contracts • Sensory impairment services • Drugs and alcohol services 	<ul style="list-style-type: none"> • District nursing • Services relating to an addiction • Services provided by allied health professionals (AHPs) • Community dental services • Primary medical services (GP)* • General dental services* • Ophthalmic services* • Pharmaceutical services* • Out-of-hours primary medical services • Community geriatric medicine • Palliative care • Mental health services • Continence services • Kidney dialysis • Prison health care service • Public health services <p>* includes responsibility for those aged under 18</p>	<ul style="list-style-type: none"> • A&E • General medicine • Geriatric medicine • Rehabilitation medicine • Respiratory medicine • Psychiatry of learning disability • Palliative care • Hospital services provided by GPs • Mental health services provided in a hospital with exception of forensic mental health services • Services relating to an addiction or dependence on any substance

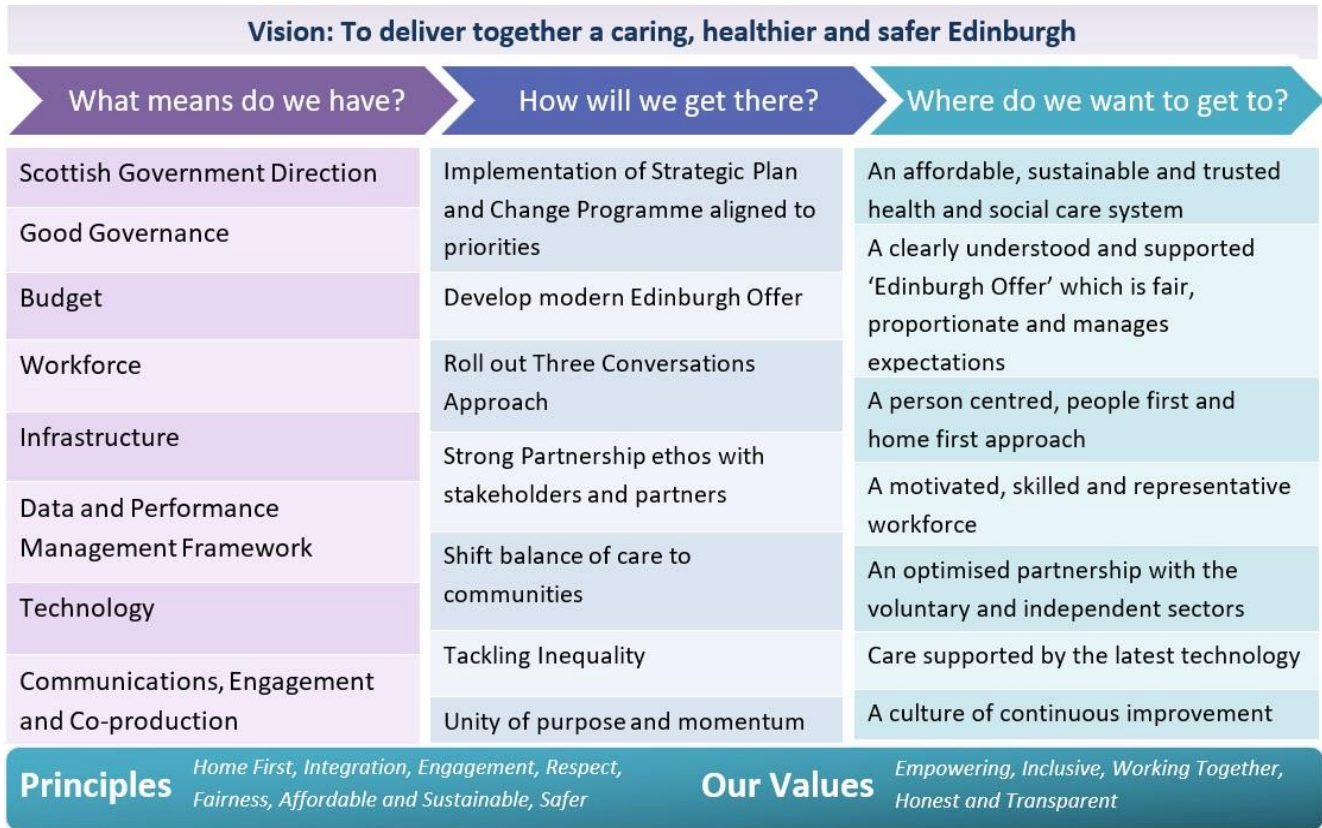
Strategic Plan

Over the past four years, the EIJB has established itself as a board and developed its ambitions and priorities for change and improvement in the services delegated to it by its partner organisations. Throughout this period, we have made steady progress, but we face testing times ahead. Edinburgh’s population of almost half a million accounts for 9% of the total population of Scotland and is projected to increase faster than any other area of the country. The rate of growth is higher in some age groups than others. Whilst this expansion has many social and economic advantages, it also presents challenges. Although a relatively affluent city, Edinburgh has areas of significant inequality and ‘deprivation’ and one of our key priorities is to lead, where possible, on tackling health and social inequalities.

In August 2019 we agreed our strategic plan for 2019-2022. The plan defines our vision for the future of health and social care in Edinburgh, explains how we intend to transition towards this and highlights the resources and enablers we must manage to achieve our objectives. There remains much to do, but together we can create the conditions to deliver a sustainable health and social care model for the citizens of Edinburgh.

Over the next planning cycle, we will focus predominantly on four key areas: redefining the Edinburgh offer, embracing the three conversations approach, adopting the principle of home first and advancing our

transformation programme. The strategic plan can be found [here](#) and our strategic framework is captured in the schematic below



Our intent, as encapsulated in the strategic plan, is to further develop integration to deliver a sustainable and trusted health and social care system for Edinburgh. We seek to shrink bureaucracy, reduce waiting lists and assist people to remain at home for as long as they can under the principle of home first. Working closely with our partners including housing providers and the voluntary and independent sectors, we seek to optimise all available resources in the community and to support and enhance our locality framework and redefine the Edinburgh health and social care offer.

We will strive to support carers and our workforce and seek to grow a culture of collaboration, maximising capacity, driving out inefficiencies and enshrining continuous improvement. We will seek to better align and integrate our planning and commissioning process, financial planning, market facilitation approach and ways of working. We will make best use of existing and emerging technology and the three conversations approach will be introduced across the city to advance our strategic priorities. Delivering these vital changes will take time and will need positive leadership and drive at all levels.

We have six strategic priorities which are critical to our success in implementing the changes envisaged through integration. They will shape our thinking and guide decision making as we navigate through an increasingly challenging strategic environment. These six strategic priorities are:



To deliver the vision set out in the strategic plan this we launched a comprehensive programme of redesign and transform in autumn 2019. Our transformation programme is a wide-ranging and ambitious programme of change and innovation, which aims to deliver high quality and sustainable health and social care services for our citizens. A dedicated programme delivery team has been recruited to drive the programme, which launched formally in February 2020. The programme has been structured around the 3 Conversations model, with 3 main programmes of work aligned to conversation stages and a further element delivering cross-cutting, enabling change. The programme is scheduled to run until approximately March 2022, with regular updates to the EIJB on progress and performance.

Operational overview

Annual performance report

We published our fourth annual performance report in August 2020 which provides a review of the progress both the EIJB and the Partnership made over the last year. Due to the COVID-19 pandemic, it has been agreed nationally that this year's report will cover the last calendar year. An assessment by financial year will be completed in due course once the required data is available. The report, as in previous years, measures our performance against the six strategic priorities set out in the strategic plan (and included in page 5) and against the national health and wellbeing outcomes. The annual performance report can be found [here](#)

At its heart, the new strategic plan sets out an ambitious transformation programme for the city over a three-year planning cycle, setting the conditions for longer term, sustainable change. Despite the impact of the COVID-19 pandemic, our preparations for the transformation programme are well advanced and we have made steady progress in the roll out of the 'Three Conversations' approach and in testing the concept of our Home First Edinburgh model.

We will continue to find ways to improve outcomes for people in Edinburgh and be innovative in our approaches against a challenging backdrop of a rising population, changing patterns of health and care need and ongoing financial pressures. Against this backdrop, our overall performance this year has remained for the most part in line with national averages, with encouraging signs of improvement in many areas.

Our overall performance remains broadly in line with national averages. Edinburgh is performing well in respect of national indicator 12 (rate of emergency admissions), ranking third across Scotland. Our rate of emergency admissions has been consistently lower than the Scottish average since 2013/14. Likewise, we have seen strong performance against the measure of rate of emergency bed days for adults (national indicator 13). Edinburgh is currently ranked ninth and has seen significant improvement in this area since 2015/16. However, we are not performing as strongly as we would like in the rate of emergency readmissions to hospital within 28 days of discharge. We will focus on this alongside our continuing work to reduce the number of days people spend in hospital when they are ready to be discharged, building on the success of the Home First Edinburgh model.

Progress in relation to performance will continue to be monitored throughout the year by the Partnership's Executive Management Team, the Performance and Delivery committee and the EIJB itself.

We thank our dedicated staff for their professionalism and fortitude and the many unpaid carers that provide vital care and support to the most vulnerable in our society. The EIJB and the Partnership are determined to enhance our performance further in the year ahead and bring about real and sustainable change for health and social care in Edinburgh.

COVID-19 impact and response

The emergence of a new coronavirus (COVID-19), declaration of a pandemic and resulting subsequent restrictions has had a significant impact on operational service delivery. We have had to respond swiftly to protect and find new ways of delivering services to our most vulnerable citizens within a rapidly-changing landscape.

Services have had to adapt, with many having to change their focus to meet emerging frontline needs and priorities. For example, as part the COVID-19 response, the Partnership introduced a 'safehaven' model as a short-term approach to deal with the exceptional circumstances and to relieve the strain on acute medical services. Normal assessment processes for meeting long-term care were replaced with a brief assessment led by a Home First team member and, if appropriate, the person found a residential care placement until the emergency situation has passed. The 'safehaven principle' is also applied for those whose normal caring arrangements had been compromised, for example, by the primary carer becoming unwell.

At the time of preparing the final accounts for 2019/20 and the initial 2020/21 financial plan, the impact of the COVID-19 on our finances remains uncertain. Some of these financial consequences will receive additional funding from the Scottish Government, however, at this time the exact magnitude of any extra costs, and the level of any additional funding, requires further work. The board will be updated on both the context and potential funding scenarios on potential funding levels as matters crystallise. Discussions continue with all our partners about their level of financial exposure.

Financial Overview

Annual Accounts

The annual accounts report the financial performance of EIJB. The 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.

2019/20 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. For 2019/20 our financial plan (presented to the board in March 2019) assumed funding from our partners totalling £660m and estimated costs for the year at £684m, giving an initial gap of £24m. To mitigate this, we agreed a savings and recovery programme of £12m and resolved to work with partners to identify the means to achieve balance. Updates on this position were provided to each board meeting and, by June 2019, the deficit was reduced to £7m through a combination of additional funding agreed by the City of Edinburgh Council and the agreed use of EIJB reserves.

Recognising the need to balance existing commitments, our ambitions for supporting transformational change and the requirement to address the in year financial shortfall, it was agreed to use further slippage and use of reserves to offset the remaining gap. This, alongside an overachievement of the savings and recovery programme, supported the achievement of in year balance against the agreed budget.

Financial Performance

EIJB's financial performance for the year is presented in the comprehensive income and expenditure statement, which can be seen on page 25. The balance sheet (page 26) is also presented and sets out the liabilities and assets at 31st March 2020.

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 £6.5m in the annual accounts, which reflects the use of reserves to offset the opening budget deficit (as covered in the financial plan section above). This leaves us with a remaining reserve of £3.2m which will be carried forward into 2020/21. All of this money is 'ring fenced' for specific purposes, with the vast majority being the investment in transformation agreed by the board. The value of the reserve is sufficient to meet the associated costs.

Whilst there is no doubt that we will continue to face significant financial pressures we saw some significant improvements in financial planning and performance in 2019/20. This was the first year that we have not relied on one off contributions from our partners in the City of Edinburgh Council and NHS Lothian. Also, for the first time, we not only achieved our planned savings and recovery programme but actually overachieved against the target.

Apart from the positive progress with the 2019/20 savings and recovery marks a departure from previous non delivery, the financial pressures facing us have not materially changed over the years. These include:

- **Externally purchased services** although breaking even against budget for the first time in some years, this area of spend which continues to increase year on year. Demographic factors continue to drive demand for these services, as this is also evidenced in the continuing growth in direct payments and individual service funds. In 19/20 costs rose by £14m (or 9%) from the previous year;
- Medicines issued by General Practitioners (also known as **prescribing**) cost nearly £82m in 19/20, an increase of £1m (or 1%). 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 volumes increase and costs fluctuate;
- Costs for **equipment** supplied from our community store which supports people to live independently at home also continue to rise in line with demand; and
- NHS Lothian **set aside** budgets overspent by £1.2m in the year. Overall pressures in set aside budget accounts for the majority of the NHS position and we continue to discuss with NHS Lothian and the 3 other Integration Joint Boards (IJBs) in the area.

Our planned use of reserves means that, despite the in-year deficit, we achieved a breakeven position against the agreed budget. However, the opening gap in the financial plan and the continued use of one off resources to achieve financial balance remains a significant concern. This is reflective of the fact that we face a number of material and long standing financial pressures and a baseline gap in our financial plan which we are unable to address on a recurring basis. Our financial framework (which is discussed in the following section) begins to set out what a path to financial sustainability could look like and this will be further explored as we develop our financial strategy.

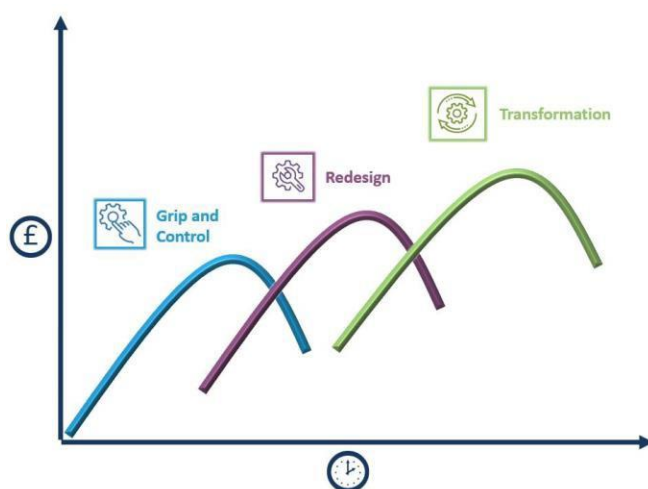
Financial Framework 2020-2023

In October 2019, the board considered the financial framework for the next 3 years. This was a precursor to our financial strategy which will link more closely with the strategic plan. It will focus on how resources are consumed by specific services now, and how the board could choose to direct these differently in the future. For example, reducing spend on hospital learning disabilities to a minimum, in support of the strategic aim of ensuring people with a learning disability can live full and fulfilling lives in the community. Conversely, the

financial framework took a more 'operational' approach, identifying opportunities to address the 3 main drivers of demand: prices; demographic change; and non demographic change. The overarching approach is shown in the table below:

Demand Driver	Response
Price effects	<ul style="list-style-type: none"> • Market shaping • Ongoing collaborating with providers • Driving best value • Integrating teams • Reducing reliance on institutional based care
Demographic change	<ul style="list-style-type: none"> • "Bending the curve" • Reducing demand • Investing in prevention
Non demographic change	<ul style="list-style-type: none"> • Edinburgh pact • Realistic care, realistic medicine • Engaging communities

The initial financial outlook incorporated in the framework was based on where the partners were at that point in time in their respective financial planning cycles. The numbers presented were iterative but provided an insight into the scale of the financial gap over the next 3 years. We also set out our approach to savings and recovery which is set out in the following schematic:



Our approach recognises that, for the foreseeable future, we need a strategy to manage our costs within the financial resources available. Our savings and recovery strategy seeks to align with the strategic plan and requires close partnership working between the EIJB as service commissioner and the City of Edinburgh Council and NHS Lothian as providers of services. It also requires strong linkages and positive relationships with providers in both the independent and third sectors as well as different dialogue with the people in our city.

Financial Strategy

Like many other public sector organisations, we face significant financial challenges and, due to the continuing difficult national economic outlook, further uncertainty in the light of COVID-19 and increasing demand for services, will need to operate within tight fiscal constraints. Pressures on public sector expenditure are expected to continue, both at a UK and Scottish level, causing continued funding pressures for our partners in NHS Lothian and City of Edinburgh Council. This in turn will impact on their ability to resource the functions delegated to the EIJB. In this financial climate, we recognise that returning to a balanced position will require major redesign of services, radical changes in thinking and approach, and the involvement of all partners and stakeholders. To address this we are developing our financial strategy. This will build on the financial framework and be closely aligned to the strategic plan. Progress with this strategy has stalled as we have redirected our energies to dealing with COVID-19. This work is now being reinvigorated and prioritised and we are aiming to present it by the end of the financial year.

Risk

We continued to develop our risk register and the framework to manage, mitigate and identify risk. 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. The Audit and Assurance Committee oversee 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 board's attention.

The risk register sets out the cornerstones of a comprehensive risk process that identifies and assesses risks, and also clearly associates their owners and controls to manage them. Twelve risks are captured in the risk register under 3 headings: strategic planning and commissioning; issuing of directions; and management and role of the IJB. A summary extract is included below:

	Risk	Rating
	Strategic planning and commissioning	
1	There is a risk that the IJB fails to deliver its strategic objectives because the Council and/or NHS Lothian do not delegate sufficient resource – leading to a requirement to revise the strategic plan.	Very high
2	There is a risk that the IJB fails to influence the decision making over set aside and hosted services which are not managed and delivered by the Partnership because of conflicting requirements – leading to the IJB's inability to review service delivery and drive strategy to help meet its objectives/outcomes.	High
3	There is a risk that the IJB will not achieve its strategic objectives and/or financial targets because delegated services are not delivered by Council and NHS Lothian within available budgets – leading to a requirement to revise the strategic plan.	Very high
4	There is a risk that the IJB has insufficient asset planning arrangements because of a lack of a capital plan – leading to failure or delays in delivering the strategic plan.	High

	Risk	Rating
	Issuing of directions	
5	<p>There is a risk that NHS Lothian and the Council do not deliver directions because they are not:</p> <ul style="list-style-type: none"> • well-articulated • properly understood • realistic/achievable • performance targets are not SMART 	High
6	<p>There is a risk that the IJB directions are not delivered because of the lack of a workforce strategy - leading to a mismatch between workforce requirements and availability.</p>	High
	Management and role of the IJB	
7	<p>There is a risk that the IJB does not operate effectively as a separate entity because:</p> <ul style="list-style-type: none"> • there is a lack of clarity about the separate roles of the IJB, HSCP, Council and NHS Lothian; and/or • members lack the necessary skills, knowledge and experience to undertake their role. <p>- leading to a failure to deliver the principles of integration.</p>	High
8	<p>There is a risk that the IJB does not make best use of the expertise, experience and creativity of the third, independent and housing sectors, and other partners as a result of failing to engage and collaborate appropriately - leading to a negative impact on the delivery of the strategic outcomes and poor relationships.</p>	High
9	<p>There is a risk that the IJB lacks the infrastructure to operate effectively because of a failure by NHS Lothian and the Council to meet their obligations under the integration scheme to provide adequate professional, administrative and technical support – leading to failures in governance, scrutiny and performance arrangements.</p>	High
10	<p>There is a risk that the IJB receives insufficient or poor-quality assurance from assurance providers to support effective delivery of their scrutiny responsibilities.</p>	Medium
11	<p>There is a risk that the IJB may be non-compliant with applicable legislative and regulatory requirements due to a lack of awareness leading to legal breaches, fines and/or prosecution.</p>	Low

	Risk	Rating
12	There is a risk that officers with operational responsibilities are being asked to scrutinise performance in areas where they are not totally independent leading to inadequate oversight of delegated IJB functions.	Low

Conclusion

Throughout the public sector money is tighter than ever before and the financial impact on the wider economy brings further uncertainty. It is therefore crucial that we focus on early intervention, prevention and recovery if we are to work within the total annual budget of nearly £800 million. Moving into 2020/21, we are working to proactively address the funding challenges presented while, at the same time, improving outcomes for the residents of Edinburgh.

We are facing the twin challenges of: increasing demand for services; and a climate of constrained financial resources. In this context, the development and implementation of a strategic approach to financial planning over the next 3–5 years is essential to support the sustainability of health and social care delivery in Edinburgh.

Judith Proctor
Chief Officer
 27th October 2020

Angus McCann
Chair
 27th October 2020

Moira Pringle
Chief Finance Officer
 27th October 2020

STATEMENT OF RESPONSIBILITIES

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 27th October 2020.

Angus McCann
Chair of the Edinburgh Integration Joint Board
27th October 2020

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 31 March 2020.

Moira Pringle
Chief Finance Officer
27th October 2020

REMUNERATION REPORT

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 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 2019 to March 2020 were:

M. Ash	NHS	R. Aldridge	CEC
M. Hill	NHS	P. Duggart (<i>appointed 20/08/19</i>)	CEC
C. Hirst (Vice Chair) (<i>left 26/06/19</i>)	NHS	G. Gordon	CEC
A. McCann (<i>appointed Chair 27/06/19</i>)	NHS	R. Henderson (<i>appointed Vice Chair 27/06/19</i>)	CEC
P. Murray (<i>appointed 27/06/19</i>)	NHS	M. Main	CEC
R. Williams	NHS	S. Webber (<i>left 19/08/19</i>)	CEC

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

A. McCann (Chair)	NHS	R. Henderson (Vice Chair)	CEC
M. Hill	NHS	R. Aldridge	CEC
P. Murray	NHS	P. Duggart	CEC
R. Williams	NHS	G. Gordon	CEC
Vacancy	NHS	M. Main	CEC

Councillor Henderson and NHS Non-Executive Director C. Hirst finished their rotations as Chair and Vice Chair respectively, effective 27th June 2019. As of this date NHS Non-Executive Director A. McCann took the position of Chair, Councillor Henderson took the position of Vice Chair, and C. Hirst stepped down as a Board member.

Councillor Henderson was in receipt of additional remuneration in 2019/20 in relation to his duties for the EIJB as Chair (to 26/06/19) and as Vice-Chair (from 27/06/19) of £15,289 (£14,745 2018/19). NHS Non-Executive Director C. Hirst was in receipt of additional remuneration in 2019/20 relating to her duties for the EIJB as Vice Chair (to 26/06/19) of £2,188 (£8,416 2018/19). NHS Non-Executive Director A. McCann was in receipt of additional remuneration in 2019/20 relating to his duties for the EIJB as Chair (from 27/06/19) of £6,991. No allowances were paid to other voting members during the year.

The remuneration and pension benefits received by all voting members in 2019/20 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 2020, no expense claims were made in relation to work on the EIJB.

Remuneration Paid to Senior Officers

	Year to 31/03/2020			Year to 31/03/2019
	Salary, fees and allowances (£)	Total remuneration (£)	<i>Full Year Effect (£)</i>	Total remuneration (£)
M Miller, EIJB Chief Officer (from 29/08/2017 to 30/06/2018)	-	-	-	37,998
J Proctor, EIJB Chief Officer (from 01/05/2018)	156,550	156,550	156,550	146,414
M Pringle, EIJB Chief Finance Officer	88,132	88,132	88,132	82,711

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.

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 2019/20 were as follows:

<u>Whole Time Pay</u>	<u>Contribution rate</u>
On earnings up to and including £21,800 (2018/19 £21,300)	5.50%
On earnings above £21,800 and up to £26,700 (2018/19 £21,300 to £26,100)	7.25%
On earnings above £26,700 and up to £36,600 (2018/19 £26,100 to £35,700)	8.50%
On earnings above £36,600 and up to £48,800 (2018/19 £35,700 to £47,600)	9.50%
On earnings above £48,800 (2018/19 £47,600)	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 (Scotland) 2015

The NHS Board participates in the NHS Superannuation Scheme (Scotland). The scheme 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 31 March 2016. This valuation informed an employer contribution rate from 1 April 2019 of 20.9% of pensionable pay and an anticipated yield of 9.6% employees' contributions. The NHS board has no liability for other employer's obligations to the multi-employer scheme. In 20 19/20 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings.

For NHS employees, the NHS Superannuation Scheme became a career average pay scheme from 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.

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, and not just their current appointment.

The pension entitlements of senior officers and current voting members for the period to 31 March 2020 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.

	Employer In-Year Contribution			Accrued Pension Benefits	
	For year to 31/03/20 £	For year to 31/03/19 £		As at 31/03/20 £000	Difference from 31/03/19 £000
M Miller, EIJB Chief Officer (from 29/08/2017 to 30/06/2018)	-	8,196	Pension	n/a	n/a
			Lump Sum	n/a	n/a
J Proctor, EIJB Chief Officer (from 01/05/2018)	35,238	30,053	Pension	n/a	n/a
			Lump Sum	n/a	n/a
M Pringle, EIJB Chief Finance Officer	18,420	12,309	Pension	28	3
			Lump Sum	60	4
R Henderson, Chair (to 26/06/2019), Vice Chair (from 27/06/19)	7,305	7,010	Pension	7	1
			Lump Sum	2	0

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The current Chair of the EIJB and the Vice Chair to 26/06/19 are not members 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 will be audited by Azets. Azets will review other sections of the report to ensure that they are consistent with the financial statements.

Judith Proctor
Chief Officer
27th October 2020

Angus McCann
Chair
27th October 2020

ANNUAL GOVERNANCE STATEMENT

Annual Governance Statement

Scope of Responsibility

The Edinburgh Integration Joint Board (EIJB) 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 that arrangements are in place to secure best value.

In discharging this responsibility, the EIJB and the Chief Officer have put in place arrangements for governance which include robust internal controls, including the management of risk.

The Edinburgh Health and Social Care Partnership is the partnership between the City of Edinburgh Council and NHS Lothian which delivers the services that the EIJB directs. Although the partnership will be referenced in the statement, only the EIJB's arrangements will be analysed.

The statement also highlights the impact of the COVID-19 emergency. The emergency has meant that the EIJB has had to make significant interim changes to its decision-making structures and that its arrangements are under significant pressure, it is felt that they are still robust and sufficient for the current circumstances.

Governance Framework

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 and to consider whether those objectives have led to the delivery of appropriate services and value for money.

A key element of the EIJB's governance framework is its formal committee and sub-groups. These groups provide additional layers of governance, scrutiny and rigour to the business of the EIJB. Their different roles, covering the wide spectrum of the EIJB's business, allow increased scrutiny and monitoring and the focus and capability to provide the EIJB with the necessary assurance.

Board and Committee Structures

The EIJB has been responsible for health and social care functions in Edinburgh since 1st April 2016. The Board consists of 10 voting members of which five are non-executive directors of NHS Lothian and five are councillors from the City of Edinburgh Council. There are also a number of non-voting members both appointed due to the statutory requirements and to provide more varied experience and knowledge to the Board. The chair of the Board rotates from NHS Lothian and the City of Edinburgh Council every two years.

Following an independent review of governance by the Good Governance Institute (GGI) concluding that the EIJB did need to take action to strengthen its governance; the EIJB agreed to implement the recommendations of the GGI which would include a major overhaul of the committees and sub-groups. This aimed to provide further clarity on lines of accountability and reporting with a view to streamlining reporting arrangements. In June 2019 the following revised committees were established:

- *Audit and Assurance* – Monitors, reviews and reports to the Board on the suitability and efficacy of the provision for governance, risk management 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.
- *Futures* – Provides and evaluates the strategic focus over a ten-year period.

- *Performance and Delivery* – Provides advice and assurance to the Board on the effectiveness of the operational and financial performance of delegated services.
- *Strategic Planning Group* – Monitors, reviews and reports to the Board on the strategy, plans and delivery of delegated services.

Internal Controls

As required by the legislation, the EIJB has appointed a Chief Officer and a Chief Finance Officer. It has also appointed a Chief Internal Auditor, a Standards Officer and a Data Protection Officer.

The EIJB has agreed the following governance documentation:

- *Financial Regulations* – Section 95 of the Local Government (Scotland) Act 1973 requires all IJBs to have adequate systems and controls in place to ensure the proper administration of their financial affairs. The EIJB has agreed a set of financial regulations which are supported by a series of financial directives and instructions with clear lines of delegation to the Chief Finance Officer to carry out that function.
- A *Code of Conduct* for the members of the EIJB has been agreed and made available to all members. Compliance with the Code of Conduct is regulated by the Standards Commission for Scotland. Training is provided to members on the Code of Conduct.
- A set of *Standing Orders* has been agreed which sets out the rules governing the conduct and proceedings at the EIJB and its committees. The Standing Orders include rules on the notice of meetings and how voting and debate should be conducted.

The EIJB has a rolling actions log which helps the groups monitor the implementation of decisions.

A deputation process has been agreed by the EIJB which allows and encourages groups to directly address the Board on issues under consideration.

The EIJB has a comprehensive risk register and risk action plan which it reports to the Board at least twice a year.

A communications plan was agreed in February 2019 which aimed to communicate the role of the EIJB, improve public access to the Board, increase stakeholder engagement and support the ongoing development of EIJB members through an induction and development programme.

A Quality and Improvement Group is in place which is multi-disciplinary and spans Health and Social Care Partnership services and those services commissioned or purchased externally.

The Health and Social Care Partnership Procurement Board exercises oversight of all proposals to award, extend or terminate contracts with third party providers.

A financial plan is in place which focuses on the impacts of the financial settlements and outlines inherent risks. A new plan is submitted annually.

Insurance against legal liability for neglect, error or omission by any employee in the performance of their duties in relation to work on the IJB is arranged through CNORIS (NHS Lothian's self-insurance scheme). This is reviewed on an annual basis.

A Savings Governance Board has been established that oversees financial savings and is chaired by the Chief Officer. It monitors progress against targets and identifies appropriate remedial action.

The Edinburgh Integration Joint Board (EIJB) has information governance responsibilities in relation to strategic planning and delegated functions which it determines and directs with its partners. To achieve appropriate governance in this area, a memorandum of understanding (MOU) has been agreed between the EIJB, NHS Lothian and the City of Edinburgh Council that ensures responsibilities are clearly set out and understood. A pan-Lothian information sharing protocol has also been put in place.

In November 2019 the EIJB agreed a Business Classification Scheme and its Records Retention Rules.

In August 2019, in line with the recommendations contained in the Ministerial Strategic Group's 'Review of Progress with Integration of Health and Social Care' the EIJB agreed a reserves policy. This policy aims to ensure that reserves are identified for a purpose and held against planned expenditure, with timescales or held as a general contingency in the event of an emergency.

COVID-19

On 14th April 2020 the EIJB agreed to suspend all board and committee meetings (except the budget meeting on 28th April 2020) until 30th June 2020 and to delegate authority to the Chief Officer to take all urgent decisions until the end of the COVID-19 emergency. It took this decision due to the significant additional pressure on staff resource providing essential front-line services. Subsequently, there was a need to prioritise front-line service and resource was not available to effectively support the Board and its committees.

As a result of the pandemic, NHS Boards were asked to co-ordinate their submission of mobilisation plans designed to create capacity and space within hospitals. The whole system mobilisation plan subsequently submitted by NHS Lothian was approved in principle by the City of Edinburgh Council and Chair and Vice Chair of the EIJB. It set out the actions to ensure capacity to reduce delays and free up acute beds as well as develop capacity in the community to care for people and manage with a predicted depletion in the workforce. The mobilisation plan was considered by the EIJB on 14th April 2020.

Review of Effectiveness

The EIJB has responsibility for reviewing the effectiveness of the governance arrangements including the internal controls. This review of effectiveness is informed by:

- The Chief Officer annual assurance for the EIJB and the Health and Social Care Partnership;
- Officer management activities;
- The Chief Internal Auditor's annual report and internal audit reports;
- Reports from the Council's external auditor; and
- Reports by external, statutory inspection agencies.

The evidence of effectiveness from these sources includes:

- The review of the EIJB's governance arrangements should address weaknesses in scrutiny of performance and in the relationship between committees not being previously clear;
- An EIJB induction is in place for all new voting and non-voting members of the EIJB;
- Standing Orders are reviewed annually in a report to the EIJB, to ensure they are up to date and relevant;
- A performance report is considered monthly by the Health and Social Care Partnership management. Performance on local indicators is reported regularly to the Board and its committees and an annual performance report is also considered by the Board;
- The Annual Performance Report was presented to the EIJB in August 2020 as per the requirements of the legislation;

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- Each of the EIJB's committees is tasked under its remit to review its own effectiveness. This is a new process and will dovetail into the Board Assurance Framework and as yet its effectiveness cannot be evaluated;
- Regular finance monitoring reports are presented to the EIJB and Council and NHS committees. Monitoring arrangements have been effective in identifying variances and control issues and taking appropriate action. This has included allocating funds to offset unachieved saving plans;
- An action plan was created to track improvements following on from the review carried out by the Ministerial Strategic Group and this was reported to the IJB Board;
- In November 2019, the EIJB updated its resilience and business continuity arrangements. Sub-groups were created on severe weather, city centre events, EU exit, respite centre planning and other significant disruptions. The aim was to share risk and business continuity expertise from across the Partnership, the Council, NHS Lothian and other key partners. The groups also held risk workshops to plan how service disruption would be minimised. Although a flu pandemic was not one of the groups, the work done to update the business continuity arrangements put the service and the EIJB in a better place once the COVID-19 outbreak occurred;
- A quarterly internal audit update detailing internal audit activity on behalf of the EIJB is submitted to the Audit and Assurance Committee;
- The EIJB Internal Audit Charter that was approved by the EIJB Audit and Assurance Committee in March 2019 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 Chief Internal Auditor reported in August 2020 that some improvement is required to the EIJB control environment and governance and risk management frameworks. This is reflected in an 'amber' rated opinion, an improvement in comparison to the 2018/19 significant enhancements required 'red' rated opinion.
- The Chief Officer put in place an internal audit assurance oversight group in response to the high number of overdue internal audit findings highlighted in the previous year's statement. This group initially was successful in reducing the number of overdue actions but there was a further increase in spring 2020;
- The Health and Social Care Partnership's contract management framework is subject to annual internal review; and
- Work is ongoing on a board assurance framework. This aims to provide a mechanism for the Board to review the work of its committees. A proposal was considered by the Audit and Assurance Committee in March 2020 but was not progressed due to the COVID-19 pandemic. The effectiveness of this process cannot be evaluated but the steps taken so far are positive in improving a more robust control framework.

Last Year's Actions

	Issue	Responsible Party	Status
1.	Good Governance Institute Review Implementation	Chief Officer	Complete
2.	Creation of Governance Handbook to support the EIJB and its members	Chief Officer	Delayed due to COVID-19
3.	Review of integration scheme	Chief Officer	Delayed due to COVID-19
4.	Review of directions policy	Chief Officer	Delayed due to COVID-19
5.	Development of a reserves policy	Chief Officer	Complete
6.	Development of an integrated performance framework	Chief Officer	Delayed due to COVID-19

Further Improvement – Action Plan

	Issue	Responsible Party	Reporting Date
1.	Creation of Governance Handbook to support the EIJB and its members	Chief Officer	December 2020
2.	Review of directions policy	Chief Officer	October 2020
3.	Review of risk mitigation, as instructed by Audit and Risk Committee	Chief Financial Officer	August 2020
4.	Risk appetite exercise	Chief Financial Officer	March 2021
5.	Review of transformation programme in light of COVID19 developments	Chief Officer	August 2020
6.	Development of an integrated performance framework	Chief Officer	April 2021
7.	Review of integration scheme	Chief Officer	March 2021
8.	Development of stakeholder engagement approach	Chief Officer	April 2021

Certification

As evidenced above the EIJB has made considerable strides in improving its governance structures, radically revising its committees, reviewing its resilience, communications and risk arrangements and starting the process for a more robust assurance framework. The COVID-19 pandemic though has paused a lot of the work of the committees and as a result there has been insufficient time to ascertain if the changes have improved the governance of the EIJB. The direction the EIJB is moving in is positive but the COVID-19 pandemic has significantly impacted its governance arrangements. The EIJB must be vigilant in ensuring that its governance transformation is maintained and completed once the COVID-19 situation is contained.

Conclusion

We remain committed to monitoring implementation as part of the next annual review.

Judith Proctor
Chief Officer
27th October 2020

Angus McCann
Chair
27th October 2020

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020

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

2018/19			2019/20		
Net Expenditure £000		Note	Gross expenditure £000	Gross income £000	Net Expenditure £000
	Health Services	8			
264,868	Core services		276,427	0	276,427
83,396	Hosted services		87,894	0	87,894
52,444	Non-cash Limited		55,502	0	55,502
93,577	Set aside services		100,776	0	100,776
<u>494,285</u>			<u>520,599</u>	<u>0</u>	<u>520,599</u>
	Social Care Services	8			
137,682	External purchasing		151,814	0	151,814
32,540	Care at home		30,722	0	30,722
15,304	Day services		15,675	0	15,675
20,825	Residential care		18,074	0	18,074
14,601	Social work assessment and care management		14,904	0	14,904
558	Corporate services		484	0	484
10,184	Other		9,376	0	9,376
<u>231,694</u>			<u>241,049</u>	<u>0</u>	<u>241,049</u>
415	Corporate services	3	384	0	384
<u>726,394</u>	Cost of services		<u>762,032</u>	<u>0</u>	<u>762,032</u>
<u>-727,736</u>	Taxation and non-specific grant income and expenditure	2	<u>0</u>	<u>-755,504</u>	<u>-755,504</u>
<u>-1,342</u>	(Surplus) / Deficit on provision of services		<u>762,032</u>	<u>-755,504</u>	<u>6,528</u>

BALANCE SHEET AS AT 31ST MARCH 2020

The Balance Sheet shows the value, as at 31 March 2020, of the assets and liabilities recognised by the Board. The net assets of the Board are matched by the reserves held.

31/03/2019		Notes	31/03/2020
£000			£000
	Current assets		
9,713	Short term debtors	4	3,186
	Current liabilities		
-19	Short term creditors	5	-20
9,694	Net assets		3,166
-9,694	Usable reserves	MIRS	-3,166
-9,694	Total reserves		-3,166

The Statement of Accounts present a true and fair view of the financial position of the Integration Joint Board as at 31st March 2020 and its income and expenditure for the year then ended.

The unaudited financial statements were authorised for issue on 30 June 2020 and the audited financial statements were authorised for issue on 27th October 2020

Moira Pringle
Chief Finance Officer
 27th October 2020

MOVEMENT IN RESERVES

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

	31/03/2020	31/03/2019
	£000	£000
Usable reserves – General Fund brought forward	-9,694	-8,352
	<hr/>	<hr/>
Deficit/(surplus) on the provision of services	6,528	-1,342
	<hr/>	<hr/>
Total comprehensive income and expenditure	6,528	-1,342
	<hr/>	<hr/>
Balance, as at 31 March, carried forward	-3,166	-9,694
	<hr/>	<hr/>

NOTES TO ACCOUNTS

1. ACCOUNTING POLICIES

1.1 General Principles

The Annual Accounts for the year ended 31 March 2020 have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (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

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 General Fund reserve is broken down as follows: Transformation Programme £2.394m; Interim Solutions £0.113m; Integration £0.207m; Other £0.452.

The Board's reserves policy was approved on 20 August 2019. 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.

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:

	31/03/2020	31/03/2019
	£000	£000
NHS Lothian	-543,499	-518,177
City of Edinburgh Council	-211,521	-209,001
Total	-755,020	-727,178

Expenditure relating to the two parties was as follows;

	31/03/2020	31/03/2019
	£000	£000
NHS Lothian	520,772	494,521
City of Edinburgh Council	240,744	231,273
Total	761,516	725,794

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

3. CORPORATE EXPENDITURE

	31/03/2020	31/03/2019
	£000	£000
Staff costs	353	373
Other fees	3	3
Audit fees	28	39
Total	384	415

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 £0.734m (£0.754m 2018/19) have been provided.

4. SHORT TERM DEBTORS

	31/03/2020	31/03/2019
	£000	£000
Other Local Authorities	3,186	9,713
Total	3,186	9,713

5. SHORT TERM CREDITORS

	31/03/2020	31/03/2019
	£000	£000
Other bodies	-20	-19
Total	-20	-19

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:

	2019/20 Actual Expenditure	2018/19 Actual Expenditure
	£000	£000
SERVICES PROVIDED BY NHS Lothian		
Core services		
Community hospitals	12,364	11,478
District nursing	11,130	10,817
General medical services	84,024	79,472
Prescribing	81,690	80,573
Primary care management	43,655	38,906
Primary care services	10,271	7,611
Other core services	33,293	36,011
Total core services	276,427	264,868
Hosted services		
Mental health, substance misuse and learning disabilities	43,796	41,951
Other hosted services	44,098	41,445
Total hosted services	87,894	83,396
Non- Cash Limited		
Dental	29,135	28,003
Ophthalmology	9,700	9,399
Pharmacy	16,667	15,042
Total Non-Cash Limited	55,502	52,444
Set aside services		
General medicine	27,767	26,164
Geriatric medicine	14,375	13,409
Junior medical	15,171	14,105
Other set aside services	43,463	39,899
Total set aside services	100,776	93,577
TOTAL SERVICES PROVIDED BY NHS Lothian	520,599	494,285
SERVICES PROVIDED BY CITY OF EDINBURGH COUNCIL		
External purchasing	151,814	137,682
Care at home	30,722	32,540
Day services	15,675	15,304
Residential care	18,074	20,825
Social work assessment & care management	14,904	14,601
Other services provided by City of Edinburgh Council	9,860	10,742
TOTAL SERVICES PROVIDED BY CITY OF EDINBURGH COUNCIL	241,049	231,694
Corporate expenditure	384	415
TOTAL ALL SERVICES	762,032	726,394

9. 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

Report on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts Edinburgh Integration Joint Board for the year ended 31 March 2020 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Balance Sheet, Movement in Reserves Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the 2019/20 Code).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of affairs of the Edinburgh Integration Joint Board as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 31 May 2016. The period of total uninterrupted appointment is 4 years. We are independent of the Edinburgh Integration Joint Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the Edinburgh Integration Joint Board. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about Edinburgh Integration Joint Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

We report in a separate Annual Audit Report, available from the Audit Scotland website, the most significant assessed risks of material misstatement that we identified and our conclusions thereon.

Responsibilities of the Chief Financial Officer and Edinburgh Integration Joint Board for the financial statements

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

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Edinburgh Integration Joint Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Edinburgh Integration Joint Board is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. We therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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

Other information in the annual accounts

The Chief Financial Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with our audit of the financial statements, our responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

In our opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014. In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

We are required by the Accounts Commission to report to you if, in our opinion:

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

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

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

Nick Bennett (for and on behalf of Azets Audit Services)
Exchange Place 3
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EH3 8BL
Date: 27 October 2020