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| Edinburgh Integration Joint Board |
| **Annual Accounts 2022/23** |

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The Annual Accounts of Edinburgh Integration Joint Board for the year ended 31 March 2023, 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 2023 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. 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** |
| Assessment and care management including occupational therapy Residential careExtra-care housing and sheltered housing Intermediate careSupported housing – learning disabilityRehabilitation – mental healthDay servicesLocal area coordinationCare at home servicesReablementRapid responseTelecareRespite servicesQuality assurance and contractsSensory impairment servicesDrugs and alcohol services | District nursingServices relating to an addiction Services provided by allied health professionals (AHPs)Community dental servicesPrimary medical services (GP)\*General dental services\*Ophthalmic services\*Pharmaceutical services\*Out-of-hours primary medical servicesCommunity geriatric medicinePalliative careMental health servicesContinence servicesKidney dialysisPrison health care servicePublic health services\* *includes responsibility for those aged under 18* | A&EGeneral medicineGeriatric medicineRehabilitation medicineRespiratory medicinePsychiatry of learning disabilityPalliative careHospital services provided by GPsMental health services provided in a hospital with exception of forensic mental health servicesServices relating to an addiction or dependence on any substance |

**Strategic Plan**

Over the past six 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. Throughout this period, despite the pressure of the Covid pandemic, we have made steady progress in most areas. Nonetheless, we expect to face more testing times ahead as demand and complexity increases are set against pressure on budgets and staffing levels. 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 over the next ten years. 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 and improve outcomes for the citizens of Edinburgh.

We are now engaged in the next planning cycle, building on our strategic ambitions through an innovation and sustainability lens. The current strategic plan can be found [here](https://www.edinburghhsc.scot/wp-content/uploads/2020/01/Strategic-Plan-2019-2022-1.pdf) 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 entitled the Edinburgh Wellbeing Pact.

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 (PCIP). Our transformation programme, established in early 2020, has been a key delivery mechanism for the ambitions set out in the strategic plan. It is a wide-ranging and ambitious programme of whole system change, which is transforming ways of working and delivering high quality and sustainable health and social care services for our citizens. Delivery of the programme has been supported by a dedicated team of project management professionals, recognising the need for ongoing change and transformation.

In early 2022, we recognised that whilst transformation projects have delivered some key successes, more was required to ensure that health and social care services in Edinburgh are sustainable in the longer term and fit for the future. With this in mind, we transitioned our transformation programme into a new “Innovation and Sustainability Portfolio”, bringing together all of our major change and innovation work, with a clear focus on driving efficiency and delivering sustainability – not just in relation to finance, but also in terms of future workforce and service/care capacity. Programmes and projects within the Innovation and Sustainability Portfolio also play a key role in our emerging medium term financial strategy (MTFS), which is discussed in more detail later on in this management commentary.

Throughout 2022/2023, the Innovation and Sustainability Portfolio has considered to drive forward change and improvement in existing projects, whilst also working to develop a pipeline of new projects and initiatives to address challenges and improve performance. Some of the key developments are outlined below:

The ***3 Conversations*** approach remains one of our key strategic pillars and has been rolled out widely across locality assessment and care management teams. It has evidenced positive impacts in in terms of much quicker response times and our ability to support people towards good outcomes without the need for formal, paid-for services. Further work is planned to actively support roll-out across the remaining teams, embedding the ethos and ensuring consistency of practice and approach.

The ***home first*** project is helping avoid the need for hospital admission and supports people to get home as quickly as possible once it is safe for them to do so. The Discharge Without Delay workstream is delivering improvements in relation to active discharge planning, using multi-disciplinary team approaches to reduce the length of stay in both the Western General Hospital and the Royal Infirmary of Edinburgh.

We have 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. Excellent progress has been made with the implementation of our new mobile scheduling system, which will support more efficient deployment of our workforce. The system is due to go-live in the first of our localities in early summer 2023. In tandem, plans are being developed for the redesign of our internal homecare teams, with a shift towards a reablement approach, offering the opportunity to maximise independence and support people to achieve their personal outcomes, whilst right-sizing ongoing packages of support.

Our **digital transformation** strategy is nearing completion, setting out a wide range of improvements in relation to data, people, process and infrastructure. The strategy will seek to maximise the use of existing and emerging technologies to support citizens to remain independent at home for longer, and to appropriately equip our frontline staff and optimise capacity, while also addressing issues with systems and data.

As we further develop our MTFS, there will be a renewed focus on workforce support and transformation. Our inaugural workforce strategy, **‘Working Together’**, was approved by the EIJB in February 2022 and aims to ensure that we have skilled and capable staff that can deliver our vision of ‘a caring, healthier and safer Edinburgh’. Recognising current challenges in relation to recruitment and retention across the health and social care sector, this will be a key priority area moving forward.

Under the banner of our ***Edinburgh wellbeing pact*** and as part of our wider approach to community mobilisation, we have invested in a number of community-based supports and initiatives. Specific programmes such as the Community Taskforce Volunteer Programme, the Fit and Active Programme for people with learning disabilities and the Enliven Edinburgh - Addressing Loneliness and Isolation campaign, provide prevention and early intervention support in line with the aims set out in the strategic plan. We continue to work in collaboration with community partners to develop community commissioning approaches which will build on the success of our long-standing community grants programme.

The first of our pipeline projects, **the redesign of learning disability services,** is now in delivery stages. Throughout 2022/23, a wide stakeholder engagement exercise helped to inform the development of a range of proposals aimed at improving services for people with a learning disability. Working groups are now taking forward changes including the review and redesign of our existing services and structures to address gaps and remove duplication, the redesign of services for those with complex care needs and support for young people with low and moderate needs.

Whilst many of our programmes can evidence progress, the two recent inspections have highlighted that the impact on performance is not always evident. There remains much to do and over the next stage of the strategic planning cycle, our priorities and planned actions will be refined and adjusted where necessary. The refreshed strategic plan will be presented to the board in August 2023 and will set out our refreshed approach to change and transformation.

**Operational overview**

**Annual performance report**

We will publish our seventh annual performance report at the end of August 2023, which will provide a review of the progress made during 2022/23 against our strategic plan 2019-22. As in previous years, we will detail our performance against the six strategic priorities in our strategic plan and against the Scottish Government’s national health and wellbeing outcomes and associated indicators.

*To be completed following finalisation of annual performance report.*

**Financial Overview**

**Annual accounts**

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

**2022/23 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 2022/23 our financial plan (agreed by the board in March 2022) assumed funding from our partners totalling £750m and estimated costs for the year at £779m, giving an initial gap of £29m. To bridge this deficit, we agreed a savings and recovery programme of £6m and further mitigating actions totalling £6m, leaving a residual shortfall of £17m. Partners supported the view that this remaining budget gap was at a level where it could feasibly be addressed as the year progressed.

The board agreed the budget on this basis, recognising a number of complex inter related factors, namely: improvements in performance; the likely negative impact on outcomes for people and performance more generally of any further savings initiatives; the ongoing uncertainty as we emerged from the Covid pandemic; and the underlying structural deficit.

EIJB officers worked closely with partners to identify options to bridge the financial gap as the year progressed. 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 28. The balance sheet (page 29) sets out the liabilities and assets at 31st March 2023.

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 £58m in the 2022/23 annual accounts. This compares to a surplus of £58m for the previous year which was the result of funding allocated by the Scottish Government in 2021/22 for use in 2022/23. As a result the in year deficit was caused by timing differences, with income received in the previous year being spent in 2022/23.

EIJB’s financial performance against its “in year” delegated budgets resulted in a break-even position in both health and social care services. This was achieved following an additional one off allocation of £4m from NHS Lothian to support the position with set aside services.

Overall, we incurred costs of £923m during the year, £13m of which were attributable to the pandemic. Detailed in the table below are some of the initiatives and responses funded as a direct consequence of Covid:

|  |  |
| --- | --- |
|  | **£k** |
| ***Costs incurred by City of Edinburgh Council*** |   |
| Staff costs | 1,115  |
| PPE | 365  |
| Provider sustainability payments | 5,801  |
| Loss of income | 1,000  |
| Shortfall on funding for interim care beds | 2,900  |
| **Sub total Council costs** | **11,181**  |
| ***Costs incurred by NHS Lothian*** |   |
| GP prescribing | 1,867  |
| Additional FHS contractor costs | 70  |
| **Sub total NHS costs** | **1,937**  |
| **Total** | **13,118**  |

Funding for these costs was received during 2021/22, £44m of which was carried forward in an earmarked EIJB reserve. The unspent balance (£31m) was returned to the Scottish Government during the year.

As described above the comprehensive income and expenditure statement is recording a deficit of £58m. Comparing the actual costs for the year to the delegated budget gives a balanced position. The underlying 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. As in previous years we have seen significant growth during 2022/23;
			* **Medicines** prescribed by General Practitioners cost £81m in 2022/23. 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; and
			* Expenditure in **set aside** which continues to be one of the main financial issues facing NHS delegated services. NHS Lothian agreed a one off additional allocation to reflect this.

These pressures have been offset in year by high levels of **vacancies** across a number of services in both the City of Edinburgh Council and NHS Lothian. We continue to face significant challenges in recruiting and retaining staff and, given the impact on service delivery, operational staff continue to prioritise recruitment.

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

All funding received during the year but not yet spent has been transferred to reserves. Following the return of the unspent Covid reserve (£32m) to the Scottish Government, our reserves have reduced to £24m at 31st March 2023. All of these reserves are ‘ring fenced’ for specific purposes, with the opening and closing balances shown in the table below:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Opening** | **In year movement** | **Closing** |
|  | **£k** | **£k** | **£k** |
| ***Earmarked reserves*** |   |   |   |
| Balance of covid and winter funding  | 50,617  | (48,819) | 1,798  |
| Funding for specific initiatives | 15,286  | (5,593) | 9,694  |
| Other balances | 13,105  | (564) | 12,541  |
| **Total earmarked reserves** | **79,008**  | **(54,975)** | **24,032**  |
| ***General reserve*** |   |   |   |
| 21/22 underspend | 3,151  | (3,151) | 0  |
| **Total general reserve** | **3,151**  | **(3,151)** | **0**  |
| **Grand total reserves cfwd to 22/23** | **82,158**  | **(58,126)** | **24,032**  |

**Medium term financial strategy**

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 well recognised.

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 £18m which we are unable to bridge on a sustainable basis. Our recent financial performance has been 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.

The EIJB has a total budget of circa £800m that comprises the annual financial settlements received from both NHS Lothian and the City of Edinburgh Council to fund delivery of the services delegated to it. 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. It is recognised that the opportunities for developing and effectively delivering significant savings proposals within a single financial year has become unsustainable and would require significant service cuts which would lead, mostly likely, to a worsening experience for people and poorer performance.

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. As a result, the board has supported the development of our MTFS. This is effectively a set of longer-term transformation change programmes and projects, expected to deliver improved care and financial benefits as part of a multi-year programme. It sets out longer term strategic change proposals, service redesign plans and operational efficiency workstreams. The MTFS is also closely tied in with our developing improvement plans responding to recent Care Inspectorate inspections. It is anticipated that these three key strands will be brought together into one coherent change programme over the coming months, aiming to deliver improved performance, better outcomes and financial benefits.

The MTFS is the vehicle to move the IJB towards sustainability, but the planning and implementation of such large-scale, strategic change takes time and many of the financial benefits will only be realised over a number of years. At its core, the MTFS presents the building blocks of a major transformation programme to improve services. Key elements include redesigning the ‘front door’ (ie how services are initially accessed), review and assessment practice, and commissioning, all of which are fundamental to a well-functioning care system. These workstreams represent the start of a large-scale change, incorporating operational, cultural, digital and structural elements.

**Risk**

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 attention of the EIJB.

We continue to develop our risk framework and risk register 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, and identifies, assesses risks, and clearly associates their owners and controls to manage them. We undertook an exercise through 2022/23 to review and revise our risks, to ensure they are clear and remove any duplication. As a result, the risks recorded on our register reduced from twelve down to nine. We are continually looking at ways to strengthen our risk management approach and work has started to develop a risk matrix which will clearly articulate why a particular risk rating has been choose and well as a revision of the EIJB risk appetite statement and it is anticipated this work will be completed in line with the 23/24 accounts timeline.

The nine risks are captured under 3 headings: strategic planning and commissioning; issuing of directions; and management and role of the IJB. A summary extract of the register as at March 2023 is included below:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **ID** | **Risk Type** | **Risk Appetite** | **Risk** | **RAG** | **Target Rating** | **Path to target risk** |
| **1.** | **Strategic Planning and Commissioning** |
| 1.1 | Strategic & People | Medium – Very High | There is a risk that the Edinburgh Integration Joint Board (EIJB) is unable to deliver its strategic objectives. | Very High | High |  |
| 1.2 | Strategic & People | Medium – Very High | There is a risk that the EIJB is not able to influence decision-making over delegated services that are not managed by the Partnership. | High | Med |  |
| 1.3 | Financial | Low - High | There is a risk that the NHS Lothian and City of Edinburgh Council cannot deliver delegated services within available budgets. | High | High | N/A |
| **2.** | **Issuing of Directions** |
| 2.1 | Strategic | Medium – Very High | There is a risk that NHS Lothian and City of Edinburgh Council do not deliver directions set by the EIJB. | High | Med |  |
| **3.** | **Management and Role of the EIJB** |
| 3.1 | Strategic | Medium – Very High | There is a risk that the EIJB is unable to operate effectively as a public body. | Med | Low |  |
| 3.2 | Strategic | Medium – Very High | There is a risk that the EIJB’s workforce strategy is not delivered.  | High | Med |  |
| 3.3 | Strategic | Medium – Very High | There is a risk that the EIJB doesn’t have an appropriate level of infrastructure delegated from NHS Lothian and the City of Edinburgh Council to operate effectively. | High | Med |  |
| 3.4 | Regulatory | Low | There is a risk that the EIJB has insufficient assurance from assurance providers to support effective delivery of scrutiny responsibilities. | Low | Low | N/A |
| 3.5 | Regulatory | Low | There is a risk that the EIJB does not comply with the necessary legislative and regulatory requirements. | Low | Low | N/A |

During 2022/23, we continued to develop our risk management framework including our governance of risk reporting ensuring that we are identifying potential threats preventing us from achieving the EIJB’s strategic objectives and directly relaying their impact to the EIJB and in terms of outcomes for the people of Edinburgh. We continue to utilise ‘risk profile cards’ format for all our risks 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 risk register.

**Conclusion**

Throughout the public sector finances are under more pressure than ever before and the impacts of the wider economy and consequent cost of living crisis bring further uncertainty. 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 2023/24, 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.

 **Katharina Kasper Moira Pringle**

**Chief Officer Chair Chief Finance Officer**

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# STATEMENT OF RESPONSIBILTIES

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

**Responsibilities of the Edinburgh Integration Joint Board**

The Edinburgh Integration Joint Board is required:

* to make arrangements for the proper administration of its financial affairs and to secure that it has an officer responsible for the administration of those affairs. In this Integration Joint Board, that officer is the Chief Finance Officer;
* to manage its affairs to achieve best value in the use of its resources and safeguard its assets;
* ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003); and
* to approve the Annual Accounts.

I confirm that these Annual Accounts were approved for signature by the Edinburgh Integration Joint Board on xxxxxxxx.

**Katharina Kasper**

**Chair of the Edinburgh Integration Joint Board**

xx 2023

**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 2023.

**Moira Pringle**

**Chief Finance Officer**

xx 2023

# 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 2022 to March 2023 were:

|  |  |  |  |
| --- | --- | --- | --- |
| S. Chandran *(resigned 31/05/22)* | NHS | R. Aldridge *(resigned 04/05/22)* | CEC |
| E. Gordon *(appointed 01/08/22)* | NHS | P. Doggart *(resigned 04/05/22)* | CEC |
| G. Gordon *(appointed 01/06/22)* | NHS | E. Davidson *(appointed 04/05/22)* | CEC |
| P. Knight *(appointed 01/05/22)* | NHS | G. Gordon *(resigned 04/05/22)* | CEC |
| A. McCann (Vice Chair) | NHS | R. Henderson (Chair) *(resigned 04/05/22)* | CEC |
| P. Murray | NHS | M. Main *(resigned 04/05/22)* | CEC |
| R. Williams *(resigned 31/07/22)* | NHS | C. Miller *(appointed 19/05/22)* | CEC |
|  |  | M. Mitchell *(appointed 19/05/22)* | CEC |
|  |  | T. Pogson (Chair) *(appointed 19/05/22)* | CEC |
|  |  | V. Nicolson *(appointed 19/05/22)* | CEC |

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

|  |  |  |  |
| --- | --- | --- | --- |
| K. Kasper (Vice Chair) *(appointed 13/06/23)* | NHS | T. Pogson (Chair) *(appointed 19/05/22)* | CEC |
| E. Gordon *(appointed 01/08/22)* | NHS | E. Davidson *(appointed 19/05/22)* | CEC |
| G. Gordon *(appointed 01/06/22)* | NHS | C. Miller *(appointed 19/05/22)* | CEC |
| P. Knight *(appointed 01/05/22)* | NHS | M. Mitchell *(appointed 19/05/22)* | CEC |
| P. Murray | NHS | V. Nicolson *(appointed 19/05/22)* | CEC |

Councillor Henderson and Pogson were in receipt of additional remuneration in 2022/23 in relation to his duties for the EIJB as Chair of £17,128 (£16,281 2021/22). NHS Non-Executive Director A. McCann was in receipt of additional remuneration in 2022/23 relating to his duties for the EIJB as Vice-Chair of £9,922 (£9,687 2021/22). No allowances were paid to other voting members during the year.

The remuneration and pension benefits received by all voting members in 2022/23 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 2023, no expense claims were made in relation to work on the EIJB.

**Remuneration Paid to Senior Officers**

|  |  |  |
| --- | --- | --- |
|  | **Year to****31/03/2023** | **Year to 31/03/2022** |
|    | Salary, fees and allowances(£) | Total remuneration (£) | Total remuneration (£) |
| J Proctor, EIJB Chief Officer | 165,266 | **165,266** | 162,747 |
| M Pringle,EIJB Chief Finance Officer | 94,629 | **94,629** | 92,424 |

**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 2022/23 were as follows:

Whole Time Pay Contribution rate

On earnings up to and including £23,000 (2021/22 £22,300) 5.50%

On earnings above £23,001 and up to £28,100 (2021/22 £22,300 to £27,300) 7.25%

On earnings above £28,101 and up to £38,600(2021/22 £27,300 to £37,400) 8.50%

On earnings above £38,601 and up to £51,400 (2021/22 £37,400 to £49,900) 9.50%

On earnings above £51,401 (2021/22 £49,900) 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 2023 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 31/03/23** | **For year to 31/03/22** |  | **As at 31/03/23** | **Difference from 31/03/22** |
|  | **£** | **£** |  | **£000** | **£000** |
| J Proctor, EIJB Chief Officer | 38,624  | 36,830  | Pension | 11 | 3 |
| Lump Sum | 0 | 0 |
| M Pringle, EIJB Chief Finance Officer | 19,777  | 19,358  | Pension | 37 | 4 |
| Lump Sum | 64 | 1 |
| R Henderson, Chair(Resigned 04/05/2022) | 806 | 7,919 | Pension | 9 | 0  |
| Lump Sum | 2  |  0 |
| T Pogson, Chair(Appointed 04/05/2022) | 7,315 | 0 | Pension | n/a | n/a |
| Lump Sum | n/a | n/a |

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

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

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

 **Katharina Kasper**

**Chief Officer Chair**

xx 2023 xx 2023

# 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 majority of services that the EIJB directs. Although the Partnership will be referenced in the statement, only the EIJB’s arrangements will be analysed.

2022/23 saw the EIJB continue to deal with the impact of the Covid pandemic, which continued to have a detrimental impact on service delivery, resources as well as impact on the citizens of Edinburgh. The EIJB had to manage the considerable impact, with the cumulative strains and pressures on resources caused by the pandemic response extending into its third 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 Board and committees. These committees 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 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.

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

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

The committee terms of reference for Audit and Assurance, Strategic Planning Group and Performance and Delivery have been reviewed, with the terms of reference for the Clinical and Care Governance Committee under review. All updated terms of reference will be presented to the EIJB in August 2023.

A log of all statutory, legislative, and regulatory requirements is included as an appendix to the terms of reference for each committee. This ensures that each committee covers all necessary requirements and allows members to have oversight and visibility of those requirements that the EIJB need to comply with. To support transparency, committee actions notes are included as part of the papers of the EIJB and are made available to members of the public.

**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. Currently the Chief Officer role is vacant, and work is underway to begin the recruitment process to fill this post on a permanent basis.

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 new Code of Conduct was agreed following the changes to the Model Code in December 2021.
* 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 Standing Orders were reviewed by the EIJB on 19th April 2022.

The EIJB has a rolling action log which helps the groups monitor the implementation of decisions, there has also been the introduction of an EIJB annual cycle of business which gives both board members and the public an indication of when key workstreams/papers will be presented to the EIJB.

A deputation process 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 is responsible for oversight of the risk management arrangements and considers the risk register quarterly. This is in turn referred to the EIJB twice a year.

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

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 Performance and Delivery Committee also monitors the Savings and Recovery Programme with regular reporting to the 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. The EIJB records management plan was submitted and signed off by the Keeper of Records in October 2021.

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

The Equalities Act 2010 requires all public bodies to provide a progress report at least every two years with equality outcomes published every four years. The EIJB equality outcomes were initially published in 2019 and a progress was reported to Performance and Delivery Committee in 2021, and the next iteration is due in 2023.

The EIJB has a directions policy in place, and an annual review was undertaken by Performance and Delivery Committee in July and endorsed by EIJB in August 2022. The directions tracker is reviewed on a regular basis at Performance and Delivery Committee.

The EIJB has a reserves policy in place 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. It is reviewed annually by the Performance and Delivery Committee on behalf of the board with the most recent review taking place in October 2022.

* 1. The EIJB as a public body must ensure in exercising its functions:
		+ - 1. a. contribute to the delivery of Scotland’s climate change targets; (mitigation)
		1. b. help deliver any Scottish adaptation programme (adaptation)
		2. c. act in a way that it considers most sustainable (act sustainability)

The EIJB has no direct responsibility for the delivery of service, employs only two members of staff and has no delegated capital assets (buildings, fleet nor IT equipment) and as such has no responsibilities for complying with the climate change duties in these key areas. The Board does however have a responsibility to ensure compliance with the climate change duties in respect of the strategic and financial planning of delegated health and social care services. All public bodies must also prepare an annual report with the 2022 submission presented to the Performance and Delivery Committee on 30 November and was submitted to the Scottish Government on 30 November.

In April 2021, the EIJB adopted a complaints handling procedure based on the model complaints handling procedure designed by the Scottish Public Services Ombudsman and an annual report was presented to the Audit and Assurance Committee confirming that there has been no EIJB complaints in the last year.

In April 2021, the EIJB agreed a protocol for responding to consultations with those with a significant impact being approved by the Board and this is still in operation with a range of EIJB consultation responses submitted in 2022/23 (1 consultation response has been submitted).

An Annual Assurance Process is underway for the 2022/23 cycle which provides assurance on how effective the committees are operating to discharge their remits. All committee members are asked a range of questions, covering membership, training, induction. These are presented to committees for endorsement and then presented to Audit and Assurance Committee alongside the annual accounts.

In line with the CIPFA guidance 'Code of practice on managing the risk of fraud and corruption' the EIJB acknowledges its responsibility for ensuring that the risks associated with fraud and corruption are managed effectively across all parts of the organisation. To support this, we utilise the Council's fraud and corruption procedures and/or NHS Lothian fraud arrangements depending on where the spend/costs sit.

**Review of Effectiveness**

The EIJB has responsibility for reviewing the effectiveness of its governance arrangements, including its internal controls.

The pandemic extending into its third year has continued to have a significant impact on the EIJB the services it commissions. The cumulative impact and strain on resources and the increased demand on services has meant significant pressures for the EIJB to manage. Whilst this has had little impact on the governance of the EIJB, there has been significant pressures facing the Edinburgh Health and Social Care Partnership. This is seen particularly through increased demand for services, and an inability to recruit to key roles in the Partnership. This has resulted in the Audit and Assurance Committee escalating their risk rating regarding workforce to very high and included the Edinburgh Health and Social Care Partnership and the City of Edinburgh Council increasing their risk rating regarding support for vulnerable people to ‘critical’. A range of workstreams has been put in place to address these issues, however it will take time for these to impact and whole scale change is required to fully address the challenges.

Whilst there is good governance within the EIJB, there is a need to strengthen the relationship between EIJB and Council and NHS Lothian committees and clarity responsibility for the scrutiny of services. This will ensure a streamlined process of reporting and governance and provide a structure to ensure that services are adequately scrutinised and risks are managed.  Process improvements are also needed if a partner cannot deliver direction(s) and how this should be reported through the EIJB and/or partner bodies. This will be delivered through the 2023/24 cycle.

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 EIJB’s external auditor; and
* Reports by external, statutory inspection agencies.

The evidence of effectiveness from these sources includes:

* The EIJB good governance handbook, which is intended to be a live document that lays out the fundamentals of good governance for the EIJB. The handbook covers a wide range of sections and provides clarity on the role of the EIJB and the role of members. It also sets out the key principles of good governance and for example what good scrutiny looks like. This is an important document that shows that the EIJB is committed to good governance and sees the value in a robust and clear framework.
* The review of the EIJB’s governance arrangements to address weaknesses in scrutiny of performance and clarify the relationship between committees.
* An EIJB induction and further development opportunities are in place for all 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 September 2022 as per legislative requirements.
* 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 2022 agreed a budget with a budget deficit of £29.3m. This recognised that further savings had the potential to negatively impact on services, service users and staff. The board agreed that officers would work collaboratively to identify the means to address the gap. In December 2022 the Chief Finance Officer gave moderate assurance that there would be a break-even position for 2022/23. This suggests that this approach has been successful and there is considerable merit in adopting a longer-term strategic approach to savings. However, there is considerable risk in adopting unbalanced budgets from the outset and the success in year 2022/23 of this approach does not automatically lead to assurance that this will be repeated. The current financial position for 23/24 highlights an inital £47m budget gap and a medium term financial strategy (MTFS) is being developed to address this gap on a sustainable basis.
* The EIJB annually reviews its direction policy through its Performance and Delivery Committee. This review examines the directions agreed in the previous year and determines whether to retain, vary or close them. This allows a close monitoring of directions which are the primary method through which the EIJB instructs the City of Edinburgh Council and NHS Lothian to carry out the delegated functions.
* 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 August 2022 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 EIJB introduced risk cards in 2020, to simplify the risk management process, with risk cards now in place for all 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. Work has continued to enhance the risk cards and develop a risk appetite statement for the EIJB.
* The EIJB agreed in December 2021 to create a permanent programme and project management capability which will help ensure an experienced resource is available to manage the governance of major projects within the EIJB. Recruitment to this team on a permanent basis started throughout 2022/23.
* The Chief Officer and Executive Management Team continue to drive improvement in the number of internal management actions overdue by allocating additional resource to co-ordinate the implementation of EIJB management actions and this is delivering improvement with a significant number of management actions closed over 2022/23, with all historic overdue now closed. The previous Chief Internal Auditor observed an improving trend, but it was recognised that work was necessary to continue and sustain this improvement. Concern had been raised previously by the Audit and Assurance Committee over the number of historic actions, however, management had provided up to date positions on the risks and revised completion dates. Scrutiny is carried out at the Audit and Assurance Committee on internal audit actions on a quarterly basis.
* 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. This team whilst delivering significant change it was not established to meet all the financial challenges in the medium term. In March 2022, a new programme called the Innovation and Sustainability Programme was approved which seeks to develop an approach to evolve how to work with the staff and the people of Edinburgh to shape and reimagine the delivery of services. The programme aims to redesign systems to facilitate earlier interventions at lower costs and sustained outcomes supporting health and wellbeing. The first of the pipeline of proposals for this programme was considered by the board in 2022 .
* 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. The EIJB has reviewed the support resources it requires and has highlighted this in the risk register.
* 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 22, the Board via Audit and Assurance agreed its process for the Board assurance framework, reflecting on the learning from the 2021/22 process and this process is in train and will provide the EIJB with a level of assurance in relation to how effective the committees are in discharging their remit.
* The Care Inspectorate undertook an inspection of adult social work and social care services. The findings were published in March 2023 and these highlighted a number of areas that require improvement. An improvement plan is being developed and priority areas will be addressed in 23/24. The improvement plan will be reported to the EIJB in due course alongside partner governance committees.

**Last Year’s Actions**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Issue | Responsible Party | Progress |
| 1 | Innovation and Sustainability Programme – first set of proposals | Chief Officer | Initial project agreed by Board in Oct 2022 |
| 2 | Review of Board Assurance Framework  | Chief Officer | Completed in March 2023 |
| 3 | Agreement of risk management strategy | Chief Officer | Completed in Dec 2023 |
| 4 | Annual review of regulatory and legislative requirements | Chief Internal Auditor | Completed as part of the review of terms of reference |

**Further Improvement – Action Plan**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Issue | Responsible Party | Reporting date |
| 1 | Strengthen the governance arrangements between the EIJB and Council/NHS committee – ensuring a streamlined approach. | Operations Manager | March 2024 |
| 2 | Improve the process when a partner cannot deliver on directions, ensuring there is a clear process when it should be reported to the EIJB/partner organisations. | Service Director – Strategic Planning | March 2024 |
| 3 | Delivery of adult social work and social care improvement plan | Service Director – Operations | TBC |

**Certification**

As evidenced above, the EIJB continues to improve its governance structures, implementatng the committee structure, reviewing its consultation, communications, and risk management arrangements, and creating a more robust assurance framework. Whilst the recommendations presented by the Good Governance Institute have been implemented, there does require to be improvement made in how the EIJB interacts with its own committees as well as those of partner organisations. There is also further work required to improve the directions process, specifically when partners are unable to deliver a direction set by the EIJB. The Covid pandemic continued to put considerable pressure on the organisation and the services it is responsible for, but the governance arrangements helped it deliver and keep services running. However it is acknowledged that there are further improvements that can be made.

The EIJB is committed to good governance and continues to look at ways to improve how it operates and delivers services. The organisation continues to face considerable financial challenges and annually struggles to deliver a balanced budget with an unbalanced budget being set for three years in a row. Work is ongoing to address this through the medium term financial strategy, but the challenges are set to remain, and long-term financial sustainability will remain ambitious.

 **Katharina Kasper**

**Chief Officer Chair**

Xx 2023 xx 2023

# 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 2023**

|  |  |  |  |
| --- | --- | --- | --- |
| **2021/22** |  |  | **2022/23** |
| **Net Expenditure** |  |  | **Gross expenditure** | **Gross income** | **Net Expenditure** |
| **£000** |  | **Note** | **£000** | **£000** | **£000** |
|  | **Health Services** | 8 |  |  |  |
| 322,801 | Core services |  | 310,483 | 0 | 310,483 |
| 107,622 | Hosted services |  | 114,037 | 0 | 114,037 |
| 64,942 | Non-cash limited |  | 67,952 | 0 | 67,952 |
| 109,506 | Set aside services |  | 119,957 | 0 | 119,957 |
| 604,871 |  |  | 612,429 | 0 | 612,429 |
|  |  |  |  |  |  |
|  | **Social Care Services** | 8 |  |  |  |
| 188,684 | External purchasing |  | 215,434 | 0 | 215,434 |
| 29,866 | Care at home |  | 29,809 | 0 | 29,809 |
| 14,693 | Day services |  | 16,599 | 0 | 16,599 |
| 20,593 | Residential care |  | 21,001 | 0 | 21,001 |
| 15,140 | Social work assessment and care management |  | 15,485 | 0 | 15,485 |
| 423 | Corporate services |  | 420 | 0 | 420 |
| 7,094 | Other |  | 11,672 | 0 | 11,672 |
| 276,493 |  |  | 310,420 | 0 | 310,420 |
|  |  |  |  |  |  |
| 403 | Corporate services | 3 | 420 | 0 | 420 |
|  |  |  |  |  |  |
| **881,767** | **Cost of services** |  | **923,269** | **0** | **923,269** |
|  |  |  |  |  |  |
| **(938,516)** | **Taxation and non-specific grant income and expenditure** | 2 | **0** | **(865,143)** | **(865,143)** |
|  |  |  |  |  |  |
| **(56,749)** | **(Surplus)/Deficit on provision of services** |  | **923,269** | **(865,143)** | **58,126** |

# BALANCE SHEET

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

**BALANCE SHEET AS AT 31 MARCH 2023**

|  |  |  |  |
| --- | --- | --- | --- |
| **31/03/2022** |  | **Notes** | **31/03/2023** |
| **£000** |  |  | **£000** |
|  | **Current assets** |  |  |
| 82,201 | Short term debtors | 4 | 24,088 |
|  |  |  |  |
|  | **Current liabilities** |  |  |
| -42 | Short term creditors | 5 | -55 |
|  |  |  |  |
| **82,159** | **Net assets** |  | **24,033** |
|  |  |  |  |
| -82,159 | Usable reserves | MIRS  | -24,033 |
|  |  |  |  |
| **-82,159** | **Total reserves** |  | **-24,033** |

The unaudited annual accounts were authorised for issue by the Chief Finance Officer on xx 2023.

**Moira Pringle**

**Chief Finance Officer**

xx 2023

**MOVEMENT IN RESERVES STATEMENT**

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Notes** | **31/03/2023** | **31/03/2022** |
|  |  | **£000** | **£000** |
| **Usable reserves – General Fund brought forward** |  | -82,159 | -25,410 |
| Deficit/(surplus) on the provision of services |  | 58,126 | -56,749 |
| **Total comprehensive income and expenditure** |  | **-24,033** | **-56,749** |
|  |  |  |  |
| **Balance, as at 31 March, carried forward** | 9 | **-24,033** | **-82,159** |

# NOTES TO ACCOUNTS

# 1. ACCOUNTING POLICIES

**1.1 General Principles**

The Annual Accounts for the year ended 31 March 2023 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:

|  |  |  |
| --- | --- | --- |
|  | **31/03/2023** | **31/03/2022** |
|  | **£000** | **£000** |
| NHS Lothian | -583,493 | -677,166 |
| City of Edinburgh Council | -281,229 | -260,926 |
|  |  |  |
| **Total** | **-864,722** | **-938,092** |

Expenditure relating to the two parties was as follows;

|  |  |  |
| --- | --- | --- |
|  | **31/03/2023** | **31/03/2022** |
|  | **£000** | **£000** |
| NHS Lothian | 612,617 | 605,052 |
| City of Edinburgh Council | 310,197 | 276,258 |
|  |  |  |
| **Total** | **922,814** | **881,310** |

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

The related parties disclosure has been amended due to revision of prior year debtors note.

# 3. CORPORATE EXPENDITURE

|  |  |  |
| --- | --- | --- |
|  | **31/03/2023** | **31/03/2022** |
|  | **£000** | **£000** |
| Staff costs | 386 | 370 |
| Other fees | 3 | 3 |
| Audit fees | 31 | 30 |
| **Total** | **420** | **403** |

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 £0.743m (£0.725m 2021/22) have been provided.

# 4. SHORT TERM DEBTORS

|  |  |  |
| --- | --- | --- |
|  | **31/03/2023** | **31/03/2022** |
|  | **£000** | **£000** |
| NHS Lothian | 17,704 | 70,823 |
| City of Edinburgh Council | 6,384 | 11,378 |
| **Total** | **24,088** | **82,201** |

Classification of prior year debtor has been amended to more accurately reflect the position

# 5. SHORT TERM CREDITORS

|  |  |  |
| --- | --- | --- |
|  | **31/03/2023** | **31/03/2022** |
|  | **£000** | **£000** |
| Other bodies | -55 | -42 |
| **Total** | **-55** | **-42** |

# 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:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **2022/23 Actual Expenditure** | **2021/22** **Actual Expenditure** |
|  |  | **£000** | **£000** |
| **SERVICES PROVIDED BY NHS LOTHIAN** |  |  |
| **Core services** |  |  |
|  | Community hospitals | 13,444 | 12,489 |
|  | District nursing | 13,122 | 12,154 |
|  | General medical services | 98,617 | 94,619 |
|  | Prescribing | 84,224 | 80,885 |
|  | Primary care management | 24,694 | 82,310 |
|  | Primary care services | 13,819 | 11,859 |
|  | Other core services | 62,563 | 28,485 |
| **Total core services** | **310,483** | **322,801** |
|  |  |  |
| **Hosted services** |  |  |
|  | Mental health, substance misuse and learning disabilities | 53,794 | 48,474 |
|  | Other hosted services | 60,243 | 59,148 |
| **Total hosted services** | **114,037** | **107,622** |
|  |  |  |
| **Non- Cash Limited**  |  |  |
|  | Dental | 36,182 | 33,374 |
|  | Ophthalmology | 9,941 | 9,932 |
|  | Pharmacy | 21,829 | 21,636 |
| **Total Non-Cash Limited** | **67,952** | **64,942** |
|  |  |  |  |
| **Set aside services** |  |  |
|  | General medicine | 31,981 | 28,818 |
|  | Geriatric medicine | 20,506 | 17,935 |
|  | ED and minor injuries | 12,122 | 10,751 |
|  | Other set aside services | 55,348 | 52,002 |
| **Total set aside services** | **119,957** | **109,506** |
|  |  |  |  |
| **TOTAL SERVICES PROVIDED BY NHS LOTHIAN** | **612,429** | **604,871** |
|  |  |  |  |
| **SERVICES PROVIDED BY CITY OF EDINBURGH COUNCIL** |  |  |
|  | External purchasing | 215,434 | 188,684 |
|  | Care at home | 29,809 | 29,866 |
|  | Day services | 16,599 | 14,693 |
|  | Residential care | 21,001 | 20,593 |
|  | Social work assessment & care management | 15,485 | 15,140 |
|  | Other services provided by City of Edinburgh Council | 12,092 | 7,517 |
|  |  |  |  |
| **TOTAL SERVICES PROVIDED BY CITY OF EDINBURGH COUNCIL** | **310,420** | **276,493** |
|  |  |  |  |
| Corporate expenditure | 420 | 403 |
| **TOTAL ALL SERVICES** | **923,269** | **881,767** |

# 9. MOVEMENT IN RESERVES

|  |  |  |  |
| --- | --- | --- | --- |
|  | **01/04/2022** | **Movement** | **31/03/2023** |
|  | **£000** | **£000** | **£000** |
| *Earmarked reserves* |  |  |  |
| Covid and winter | 50,332 | (48,025) | 2,307 |
| Funding for specific initiatives | 13,029 | (2,437) | 10,592 |
| Other balances | 15,647 | (4,513) | 11,134 |
| **Sub total** | **79,008** | **(54,975)** | **24,033** |
| *General reserves* |  |  |  |
| Surplus for the year | 3,151 | (3,151) | 0 |
| **Total** | **82,159** | **58,126** | **24,033** |

# 10. FUNDING ANALYSIS

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

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

*To be completed following audit*