

# Edinburgh Integration Joint Board

**Annual Accounts 2020/21**

## Edinburgh Integration Joint Board - Annual Accounts 2020/21

The Annual Accounts of Edinburgh Integration Joint Board for the year ended 31 March 2021, 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 2020/21 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 2021 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.

Integration Authorities were established to transform health and care in response to the challenges faced across the system. This transformation is happening against a backdrop of sustained real terms reductions in funding, coupled with a demand for health and social care services which is projected to increase significantly and at a faster rate than the wider economy.

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

## Strategic Plan

Over the past five 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 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 work with our partners to reduce 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.

We are now engaged in the next planning cycle, remaining focussed on four key areas: redefining the Edinburgh Pact, embracing the three conversations approach, adopting the principle of home first and

advancing our transformation programme. The current 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, improve choice 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.

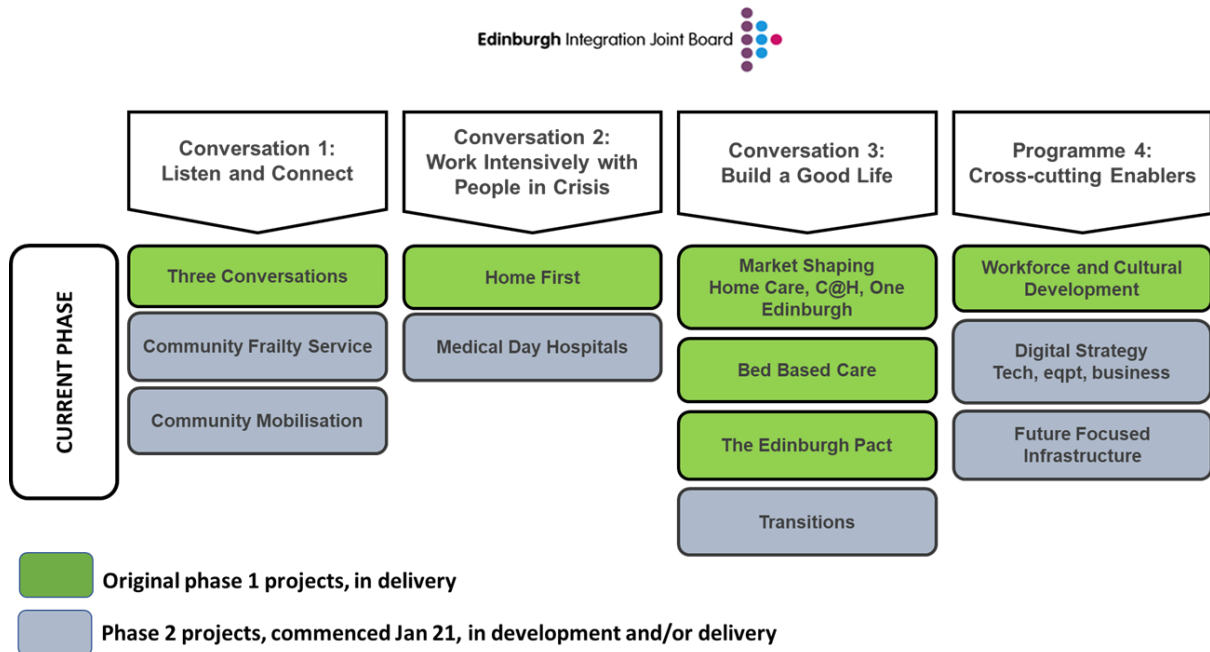
We will strive to support carers and our workforce and seek to grow a culture of collaboration, maximising capacity, driving out inefficiencies and enshrining continuous improvement. We will seek to better align and integrate our planning and commissioning process, financial planning, market facilitation 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:



**Transformation programme**

To deliver the vision set out in the strategic plan, we designed a comprehensive programme of redesign and transformation, working in tandem with other core strategies such as Carers, Thrive Edinburgh (mental health) and the Primary Care Improvement Plan. Our transformation programme remains a key element of our strategy, and 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 was recruited to drive the programme, which launched formally in February 2020. As illustrated in the diagram below, 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.



Our transformation programme has continued to make good progress, despite additional challenges presented by the COVID-19 pandemic. The **3 Conversations** approach is rolling out widely across our locality teams, with positive impacts both in terms of much quicker response times and our ability to support people towards good outcomes without the need for formal, paid-for services. The **home first** project is helping to avoid the need for hospital admission and supporting people to get home as quickly as possible once it is safe for them to do

so. We aim to embed the home first ethos, with a dedicated staff team, into our business as usual service by the end of 2021.

Significant work has been completed to develop an overarching, strategic **bed based care strategy**. Phase 1 of the strategy was presented to the EIJB in June 2021 and focussed on the innovative redesign of models of care in intermediate care, care homes and hospital based continuing complex care (HBCCC). The bed based care strategy will provide the framework for the implementation of person-centred, high-quality bed-based services which maximise capacity, manage demand and provide quality outcomes for individuals in the right place and at the right time.

We have completed an extensive engagement exercise to develop our **Edinburgh wellbeing pact** and are now moving towards the first stages of practical enactment of the pact through the delivery of our community mobilisation plan. The plan, which was approved by the EIJB in April 2021, will see the development of more collaborative, partnership approaches to supporting community sector organisations, including the roll-out of community-based approaches to commissioning to replace traditional grants programmes.

We have also made good progress with our **home based care** transformation, working closely with independent sector providers in the development of a “One Edinburgh” approach to care at home services, which will focus on quality outcomes and creating additional capacity. The new contract is expected to be in place by March 2022. In parallel, we are transforming our models of internal home care, supported by the development of a business case for a new, fit-for-purpose scheduling tool to enable more efficient deployment of our workforce.

Elements of the strategic programme have been affected by the COVID-19 pandemic and the lessons learned have been folded into individual projects. Over the next stage of the strategic planning cycle, our priorities and planned actions will be refined and adjusted where necessary and any identified gaps will be closed. The projects within the transformation programme will transition to join the core strategic programme to coincide with the publication of the next 3-year strategic plan for 2022-2025 in March 2022 and allowing us to continue to drive performance and quality improvement across all delegated services.

## Operational overview

### Annual performance report

We will publish our fifth annual performance report at the end of October 2021 which will provide a review of the progress made during 2020/21. The year has been shaped by the response to the new coronavirus (COVID-19) and resulting global pandemic. The subsequent restrictions have had a significant impact on operational service delivery. Services have had to adapt, with many having to change their focus to meet emerging frontline needs and continue to deliver services to our most vulnerable citizens within a rapidly-changing landscape.

The Annual Performance Report for 2020/21 outlines our progress over the last year against our strategic plan 2019-22 and the ways that services responded to the pandemic. As in previous years, we detail our performance against the six strategic priorities in our strategic plan and against the national health and wellbeing outcomes and associated indicators.

We compare favourably to the Scottish average in 11 out of 19 of the national indicators and are closing in the gap in others. We have positive trends in the majority of the indicators we can compare across the life of the partnership. However, our performance against almost all the national indicators in 2020/21 has been affected by the covid-19 pandemic. While this makes it difficult to directly compare our performance against previous years, the changes seen in Edinburgh figures this year broadly reflect national trends.

The rate of emergency admissions and bed days dropped in Edinburgh in 2020, in line with the national drop in people attending hospital. Readmissions continued at a higher rate than the Scottish average and we are continuing work to better understand our performance in this area. The downward trend in the rate of days

people over 75 spend in hospital when they are ready to be discharged continued. Between 2019/20 and 2020/21, this figure decreased by 51% in Edinburgh compared to a 37% decrease in the figure for Scotland. This likely builds on the success of our Home First model, which was accelerated during the pandemic.

Despite the disruption this year, we continue to deliver on our transformation programme. This included redefining the Edinburgh offer, embracing the three conversations approach, and adopting the principle of home first. These pieces of work have become more crucial considering the impact the pandemic had on our services and the lives of individuals across Edinburgh.

### COVID-19 impact and response

The last 12 months have been extremely challenging for our citizens, staff and partners. 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. Colleagues across health and social care have risen to the challenge presented by COVID-19, showing a great deal of flexibility and inventiveness in altering service delivery arrangements and stepping up the use of IT and other technologies to maintain support to the people of Edinburgh. Barriers between health and social care are being dismantled as teams work in a more integrated way, accelerating the wider adoption of ways of working that were in place before the pandemic. COVID-19 also presented an opportunity to build on and further enhance our community connections. This will support the continuing development of strong, sustainable and supportive communities for the future.

Turning to the Partnership's response, throughout the year the Partnership sought to innovate and improve services within the restrictions in place. While many services were disrupted by COVID-19, new and adapted ways of working allowed quality support to continue to be provided. This included making more use of telephone and online methods of connecting with people in need of support, from outbound wellbeing calls to online classes. Digital technology and the redeployment of staff also allowed us to work in new ways that provided greater flexibility to service delivery.

Examples of innovation include online support to prevent falls in care homes, and livestreaming Fit for Health and physiotherapy classes to support people to stay physically active during the pandemic. NearMe and similar technology used by GPs and other services to allow them to attend virtually in people's homes. ATEC24 (Assistive Technology Enabled Care 24) initiated an outbound calling service to check on individuals' wellbeing, provide companionship and offer advice and support on coping with lockdown. Similar calls were made to those with a dementia diagnosis who were living in their own homes with no formal service involvement.

To protect staff and service users, the Partnership had to make the very difficult decision to pause some services, including day centres and respite care, with many other services disrupted or offering reduced delivery. In May 2020, a Route Map Project Board was established to support implementation of the Scottish Government's Route Map through and out of the COVID-19 crisis. While this work was paused as restrictions returned later in 2020, this Project Board was restarted in early 2021 to support the remobilisation of services into 2021/22.

While this was a difficult year for health and social care workers, our people remained committed and flexible throughout this crisis, with many staff being temporarily redeployed to support our response to COVID-19. A Care Home Support team was developed, initially using redeployed staff, to help care homes comply with increased safety measures in place to keep residents and staff safe as well as the additional reporting and testing regimes. While services were shut due to pandemic restrictions, the Southeast Mobility and Rehabilitation Technology (SMART) team, hosted by the Partnership, shifted their attention to the creation and distribution of personal protective equipment (PPE) and other support to frontline services. 8.4 million items were issued across the southeast of Scotland. The team also utilised their resources to manufacture over 34,000 face shields (visors), producing 1,875 on their busiest day. This incredible flexibility was representative of many teams during the pandemic.

The impact of the pandemic on our finances is covered in the financial performance section below.



## 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.

### 2020/21 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 2020/21 our financial plan (agreed by the board in July 2020) assumed funding from our partners totalling £685m and estimated costs for the year at £707m, giving an initial gap of £22m. To mitigate this, we agreed a savings and recovery programme of £16m and further mitigating actions totalling £6m to balance the plan.

In August 2020 the board agreed to implement the nationally mandated 3.3% uplift to contracts to support providers to pay the living wage. This recognised of the work all health and social care staff make towards keeping vulnerable people in our city safe. Although this decision added a further financial challenge the board recognised that it was required to ensure providers were enabled to maintain a fair working regime to suitably recompense workers for the key roles they are undertaking, and to support our strategic intent to build and maintain a high quality, skilled and sustainable health and social care workforce.

Regular updates on the financial position were provided to the Performance and Delivery Committee as well as to the EIJB itself. Included in these regular updates were details of the financial impact of the pandemic and progress with the savings and recovery programme.

### Financial Performance

EIJB's financial performance for the year is presented in the comprehensive income and expenditure statement, which can be seen on page 29. The balance sheet (page 30) sets out the liabilities and assets at 31st March 2021.

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 surplus of £22.2m in the annual accounts, largely as a result of the additional funding made available by the Scottish Government. All funding received during the year but not yet spent has been transferred to reserves, bringing our total reserves to £25.4m. The vast majority of these reserves is 'ring fenced' for specific purposes, with the balance of £1.0m being held in general reserve and the diagram below sets out the categorisation of these funds.

<p>Funding received in 2020/21 for <b>COVID pressures</b> (£11.6m)</p>	<ul style="list-style-type: none"> <li>• a share of £100m provided nationally to support ongoing COVID costs, including new ways of working and additional capacity</li> <li>• funding received in 2020/21 to meet costs in 2021/22</li> </ul>
<p><b>Community living change fund</b> (£1.9m)</p>	<ul style="list-style-type: none"> <li>• Edinburgh's share of £20m provided to facilitate discharge from hospital of people with complex needs</li> </ul>
<p>Funding for <b>specific initiatives</b> (£4.9m)</p>	<ul style="list-style-type: none"> <li>• Action 15</li> <li>• Primary Care improvement funding</li> <li>• Drug and alcohol monies</li> </ul>
<p><b>Other balances</b> (£5.9m)</p>	<ul style="list-style-type: none"> <li>• includes:</li> <li>• balance of transformation funding previously agreed by the EIJB</li> <li>• unscheduled care monies which would historically been carried forward by SG on behalf of NHS Lothian</li> </ul>
<p>The <b>surplus</b> for the year (£1.0m)</p>	<ul style="list-style-type: none"> <li>• surplus against the delegated budget</li> </ul>

**Key**

- Earmarked reserves**
- General reserves**

This is the second year in a row in which we have achieved financial balance without additional support from our partners at the City of Edinburgh Council and NHS Lothian. Whilst there is no doubt that the pandemic made interpreting financial information more difficult, this nonetheless demonstrates the sustained improvements in financial planning and performance. Overall, we incurred costs of £850m during the year, £40.5m as a direct result of COVID-19.

The pandemic clearly had an impact on our finances, and this was closely monitored during the year. NHS Lothian submitted regular information to Scottish Government through the Local Mobilisation Plan (LMP). These returns were the main route for confirming the additional cost and funding required in supporting the COVID-19 response. Through this process the financial consequences of the pandemic were funded in full by the Scottish Government. Detailed below are some of the initiatives and responses funded as a direct consequence of the pandemic:

- **Sustainability payments** - since the beginning of lockdown the Health and Social Care Partnership has been supporting local social care providers by ensuring that reasonable additional costs are

met through the National Principles for Sustainability and Remobilisation Payments to Social Care Providers. COSLA, Scottish Government and key partners regularly review the principles and evolving COVID situation to ensure that they are fit for purpose and service providers are supported to deliver a sustainable service;

- **Additional capacity** - we 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' was also applied for those whose normal caring arrangements had been compromised, for example, by the primary carer becoming unwell;
- **COVID assessment hub** - in April 2020 we set up COVID-19 assessment hubs as part of NHS Lothian's regional strategy for the management of patients needing assessment for possible coronavirus infection. Mobile testing units were also set up to identify positive cases and break chains of transmission;
- **Vaccination programme** – the Partnership is proud to be playing its part in the biggest vaccination programme the country has ever seen, to help protect the population from COVID-19. Our dedicated clinical and administrative team develop, manage and deliver the Edinburgh, offering vaccinations in line with the Joint Committee of Vaccination and Immunisation (JCVI) prioritisation programme. We acknowledge the support to the vaccination programme provided by Partnership staff, City of Edinburgh Council staff, volunteers and partners and their role in maintaining safe and effective vaccine service provision;
- **Health and social care staff bonus payment** - one off thank you payments to health and social care staff to recognise their extraordinary services in this toughest of years. Payments were also made to staff working in for external providers in adult social care services; and
- **Slippage in the delivery of savings** – recognising that the workforce was focused on continuity of service during the pandemic, the savings and recovery programme agreed as part of the financial plan was not delivered in full.

We received funding of £43.4m to meet the net additional costs of the pandemic and spent £40.5m (£29m on services ran by the Council and £11.5m on those provided by NHS Lothian). Reflecting the fact that COVID-19 related costs will span across financial years, the Scottish Government has confirmed that any associated funding allocations which have not been fully used in 2020/21 should be carried forward to 2021/22. Accordingly we have transferred the balance of £2.9m to an earmarked reserve.

As described above the comprehensive income and expenditure statement is recording a surplus of £22.2m. Comparing the actual costs for the year to the delegated budget gives a much lower surplus of £1.0m. The impact of the pandemic on expenditure levels has meant that the underlying variances to budget are more difficult to interpret than in previous years. Despite this it is clear that the financial pressures facing us have not materially changed, these include:

- **Externally purchased services** where demographic factors continue to drive demand for these services, this is also evidenced in the continuing growth in direct payments and individual service funds. Although we have seen significant growth of 9% during 2020/21 this was largely in line with assumptions. In the main, the increased costs can be attributed to spot purchasing, predominantly care at home, care and support, residential services and direct payments;
- **Medicines** prescribed by General Practitioners cost £79m in 2019/20. 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. Although normally presenting an in year pressure, a combination of financial plan and COVID funding resulted in a slight in year underspend;
- 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

Our in year surplus of £1.0m has been transferred to a general reserve. It is clearly extremely positive that, for the second year in a row, we have not had to rely on additional financial support from our partners. However, the continued reliance on one off measures to achieve financial balance remains a concern. As a board we face a number of significant and long standing financial pressures and a baseline gap in our financial plan which we struggle to address on a recurring basis. Our integration and sustainability work (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 developed in the coming financial year.

#### Financial Framework 2021-2024

We continue to face 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 condition; 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 challenges are enduring and the recent Independent Review of Adult Social care recognises that adult social care support in Scotland requires greater investment.

In the case of Edinburgh this is evidenced by the structural deficit which the IJB inherited from partners (particularly for social care services). Since its inception the EIJB has routinely faced an underlying budget gap of between £10m and £15m which we are unable to bridge on a sustainable basis. In spite of these challenges overall financial performance has improved in recent years. For the last 2 years we have achieved our in year financial targets without additional support from partners. However, these recent successes are underpinned by material levels of non recurring solutions with the factors outlined above directly impacting our ability to set a budget which is balanced on a recurring basis.

In October 2019 the EIJB considered the draft financial outlook for 2020-23 which set out the projected financial gap for the 3 year period. This recognised that both our funding partner organisations face significant financial constraints and would require sizeable savings programmes to balance their budgets. This was updated in December 2020 when the financial framework for 2021 to 2024 was shared with the board. At this point we also introduced our Integration and Sustainability Framework, developed in response to the longer term financial challenges facing us. This new approach recognises that, to address sustainability in the longer term and avoid the need to relentlessly develop savings programmes that lead to inefficient 'salami slicing', there is an acknowledged requirement to evolve our thinking and approach. This premise underpins the Integration and Sustainability Framework, which considers how the EIJB directs the totality of its resources in a manner which best serves the people of Edinburgh.

Our current approach to financial planning focuses firstly on quantifying the in year shortfall between projected income and expenditure. Subsequently we identify, and then deliver, savings and recovery schemes to address the gap. Each year, developing savings proposals which will have limited impact on performance, quality and outcomes becomes more difficult. Our agreed transformation programme sets out ambitious and clear actions that aim to develop and deliver tailored solutions to make sure that people get the services that are right for them. However, even with this programme and the innovations seen more broadly within the organisation, it will not realise efficiencies sufficient to address the financial challenges that will be faced in the next 3-5 years. In this context we introduced the concept of a Integration and Sustainability Framework, aligned to/ underpinned by the EIJBs Strategic Plan, which looks at how we work with our staff and the people of Edinburgh to shape and reimagine, the delivery of services within communities within the funding available.

## 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. Thirteen 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 at 31<sup>st</sup> March 2021 is included overleaf:

ID	Risk	Rating
<b>1.</b>	<b>Strategic Planning and Commissioning</b>	
1.1	Failure to deliver EIJB strategic objectives leading to a requirement to revise the strategic plan.	High
1.2	Failure to influence decision-making over services that are not managed by the EHSCP leading to the inability to review service delivery and drive strategy.	High
1.3	Failure to deliver delegated services within available budgets leading to a requirement to revise the strategic plan.	High
1.4	Insufficient asset planning arrangements leading to failure or delays in delivering the strategic plan.	High
<b>2.</b>	<b>Issuing of Directions</b>	
2.1	Failure of NHS Lothian and The City of Edinburgh Council to deliver directions leading to services not aligned to strategic intentions.	High
2.2	Failure to deliver EIJB directions leading to a mismatch between workforce requirements and availability.	High
<b>3.</b>	<b>Management and Role of the EIJB</b>	
3.1	Inability to operate effectively as a separate entity leading to a failure to deliver the benefits of integration.	Medium
3.2	Failure to make best use of the expertise, experience and creativity of its partners leading to a negative impact on the delivery of the strategic outcomes and poor relationships.	Medium
3.3	EIJB infrastructure lacks the professional, administrative and technical infrastructure to operate effectively leading to failures in governance, scrutiny and performance arrangements.	High
3.4	Insufficient or poor-quality assurance from assurance providers to support effective delivery of their scrutiny responsibilities.	Medium
3.5	Non-compliance with applicable legislative and regulatory requirements leading to legal breaches, fines and/or prosecution.	Low
3.6	Officers with operational responsibilities are being asked to scrutinise performance in areas where they are not totally independent leading to inadequate oversight of delegated EIJB functions.	Low
3.7	Insufficient or poor-quality assurance from assurance providers to support effective delivery of their scrutiny responsibilities.	Low

During the year we developed a new tool to help enhance and simplify the risk management process. We have taken steps to ensure that we are identifying a wider range of potential threats preventing us from achieving the IJB's strategic objectives and directly relaying their impact to the IJB and also in terms of

outcomes for the people of Edinburgh. This new approach helps us better understand how the IJB is exposed to those risks and what controls we need to have in place to mitigate the risks. This has been achieved by introducing a new 'risk profile card' format was for risks scored as 'very high', 'high' or 'medium', 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.

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 new risk register style.

## Conclusion

Throughout the public sector finances are under more pressure than ever before and the impacts of the wider economy and ongoing impact of the pandemic bring 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. Moving into 2021/22, 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**  
26th October 2021

**Ricky Henderson**  
**Chair**  
26th October 2021

**Maira Pringle**  
**Chief Finance Officer**  
26th October 2021

## 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 26th October 2021.

**Ricky Henderson**  
**Chair of the Edinburgh Integration Joint Board**  
26th October 2021



**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**  
26th October 2021

## 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 2020 to March 2021 were:

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

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

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

NHS Non-Executive Director A. McCann was in receipt of additional remuneration in 2020/21 relating to his duties for the EIJB as Chair of £8,842 (£6,991 part-year 2019/20). Councillor Henderson was in receipt of additional remuneration in 2020/21 in relation to his duties for the EIJB as Vice-Chair of £15,626 (£15,289 2019/20). No allowances were paid to other voting members during the year.

The remuneration and pension benefits received by all voting members in 2020/21 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 2021, no expense claims were made in relation to work on the EIJB.

**Remuneration Paid to Senior Officers**

	Year to 31/03/2021			Year to 31/03/2020
	Salary, fees and allowances (£)	Total remuneration (£)	Full Year Effect (£)	Total remuneration (£)
J Proctor, EIJB Chief Officer	161,247	<b>161,247</b>	161,247	156,550
M Pringle, EIJB Chief Finance Officer	89,799	<b>89,799</b>	89,799	88,132

**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 2020/21 were as follows:

<u>Whole Time Pay</u>	<u>Contribution rate</u>
On earnings up to and including £22,300 (2019/20 £21,800)	5.50%
On earnings above £22,300 and up to £27,300 (2019/20 £21,800 to £26,700)	7.25%
On earnings above £27,300 and up to £37,400 (2019/20 £26,700 to £36,600)	8.50%
On earnings above £37,400 and up to £49,900 (2019/20 £36,600 to £48,800)	9.50%
On earnings above £49,900 (2019/20 £48,800)	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 31/03/21 £	For year to 31/03/20 £		As at 31/03/21 £000	Difference from 31/03/20 £000
J Proctor, EIJB Chief Officer	36,764	35,238	Pension	6	6
			Lump Sum	0	0
M Pringle, EIJB Chief Finance Officer	18,768	18,420	Pension	30	2
			Lump Sum	61	1
R Henderson, Chair (to 26/06/2019), Vice Chair (from 27/06/19)	7,633	7,305	Pension	8	1
			Lump Sum	2	0

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.

Edinburgh Integration Joint Board - Annual Accounts 2020/21

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**  
26th October 2021

**Ricky Henderson**  
**Chair**  
26th October 2021

## 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.

2020/21 has been an unprecedented year for the EIJB, responding to the COVID-19 pandemic and the impact that has had on service delivery, resources and impact on the citizens of Edinburgh. The EIJB responded quickly, recognising that initially it was important to allow resources to be concentrated on the front line, dealing with the immediate impact of the pandemic. It did though continue to improve upon its governance, recognising that the pandemic should not mean that robust controls were not maintained or improved. Progress was slowed on general governance improvements during 2020/21 but there has still been significant progress and as the pandemic hopefully recedes, it is expected that these will be in over the next financial year.

### 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.

These governance arrangements comply with the key elements set out in CIPFA's 'Delivering Good Governance Framework'.

### Board and Committee Structures

The EIJB has been responsible for health and social care functions in Edinburgh since 1 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 appointed both to comply with statutory requirements and to provide more varied experience and knowledge to the Board. The chair of the Board rotates every two years between NHS Lothian and the City of Edinburgh Council.

Following an independent review of governance by the Good Governance Institute (GGI), that concluded the EIJB needed to take action to strengthen its governance, the EIJB agreed to implement the recommendations of the GGI, including a major overhaul of its committees and sub-groups. This aimed to improve clarity on lines of accountability and reporting with a view to streamlining reporting arrangements. In June 2019 revised committees were established as follows:

- **Audit and Assurance** – Monitors, reviews and reports to the Board on the suitability and efficacy of the Partnership's 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 of the Partnership 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 the Partnership.
- **Strategic Planning Group** – Monitors, reviews and reports to the Board on the strategy, plans and delivery of the Partnership's 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 Audit and Assurance Committee are responsible for oversight of the risk management arrangements and considers the risk register quarterly. This is in turn referred to the EIJB Board 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.

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 meets monthly and 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.

In April 2021 the EIJB adopted a complaints handling procedure based on the model complaints handling procedure designed by the Scottish Public Services Ombudsman.

In April 2021 the EIJB agreed a protocol for responding to consultations with those with a significant impact being approved by the Board.

### Review of Effectiveness

The EIJB has responsibility for reviewing the effectiveness of its governance arrangements, including internal controls. The underpinning arrangements are subject to continuous improvement and review.

The impact of the pandemic has been significant with major changes to the Board's governance. On 14 April 2020 the EIJB agreed to suspend all Board and Committee meetings until 30 June 2020 (with the exception of the budget meeting on 28 April 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 in providing essential front-line services alongside the impact the virus had put on staffing levels. Subsequently there was a need to prioritise front-line service, so resource was not available to effectively support the Board and its committees. On 21 July 2020 the EIJB met again and agreed to resume its committees from the end of that month. Steps were taken to ensure that business was limited to the most significant items. Agendas were streamlined, with the agenda planning process tailored to ensure that the administration of the Board and its committees was as efficient as possible whilst enabling oversight and scrutiny.

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 be taken to ensure capacity to reduce delays and free up acute beds as well as develop capacity in the community to care for people while managing a predicted depletion of the workforce. This mobilisation plan was considered by the EIJB on 14 April 2020.

This review of effectiveness is informed by:

- The Chief Officer's annual assurance attestation 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 to address weaknesses in scrutiny of performance and clarify the relationship between committees.
- An EIJB induction in place for all new voting and non-voting members.
- Standing Orders that are reviewed annually in a report to the EIJB, to ensure they are up to date and relevant.
- A performance report that is considered monthly by Health and Social Care Partnership management. Performance on local indicators that is reported regularly to the Board and its committees and an annual performance report that is also considered by the Board.
- The Annual Performance Report that was presented to the EIJB in August 2020 as per legislative requirements, though the scope of this report was affected by the pandemic.
- Regular financial monitoring reports that 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 savings plans.
- The EIJB in March 2021 agreed a budget with a deficit of £9.3m. It was noted that further updates would be received throughout the next financial year and although significant funding had been received by the Scottish Government close monitoring would be essential.
- The Accounts Commission's Best Value Assurance Report into the City of Edinburgh Council in November 2020 concluded that the EIJB although making considerable progress on short term financial planning had yet to develop a medium or long term financial plan. A financial framework for a three year period is being developed but is too early to identify its effectiveness.
- The financial plan for 2020/21 focussed on the potential consequences of Covid-19, the assumptions in the savings and recovery programme and the identification of other proposals to meet the deficit. The consequences of the pandemic were significant and close monitoring of these costs was taken throughout the year. The confirmation later in the financial year that the Scottish Government would cover all additional costs related to the pandemic provided assurance in the EIJB's funding.
- The Savings and Recovery Programme made progress in all areas. Recognising the pressures caused by the pandemic, the slippage was funded through support from the Scottish Government.
- In November 2019, the EIJB updated its resilience and business continuity arrangements. Sub-groups were created on severe weather, city centre events, EU exit, Reset 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 business continuity arrangements put the service and the EIJB in a better place to respond when 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 June 2021 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 Chief Internal Auditor in August 2021 reported an 'amber' rated opinion with an assessment towards the top of this category. This outcome is aligned with the 2019/20 IA opinion.

- The EIJB developed a new tool in September 2020 to enhance and simplify the risk management process, introducing a risk profile card for the most significant risks. The aim was to better understand how the EIJB is exposed to those risks and the controls necessary to mitigate them. This new approach results in a more detailed and comprehensive risk register and it is expected that this will support a more dynamic approach.
- 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 was successful in reducing the number of overdue actions, with the Chief Internal Auditor observing an improving trend but it was recognised that work was necessary to continue to improve this situation further. Scrutiny is carried out at the Audit and Assurance Committee on internal audit actions.
- The transformation programme launched in February 2020 and was established with a comprehensive governance structure which included four programme boards feeding into an overall portfolio board. The development and delivery of the programme was significantly impacted by the pandemic with many of the programme boards suspended before they met. Work did continue on some aspects of the project and a 'lessons learned' exercise was launched in April 2020 which informed a review of the programme. The programme is due to end in March 2022 and it will transition to the Strategic Core Programme which is a medium change programme designed to deliver sustainable and high quality health and social care. The effectiveness of the transformation programme was adversely affected by the pandemic but there has been progress in this period and a realisation that further change was required.
- External Audit had previously highlighted that there was a risk that the lack of professional, administrative and technical support provided by the Council and NHS Lothian may lead to failures in governance, scrutiny and performance. It is still recommended that the level of support is formalised in the Integration Scheme.
- The Best Value Assurance Report concluded that the EIJB was addressing governance issues in line with the review carried out by the Good Governance Institute.
- In December 2020 the EIJB agreed an approach for an overarching Board assurance framework. The EIJB agreed that each of its committees should review their effectiveness, with the Audit and Assurance Committee having oversight of the process. Each committee would produce an annual report which would include feedback from committee members. This process has not been established long and a 'light touch' approach was taken for 2020-21. As a result, it is too early to review the Framework's effectiveness but this approach produces a robust foundation to enable self-improvement and ensure a more efficient and effective committee structure beneath the EIJB.

## Last Year's Actions

Issue	Responsible Party	Status
1 Creation of Governance Handbook to support the EIJB and its members	Chief Officer	delayed to June 2021
2 Review of Directions Policy	Chief Officer	completed
3 Risk mitigation activities, as instructed by Audit and Risk Committee	Chief Financial Officer	ongoing – risk register mitigations reviewed and amended as required
4 Review of Transformation Programme in light of COVID19 developments	Chief Officer	completed
5 Development of an integrated performance framework	Chief Officer	ongoing – the performance architecture is in place less the measures against EIJB priorities - completion estimated as Nov 2021
6 Review of Integration Scheme	Chief Officer	delayed due to the pandemic – work progressing on draft scheme
7 Development of stakeholder engagement approach with GGI	Chief Officer	completed
8 Risk appetite exercise	Chief Financial Officer	ongoing – audit and assurance led risk workshop held with EIJB in Dec 2020

## Further Improvement – Action Plan

Issue	Responsible Party	Reporting Date
1 Workforce Strategy	Chief Officer	December 2021
2 Review of Integration Scheme	Chief Officer	October 2021
3 Creation of Governance Handbook to support the EIJB and its members	Chief Officer	June 2021 (now complete)
4 Principles to govern the relationship between the Council, NHS Lothian and IJB respective audit committees	Chief Internal Auditor	December 2021

## Certification

As evidenced above the EIJB has made considerable progress in improving its governance structures, creating a comprehensive committee structure, reviewing its consultation, communications and risk arrangements and starting the process for a more robust assurance framework. Many of the weaknesses identified in the EIJB's governance have been addressed. The EIJB has moved quickly to restart its improvement plans whilst still in full response to the Covid pandemic. The Covid-19 pandemic did though impact on the EIJB's improvements and although progress was made, it is understandable that some scheduled improvements have been delayed a further year. It is expected that in a further year many of the governance improvements will have bedded in and their effectiveness judged. The EIJB continues to face considerable financial challenges and annually struggles to deliver a balanced budget. Work is ongoing to address this but the challenges are set to remain and long term financial sustainability will remain ambitious.

**Judith Proctor**  
**Chief Officer**  
26th October 2021

**Ricky Henderson**  
**Chair**  
26th October 2021

**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 2021**

<b>2019/20</b>			<b>2020/21</b>		
<b>Net Expenditure £000</b>		<b>Note</b>	<b>Gross expenditure £000</b>	<b>Gross income £000</b>	<b>Net Expenditure £000</b>
	<b>Health Services</b>	8			
276,427	Core services		327,922	0	327,922
87,894	Hosted services		106,129	0	106,129
55,502	Non-cash limited		62,856	0	62,856
100,776	Set aside services		100,754	0	100,754
520,599			597,661	0	597,661
	<b>Social Care Services</b>	8			
151,814	External purchasing		164,867	0	164,867
30,722	Care at home		28,498	0	28,498
15,675	Day services		14,161	0	14,161
18,074	Residential care		19,801	0	19,801
14,904	Social work assessment and care management		14,662	0	14,662
484	Corporate services		438	0	438
9,376	Other		9,571	0	9,571
241,049			251,998	0	251,998
384	Corporate services	3	395	0	395
<b>762,032</b>	<b>Cost of services</b>		<b>850,054</b>	<b>0</b>	<b>850,054</b>
<b>-755,504</b>	<b>Taxation and non-specific grant income and expenditure</b>	2	<b>0</b>	<b>(872,298)</b>	<b>(872,298)</b>
<b>6,528</b>	<b>(Surplus)/Deficit on provision of services</b>		<b>850,054</b>	<b>(872,298)</b>	<b>(22,244)</b>

## BALANCE SHEET

*The Balance Sheet shows the value, as at 31 March 2021, of the assets and liabilities recognised by the Board. The net assets of the Board are matched by the reserves held.*

<b>BALANCE SHEET AS AT 31 MARCH 2021</b>			
<b>31/03/2020</b>		<b>Notes</b>	<b>31/03/2021</b>
<b>£000</b>			<b>£000</b>
	<b>Current assets</b>		
3,186	Short term debtors	4	25,440
	<b>Current liabilities</b>		
-20	Short term creditors	5	-30
<b>3,166</b>	<b>Net assets</b>		<b>25,410</b>
-3,166	Usable reserves	MIRS	-25,410
<b>-3,166</b>	<b>Total reserves</b>		<b>-25,410</b>

The unaudited Annual Accounts were authorised for issue by the Chief Finance Officer on 11th June 2020.

**Moira Pringle**  
**Chief Finance Officer**  
 26th October 2021

## MOVEMENT IN RESERVES

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

	<b>31/03/2021</b>	<b>31/03/2020</b>
	<b>£000</b>	<b>£000</b>
<b>Usable reserves – General Fund brought forward</b>	-3,166	-9,694
Deficit/(surplus) on the provision of services	-22,244	6,528
<b>Total comprehensive income and expenditure</b>	<b>-25,410</b>	<b>-3,166</b>
<b>Balance, as at 31 March, carried forward</b>	<b>-25,410</b>	<b>-3,166</b>

## NOTES TO ACCOUNTS

### 1. ACCOUNTING POLICIES

#### 1.1 General Principles

The Annual Accounts for the year ended 31 March 2021 have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (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 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.

### **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:

	<b>31/03/2021</b>	<b>31/03/2020</b>
	<b>£000</b>	<b>£000</b>
NHS Lothian	-621,834	-543,499
City of Edinburgh Council	-250,027	-211,521
<b>Total</b>	<b>-871,861</b>	<b>-755,020</b>

Expenditure relating to the two parties was as follows;

	<b>31/03/2021</b>	<b>31/03/2020</b>
	<b>£000</b>	<b>£000</b>
NHS Lothian	597,839	520,772
City of Edinburgh Council	251,744	240,744
<b>Total</b>	<b>849,583</b>	<b>761,516</b>

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

## 3. CORPORATE EXPENDITURE

	<b>31/03/2021</b>	<b>31/03/2020</b>
	<b>£000</b>	<b>£000</b>
Staff costs	362	353
Other fees	3	3
Audit fees	30	28
<b>Total</b>	<b>395</b>	<b>384</b>

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 £0.727m (£0.734m 2019/20) have been provided.

#### 4. SHORT TERM DEBTORS

	<b>31/03/2021</b>	<b>31/03/2020</b>
	<b>£000</b>	<b>£000</b>
Other Local Authorities	25,440	3,186
<b>Total</b>	<b>25,440</b>	<b>3,186</b>

#### 5. SHORT TERM CREDITORS

	<b>31/03/2021</b>	<b>31/03/2020</b>
	<b>£000</b>	<b>£000</b>
Other bodies	-30	-20
<b>Total</b>	<b>-30</b>	<b>-20</b>

#### 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:

	2020/21 Actual Expenditure £000	2019/20 Actual Expenditure £000
<b>SERVICES PROVIDED BY NHS Lothian</b>		
<b>Core services</b>		
Community hospitals	12,699	12,364
District nursing	11,750	11,130
General medical services	90,106	84,024
Prescribing	79,071	81,690
Resource transfer	90,571	43,655
Primary care services	12,385	10,271
Other core services	31,340	33,293
<b>Total core services</b>	<b>327,922</b>	<b>276,427</b>
<b>Hosted services</b>		
Mental health, substance misuse and learning disabilities	46,710	43,796
Other hosted services	59,419	44,098
<b>Total hosted services</b>	<b>106,129</b>	<b>87,894</b>
<b>Non- Cash Limited</b>		
Dental	32,412	29,135
Ophthalmology	9,720	9,700
Pharmacy	20,724	16,667
<b>Total Non-Cash Limited</b>	<b>62,856</b>	<b>55,502</b>
<b>Set aside services</b>		
General medicine	26,103	27,767
Geriatric medicine	16,234	14,375
Junior medical	3,460	15,171
Other set aside services	54,957	43,463
<b>Total set aside services</b>	<b>100,754</b>	<b>100,776</b>
<b>TOTAL SERVICES PROVIDED BY NHS Lothian</b>	<b>597,661</b>	<b>520,599</b>
<b>SERVICES PROVIDED BY CITY OF EDINBURGH COUNCIL</b>		
External purchasing	164,867	151,814
Care at home	28,498	30,722
Day services	14,161	15,675
Residential care	19,801	18,074
Social work assessment & care management	14,662	14,904
Other services provided by City of Edinburgh Council	10,009	9,860
<b>TOTAL SERVICES PROVIDED BY CITY OF EDINBURGH COUNCIL</b>	<b>251,998</b>	<b>241,049</b>
Corporate expenditure	395	384
<b>TOTAL ALL SERVICES</b>	<b>850,054</b>	<b>762,032</b>

## **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

### Reporting on the audit of the financial statements

#### Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of the Edinburgh Integration Joint Board for the year ended 31 March 2021 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 2020/21 (the 2020/21 Code).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2020/21 Code of the state of affairs of the body as at 31 March 2021 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 2020/21 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 five years. We are independent of the body 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 body. 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 concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

#### 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 judgements 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 body'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.

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

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

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

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

## Reporting on other requirements

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

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

### Statutory other information

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

Our responsibility is to read all the statutory other information and, in doing so, consider whether the statutory 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this statutory other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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  
Semple Street  
Edinburgh  
EH3 8BL  
Date: