

# Edinburgh Integration Joint Board

**Annual Accounts 2021/22**

## Edinburgh Integration Joint Board - Annual Accounts 2021/22

The Annual Accounts of Edinburgh Integration Joint Board for the year ended 31 March 2022, 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 2022 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**

Integration Authorities were created to transform health and social care in response to the challenges faced across the system. Specifically, sustained real term reductions in funding, coupled with a demand for health and social care services projected to increase significantly and at a faster rate than the wider economy.

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:

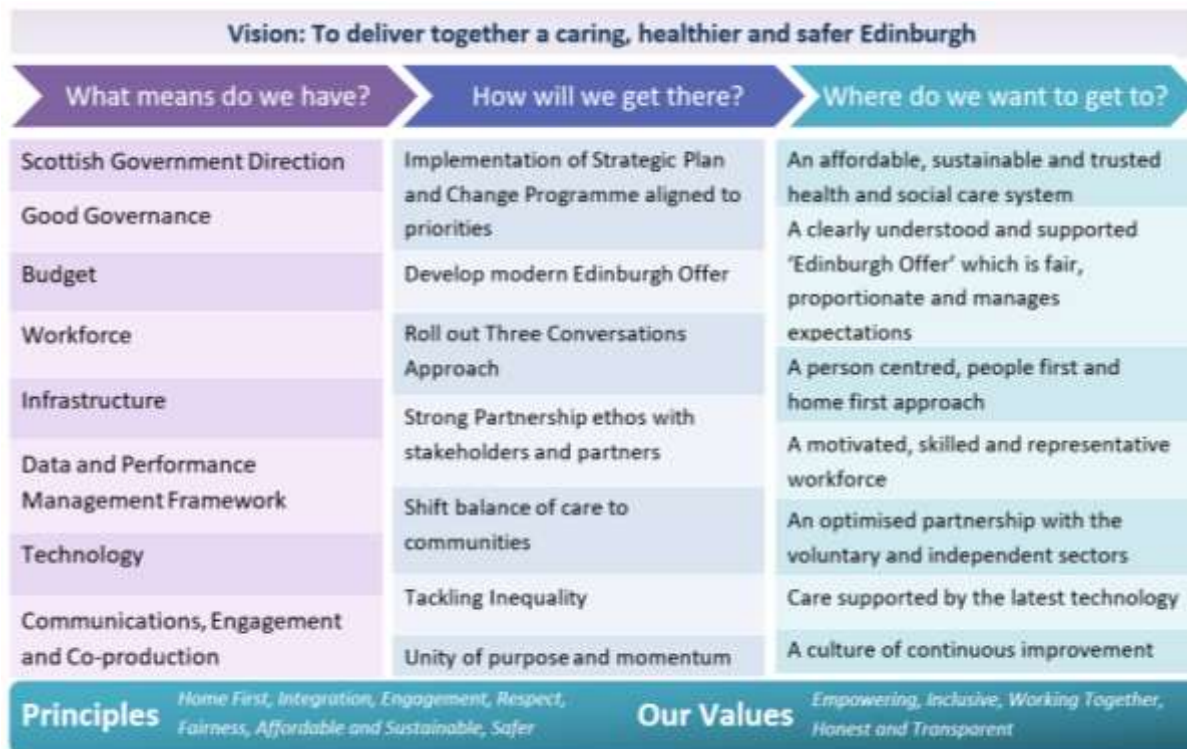
Adult social care	Community health	Hospital-based services
<ul style="list-style-type: none"> <li>• Assessment and care management including occupational therapy</li> <li>• Residential care</li> <li>• Extra-care housing and sheltered housing</li> <li>• Intermediate care</li> <li>• Supported housing – 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><i>* includes responsibility for those aged under 18</i></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 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](#) 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. The delivery of the programme has been supported by a dedicated team of project management professionals and was originally funded on a 2-year temporary basis.

We also recognise that the need for change and transformation is continuous. While transformation projects have delivered some key successes, we know that more is required to ensure that health and social care services in Edinburgh are sustainable in the longer term and fit for the future. We also recognise the need to adapt to the establishment of a new National Care Service and the introduction of Care Boards. With this in mind, we are now transitioning our transformation programme into a new “Innovation and Sustainability Portfolio”. This will bring 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.

The Innovation and Sustainability Portfolio encompasses some of the key projects which were initiated under the previous transformation programme and is also working to develop a pipeline of new projects and initiatives to address challenges and improve performance.

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 terms of much quicker response times and our ability to support people towards good outcomes without the need for formal, paid-for services. We will continue to roll out the approach more widely across our services, recognising the benefits for both our staff and the people we support.

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. We aim to embed the home first ethos, with a dedicated staff team, into our business as usual service by the end of 2022.

Significant work has been completed to develop an overarching, **bed based care strategy**. Phase 1 of the strategy was approved by the EIJB in October 2021 and focusses 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 provides 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. Phase 2 of this work will focus on redesigning models for mental health beds, specialist

inpatient rehabilitation and palliative and end-of-life care. A wide-ranging public consultation will be carried out in 2022, seeking views and input on future care models within the community.

We have completed an extensive engagement exercise to develop our **Edinburgh wellbeing pact** and are now moving towards the first stages of practical enactment 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. In parallel, we are transforming our models of internal home care, supported by the implementation of a new, fit-for-purpose scheduling tool to enable more efficient deployment of our workforce.

We have recently secured additional resource to begin to develop a comprehensive programme of **digital transformation**. This will align with the Scottish Government’s Digital Health and Social Care Strategy and 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.

Overarching it all, 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’.

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 next EIJB strategy is in development and will be published by March 2023.

## Operational overview

### Annual performance report

*(this section will be updated following completion of the first draft of the annual performance report)*

We will publish our sixth annual performance report at the end of October 2022, which will provide a review of the progress made during 2021/22 against our strategic plan 2019-22 and the ways that services responded to the pandemic. 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.

2021/22 has been another challenging year for the health and social care sector throughout Scotland and this has been felt across our services in Edinburgh.

Despite the success of the vaccine rollout, high infection rates and ongoing restrictions meant the Covid pandemic continued to affect our work. System pressures arising from staff shortages, increasing demand from residents with increasingly complex needs, and ongoing difficulties in recruitment made for a demanding year, but frontline staff once again delivered exceptional services to our most vulnerable residents.

Trend comparison of our performance remains difficult because of the extraordinary impact of the pandemic but we continued to perform well in some areas of the national indicators (NI) and faced challenges in relation to others. Of the 18 national indicators reported, we are in line with or compare favourably to the Scottish average in eleven indicators and are closing the gap in a further four. The main area of difference with the Scottish average is for delayed discharges (NI19), which has been affected by the significant issues with social

care capacity felt across the country, but particularly acutely in Edinburgh due to the demographics of the city. There was, however, a 12% drop in the rate of emergency readmissions to hospital within 28 days, an area of concern in previous years; and in line with our Home First approach, more adults with intensive care needs received care at home.

As ever, our thanks go to all our staff and partners for their dedication and hard work during the year, and to the unpaid carers that provide vital care and support to our most vulnerable citizens.

### **COVID-19 impact and response**

2021/22 was the second year of the pandemic and, as such, was another challenging year for the health and social care system as restrictions eased but covid cases remained high. This resulted in staff shortages, increasing demand from residents with increasingly complex needs, and ongoing difficulties in recruitment. These system pressures were also reflected nationally and, whilst many are not new, they have been exacerbated by the EU exit and the covid pandemic.

Since March 2021, we have seen both an increase in referrals for social care support, and an increasing number of people being assessed as requiring a service. This increase in demand resulted from people being de-conditioned (ie frailer, less confident) following periods of lockdown, family/unpaid carers who are exhausted having cared for people during the pandemic returning to work following the end of furlough, and a general build-up of demand emerging as messaging about services being 'open as usual' were released.

Coupled with this increasing demand for services, we were also faced with a decrease in care capacity available to support people, compounding an already challenging position. Decreasing capacity to deliver services resulted from:

- Loss of staff – to other industries and because of the exit from the EU
- Staff sickness absence and Covid-related absences
- Long-term challenges with recruitment to the social care sector.

Capacity within community care at home remained fragile. Many providers focused their limited resources on the delivery of essential visits only, working with families and carers to ensure that people's care needs were met. Several were unable to cope with their existing care commitments, therefore alternative care providers were sought. These factors impacted on our ability to meet demand, with increasing waitlists for social care assessment and provision, and an increase in people delayed while awaiting discharge from hospital.

As a result of these pressures being felt across the country, in early November 2021, the Scottish Government (SG) allocated additional funding of £300m across Scotland for the remainder of the financial year. Using our share of this funding, the IJB agreed a programme of investment, framed to reflect the priority areas identified by the SG as well as supporting sustainability beyond the immediate crisis.

## **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.

### **2021/22 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 2021/22 our financial plan (agreed by the board in March 2021) assumed funding from our partners totalling £692m and estimated costs for the year at £723m, giving an initial gap of £31m. To bridge this deficit, we agreed a savings and recovery programme of £19m and further mitigating actions totalling £3m, leaving a residual shortfall of £9m. 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. Our partners were supportive of this approach and committed to working with EIJB officers 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**

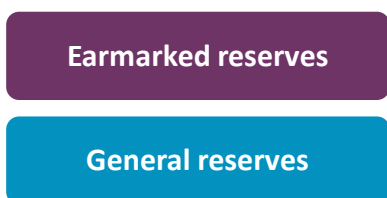
EIJB's financial performance for the year is presented in the comprehensive income and expenditure statement, which can be seen on page 29. The balance sheet (page 30) sets out the liabilities and assets at 31st March 2021.

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 £57.7m in the annual accounts, reflecting funds received during the year to support the continuing impact of the pandemic. In recognition of the backlog of demand and increasing unmet need and frailty of service users significant disruption to services caused by the pandemic, funding was received towards the end of the financial year which will offset costs in future years. All funding received during the year but not yet spent has been transferred to reserves, bringing our total reserves to £82.2m. The vast majority of these reserves is 'ring fenced' for specific purposes, with the balance of £3.2m being held in general reserve and the diagram below sets out the categorisation of these funds.



**Key**



For the third year in a row we have achieved financial balance without additional support from our partners at the City of Edinburgh Council and NHS Lothian. Overall, we incurred costs of £862m during the year, £42m of which were attributable to the pandemic which clearly had an impact on our finances. Of this, £31m was spent in services ran by the Council and £11m on those provided by NHS Lothian. Our costs were closely monitored during the year via the Local Mobilisation Plan (LMP) process established by the Scottish Government. This was the route by which returns were submitted, via NHS boards, setting out the additional costs of Covid across all health and social care services. In turn, funding was allocated based on these returns. Detailed in the table below are some of the initiatives and responses funded as a direct consequence of the pandemic:

	£k
Additional capacity	2,934
Hosted and set aside service costs	3,224
Loss of income	1,733
Net unmet savings	10,824
Other costs	1,832
Prescribing	2,008
Staffing and independent contractor costs	5,130
Sustainability payments	14,688
<b>Total net additional Covid costs</b>	<b>42,372</b>

Between funding carried forward from 2020/21 and additional monies provided by the Scottish Government we had a total pool of £87.3m to fund our covid related costs. Reflecting the fact that the financial impact of the pandemic and associated recovery will span across financial years, the Scottish Government has confirmed that any associated funding allocations which have not been fully used in 2021/22 should be carried forward to 2022/23. Accordingly we have transferred the balance to an earmarked reserve.

As described above the comprehensive income and expenditure statement is recording a surplus of £57.7m. Comparing the actual costs for the year to the delegated budget gives a much lower surplus of £3.2m. 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. As in previous years we have seen significant growth during 2021/22;
- **Medicines** prescribed by General Practitioners cost £80m in 2021/22. 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 largely mitigated this;
- 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
- Expenditure in **set aside services** which continues to be one of the main financial issues facing NHS delegated services.

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. The challenges in recruiting and retaining staff were discussed earlier in this management commentary and, given the impact on service delivery, operational staff continue to prioritise recruitment.

Our in year surplus of £3.2m has been transferred to a general reserve. It is clearly extremely positive that, for the third 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 Innovation and Sustainability Portfolio 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.

#### **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 last year's 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 £18m which we are unable to bridge on a sustainable basis. In spite of these challenges overall financial performance has improved in recent years. However, this 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 £750m 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. This premise underpins our Innovation and Sustainability Portfolio which will considers how the EIJB directs the totality of its resources in a manner which best serves the people of Edinburgh.

Innovation and Sustainability has a clear focus on delivering strategic change programmes and initiatives which focus on the achievement of this long-term sustainability for health and social care in Edinburgh. This includes financial sustainability and reimagining and redesigning services and systems to ensure we meet statutory and functional service requirements and ensure maximum efficiency (within the resources currently available to us), but it also involves work to ensure sustainability in relation to the future workforce and addressing care deficits.

## 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 board's attention.

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 also clearly associates their owners and controls to manage them. Twelve EIJB 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 2022 is included below:

ID	Risk	Sept (21) RAG	Feb (22) RAG	Target 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	High	Medium
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	High	Medium
1.3	Failure to deliver delegated services within available budgets leading to a requirement to revise the strategic plan.	High	High	High
1.4	Insufficient asset planning arrangements leading to failure or delays in delivering the strategic plan.	High	High	Medium
<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	High	Medium
2.2	Failure to deliver EIJB directions leading to a mismatch between workforce requirements and availability.	Very High	Very High	Medium
<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	Medium	Low
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	Medium	Low
3.3	EIJB infrastructure lacks the professional, administrative, and technical infrastructure to operate effectively leading to failures in governance, scrutiny, and performance arrangements.	High	High	Medium
3.4	Insufficient or poor-quality assurance from assurance providers to support effective delivery of their scrutiny responsibilities.	Medium	Medium	Low
3.5	Non-compliance with applicable legislative and regulatory requirements leading to legal breaches, fines and/or prosecution.	Low	Low	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	Low	Low

During 2021/22, we continued to enhance 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 also 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 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 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.

**Judith Proctor**  
Chief Officer

**Tim Pogson**  
Chair

**Moira Pringle**  
Chief Finance Officer

## **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

**Tim Pogson**  
**Chair of the Edinburgh Integration Joint Board**

### **Responsibilities of the Chief Finance Officer**

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

In preparing the financial statements I am responsible for:

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

I am also required to:

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

### **Statement of Accounts**

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Edinburgh Integration Joint Board at the reporting date, and its income and expenditure for the year ended 31 March 2022.

**Moir Pringle**  
**Chief Finance Officer**



## 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 2021 to March 2022 were:

S. Chandran ( <i>appointed 01/08/21</i> )	NHS	R. Aldridge	CEC
M. Hill ( <i>left 31/12/2021</i> )	NHS	P. Doggart	CEC
A. McCann (Vice Chair)	NHS	G. Gordon	CEC
N. McKenzie ( <i>appointed 07/04/21, left 30/07/21</i> )	NHS	R. Henderson (Chair)	CEC
P. Murray	NHS	M. Main	CEC
R. Williams	NHS		

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

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

Councillor Henderson was in receipt of additional remuneration in 2021/22 in relation to his duties for the EIJB as Chair of £16,281 (£15,626 2020/21). NHS Non-Executive Director A. McCann was in receipt of additional remuneration in 2021/22 relating to his duties for the EIJB as Vice-Chair of £9,687 (£8,842 2020/21). No allowances were paid to other voting members during the year.

The remuneration and pension benefits received by all voting members in 2021/22 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 2022, no expense claims were made in relation to work on the EIJB.

**Remuneration Paid to Senior Officers**

	<b>Year to 31/03/2022</b>			<b>Year to 31/03/2021</b>
	Salary, fees and allowances (£)	Total remuneration (£)	<i>Full Year Effect (£)</i>	Total remuneration (£)
J Proctor, EIJB Chief Officer	162,747	<b>162,747</b>	162,747	161,247
M Pringle, EIJB Chief Finance Officer	92,424	<b>92,424</b>	92,424	89,799

**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 2021/22 were as follows:

<u>Whole Time Pay</u>	<u>Contribution rate</u>
On earnings up to and including £22,300 (2020/21 £22,200)	5.50%
On earnings above £22,300 and up to £27,300 (2020/21 £22,200 to £27,100)	7.25%
On earnings above £27,300 and up to £37,400 (2020/21 £27,100 to £37,200)	8.50%
On earnings above £37,400 and up to £49,900 (2020/21 £37,200 to £49,600)	9.50%
On earnings above £49,900 (2020/21 £49,600)	12.00%

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

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

**NHS Pension Scheme (Scotland) 2015**

The NHS Board participates in the NHS Superannuation Scheme (Scotland). The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2016. This valuation informed an employer contribution rate from 1 April 2019 of 20.9% of pensionable pay and an anticipated yield of 9.6% employees' contributions. The NHS board has no liability for other employer's obligations to the multi-employer scheme. In 20 19/20 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings.

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

**Accrued Benefits**

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

The pension entitlements of senior officers and current voting members for the period to 31 March 2022 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.

	<b>Employer In-Year Contribution</b>			<b>Accrued Pension Benefits</b>	
	<b>For year to 31/03/22 £</b>	<b>For year to 31/03/21 £</b>		<b>As at 31/03/22 £000</b>	<b>Difference from 31/03/21 £000</b>
J Proctor, EIJB Chief Officer	36,830	36,764	Pension	8	2
			Lump Sum	0	0
M Pringle, EIJB Chief Finance Officer	19,358	18,768	Pension	33	3
			Lump Sum	63	2
R Henderson, Chair	7,919	7,633	Pension	9	1
			Lump Sum	2	0

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 Azets. Azets will review other sections of the report to ensure that they are consistent with the financial statements.

**Judith Proctor**  
**Chief Officer**

**Tim Pogson**  
**Chair**

## 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.

2021/22 followed an unprecedented year for the EIJB, responding to the Covid-19 pandemic and the bearing that has had on service delivery, resources and impact on the citizens of Edinburgh. The EIJB had to manage the considerable impact of the pandemic with the cumulative strains and pressures on resources caused by the pandemic response extending into its second 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.

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. This aimed to improve clarity on lines of accountability and reporting with a view to streamlining reporting arrangements. The committee model is 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 EIJB 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 delegated services.
- **Strategic Planning Group** – Monitors, reviews and reports to the Board on the strategy, plans and delivery of services delegated to the EIJB.

As part of its annual review, all committee terms of reference were reviewed by each of the committees in January/February 2022 and endorsed by the EIJB in 2022.

### 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 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 EIJB has a rolling action 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 is 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 and engagement strategy was agreed in June 2021 which aims 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.

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. The EIJB records management plan was submitted and signed off by the Keeper of Records in October 2021.

In August 2019 a Directions Policy was agreed and an annual review was undertaken by Performance and Delivery Committee in April 2021 and endorsed by EIJB in June 2021. The directions tracker is reviewed on a regular basis at Performance and Delivery Committee

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. It is reviewed annually by the Performance and Delivery Committee on behalf of the board with the most recent review taking place in 2021.

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 its internal controls.

The impact of the pandemic extending into its second year has continued to have a significant impact on the EIJB and its services. The cumulative impact and strain on resources and the increased demand on services has meant significant pressures for the EIJB to manage. The impact on governance has reduced compared to 2020-21 but a report in October 2021 highlighted the pressures on the system and in particular social care. This 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 in regard to support for vulnerable people to 'critical'. These pressures and the need to prioritise operational management resulted in a suspension of committee meetings and the pausing of some work including some audit work and performance management over the winter of 21/22. The increased pressures also required the Health and Social Care Partnership Incident Management Team to return to daily meetings to manage the crisis. Despite this pause, the EIJB's governance has managed to operate successfully throughout the pandemic and its urgency provisions and operational management provisions covered the gap caused by the prioritisation of services dealing with the concurrent pressures of Covid and the annual impact of winter.

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 in June 2021 approved a governance handbook. This was developed by Board members and supported by the Good Governance Institute. It 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 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 October 2021 as per legislative requirements, though the scope of this report was affected by the pandemic and there was an increased focus on how services were delivered through Covid.
- 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. This recognised that further savings had the potential to negatively impact on services, service users and staff. The EIJB agreed that officers would work collaboratively to identify the means to address the gap. The Chief Finance Officer gave assurance that there would be a break-even position for 21/22. This suggests that this approach has been successful and there is considerable merit in trying to avoid "salami slicing" and 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 21/22 of this approach does not automatically lead to assurance that this will be repeated.
- 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.
- In August 2021 the EIJB agreed a revised set of Financial Regulations that were more tailored to the requirements of the EIJB.
- 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 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.
- *Comment on Internal Audit opinion to be included when received.*
- The EIJB developed a new tool in September 2020 and continues to be developed to simplify the risk management process, with risk profile cards now completed for all risks in March 2022. 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 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. This is building on the establishment of a temporary team that had been put in place.
- 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 2021/22. The 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 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.
- 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 learnt exercise was launched in April 2020 which informed a review of the programme. The transformation programme has delivered significant change but was not designed 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 is to be considered by the end of quarter two 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. 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 approach produces a robust foundation to enable self-improvement and ensure a more efficient and effective committee structure beneath the EIJB. The process for the 2021/22 board assurance framework was changed to reflect the learning from the 2020/21 process and this was endorsed by the Audit and Assurance Committee and EIJB in March 2022. It was agreed in March 2022 to allow the revised framework to run for one more assurance cycle and then for Internal Audit to review its effectiveness.

#### Last Year's Actions

	Issue	Responsible Party	Progress
1	Workforce Strategy	Chief Officer	Completed
2	Review of Integration Scheme	Chief Officer	Out for consultation
3	Creation of Governance Handbook to support the EIJB and its members	Chief Officer	Completed
4	Principles to govern the relationship between the Council, NHS Lothian and IJB respective audit committees	Chief Internal Auditor	Completed

#### Further Improvement – Action Plan

	Issue	Responsible Party	Reporting date
1	Innovation and Sustainability Programme – first set of proposals	Chief Officer	September 2022
2	Review of Board Assurance Framework	Chief Officer	December 2022
3	Agreement of risk management strategy	Chief Finance Officer	December 2022
4	Annual review of regulatory and legislative requirements	Chief Finance Officer	December 2022
5	Continue to address EIJB management actions	Chief Officer	March 2023

#### 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

creating a more robust assurance framework. Many of the weaknesses identified in the EIJB's governance have been addressed. The Covid-19 pandemic has put considerable pressure on the organisation and the services it is responsible for, but its governance has helped it deliver and keep services running successfully. The EIJB is committed to good governance and the Chief Officer, and the Board continue to drive self-reflection and improvement in how the EIJB operates and delivers services. The EIJB continues to face considerable financial challenges and annually struggles to deliver a balanced budget with an unbalanced budget being set for two years in a row. 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**

**Tim Pogson**  
**Chair**

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

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

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2022**

<b>2020/21</b>		<b>Note</b>	<b>2021/22</b>		
<b>Net Expenditure</b>			<b>Gross expenditure</b>	<b>Gross income</b>	<b>Net Expenditure</b>
<b>£000</b>			<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>Health Services</b>	<b>8</b>			
327,922	Core services		303,442	0	303,442
106,129	Hosted services		107,622	0	107,622
62,856	Non-cash limited		64,942	0	64,942
100,754	Set aside services		109,506	0	109,506
597,661			585,512	0	585,512
	<b>Social Care Services</b>	<b>8</b>			
164,867	External purchasing		188,684	0	188,684
28,498	Care at home		29,866	0	29,866
14,161	Day services		14,693	0	14,693
19,801	Residential care		20,593	0	20,593
14,662	Social work assessment and care management		15,140	0	15,140
438	Corporate services		423	0	423
9,571	Other		7,094	0	7,094
251,998			276,493	0	276,493
395	Corporate services	<b>3</b>	403	0	403
<b>850,054</b>	<b>Cost of services</b>		<b>862,408</b>	<b>0</b>	<b>862,408</b>
<b>(872,298)</b>	<b>Taxation and non-specific grant income and expenditure</b>	<b>2</b>	<b>0</b>	<b>(919,157)</b>	<b>(919,157)</b>
<b>(22,244)</b>	<b>(Surplus)/Deficit on provision of services</b>		<b>862,408</b>	<b>(919,157)</b>	<b>(56,749)</b>

## BALANCE SHEET

*The Balance Sheet shows the value, as at 31 March 2022, 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 2022

31/03/2021		Notes	31/03/2022
£000			£000
	<b>Current assets</b>		
25,440	Short term debtors	4	82,201
	<b>Current liabilities</b>		
-30	Short term creditors	5	-42
<b>25,410</b>	<b>Net assets</b>		<b>82,159</b>
-25,410	Usable reserves	MIRS	-82,159
<b>-25,410</b>	<b>Total reserves</b>		<b>-82,159</b>

The unaudited annual accounts were authorised for issue by the Chief Finance Officer on 24<sup>th</sup> June 2022.

**Moir Pringle**  
Chief Finance Officer

## MOVEMENT IN RESERVES

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

	31/03/2022	31/03/2021
	£000	£000
<b>Usable reserves – General Fund brought forward</b>	-25,410	-3,166
Deficit/(surplus) on the provision of services	-56,749	-22,244
<b>Total comprehensive income and expenditure</b>	<b>-82,159</b>	<b>-25,410</b>
<b>Balance, as at 31 March, carried forward</b>	<b>-82,159</b>	<b>-25,410</b>

## NOTES TO ACCOUNTS

### 1. ACCOUNTING POLICIES

#### 1.1 General Principles

The Annual Accounts for the year ended 31 March 2022 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:

	31/03/2022	31/03/2021
	£000	£000
NHS Lothian	-657,807	-621,834
City of Edinburgh Council	-260,927	-250,027
<b>Total</b>	<b>-918,734</b>	<b>-871,861</b>

Expenditure relating to the two parties was as follows;

	31/03/2022	31/03/2021
	£000	£000
NHS Lothian	585,693	597,839
City of Edinburgh Council	276,259	251,744
<b>Total</b>	<b>861,952</b>	<b>849,583</b>

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

## 3. CORPORATE EXPENDITURE

	31/03/2022	31/03/2021
	£000	£000
Staff costs	370	362
Other fees	3	3
Audit fees	30	30
<b>Total</b>	<b>403</b>	<b>395</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 £0.725m (£0.727m 2020/21) have been provided.

#### 4. SHORT TERM DEBTORS

	31/03/2022	31/03/2021
	£000	£000
NHS Lothian	70,823	22,704
City of Edinburgh Council	11,378	2,736
<b>Total</b>	<b>82,201</b>	<b>25,440</b>

#### 5. SHORT TERM CREDITORS

	31/03/2022	31/03/2021
	£000	£000
Other bodies	-42	-30
<b>Total</b>	<b>-42</b>	<b>-30</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:

	2021/22 Actual Expenditure £000	2020/21 Actual Expenditure £000
<b>SERVICES PROVIDED BY NHS Lothian</b>		
<b>Core services</b>		
Community hospitals	12,489	12,699
District nursing	12,154	11,750
General medical services	94,619	90,106
Prescribing	80,884	79,071
Primary care management	64,150	90,571
Primary care services	10,129	12,385
Other core services	29,017	31,340
<b>Total core services</b>	<b>303,442</b>	<b>327,922</b>
<b>Hosted services</b>		
Mental health, substance misuse and learning disabilities	48,474	46,710
Other hosted services	59,148	59,419
<b>Total hosted services</b>	<b>107,622</b>	<b>106,129</b>
<b>Non- Cash Limited</b>		
Dental	33,374	32,412
Ophthalmology	9,932	9,720
Pharmacy	21,636	20,724
<b>Total Non-Cash Limited</b>	<b>64,942</b>	<b>62,856</b>
<b>Set aside services</b>		
General medicine	28,818	26,103
Geriatric medicine	17,935	16,234
Junior medical	0	3,460
ED and minor injuries	10,751	0
Other set aside services	52,002	54,957
<b>Total set aside services</b>	<b>109,506</b>	<b>109,754</b>
<b>TOTAL SERVICES PROVIDED BY NHS Lothian</b>	<b>585,512</b>	<b>597,661</b>
<b>SERVICES PROVIDED BY City of Edinburgh Council</b>		
External purchasing	188,684	164,867
Care at home	29,866	28,498
Day services	14,693	14,161
Residential care	20,593	19,801
Social work assessment & care management	15,140	14,662
Other services provided by City of Edinburgh Council	7,517	10,009
<b>TOTAL SERVICES PROVIDED BY City of Edinburgh Council</b>	<b>276,493</b>	<b>251,998</b>
Corporate expenditure	403	395
<b>TOTAL ALL SERVICES</b>	<b>862,408</b>	<b>850,054</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

*To follow*

██████████, (for and on behalf of Azets Audit Services)  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL  
Date: