

Integration Joint Board 25th August 2022

Subject :	2021/22 Audited Annual Accounts
Purpose :	The Board is required to approve the audited annual accounts for 2021-22 for issue by 30 September 2022 and to consider the report from External Audit.
Recommendation :	That the Board: (a) Note that Deloitte LLP have completed their audit of the annual accounts for 2021-22 and have issued an unqualified independent report auditor's report; and (b) Approve the Audited Annual Accounts to be signed for issue.

Direction Required to Council, Health Board or Both <i>(where Directions are required please complete Directions Template)</i>	Direction to :-	
	1. No Direction Required	x
	2. North Ayrshire Council	
	3. NHS Ayrshire & Arran	
	4. North Ayrshire Council and NHS Ayrshire & Arran	

Glossary of Terms	
NHS AA	NHS Ayrshire and Arran
HSCP	Health and Social Care Partnership

1.	EXECUTIVE SUMMARY
1.1	The Integration Joint Board (IJB) was required to produce a set of annual accounts for 2021-22. These accounts were produced within the statutory timescale and have been subject to independent audit by the Integration Joint Board's external auditors, Deloitte LLP.
1.2	The external auditor is required to report on certain matters arising to those charged with governance in sufficient time to enable appropriate action to be taken before the financial statements are approved and certified. The audit process has been completed and Deloitte LLP have issued an unqualified independent auditor's report.
1.3	The Audited Annual Accounts require to be approved by the IJB prior to 30 September 2022. As part of the independent audit there were some minor changes required, these were mainly presentational and to provide additional information or clarification and there are no changes to the overall financial position reported to the Performance

	and Audit Committee in June. Deloitte LLP's External Audit Annual Audit Report includes the findings of the audit.
2.	BACKGROUND
2.1	The Integration Joint Board is subject to the audit and accounts provisions of a body under section 106 of the Local Authority Government (Scotland) Act 1973. This requires annual accounts to be prepared with the reporting requirements specified in the relevant legislation and regulations. The requirements are proportionate to the number of transactions of the Integration Joint Board whilst complying with the requirement for transparency and true and fair reporting in the public sector.
2.2	The audited annual accounts have been prepared in accordance with the Code of Practice on Accounting for Local Authorities in the United Kingdom 2021-22. Additional guidance was issued by the Scottish Government Integrated Resources Advisory Group (IRAG) and CIPFA LASAAC and this guidance has been followed to produce the unaudited accounts. In addition, support was provided by CIPFA and Audit Scotland to ensure a consistency of approach and shared best practice across Integration Joint Boards.
2.3	The Audited Annual Accounts for 2021-22 are included as Appendix 1, these incorporate the independent auditors report. Deloitte LLP are able to conclude that the Integration Joint Board's accounts present a true and fair view of the IJB's financial position.
2.4	Appendix 2 includes a letter of representation signed by the Chief Finance Officer (NAHSCP) as responsible officer for North Ayrshire Health and Social Care Partnership. Deloitte LLP's External Audit Annual Audit Report to members, which summarises the findings of the audit is a separate item on the agenda.
2.5	Deloitte LLP have given an unqualified opinion that the 2021-22 financial statements give a true and fair view of the financial position and expenditure and income of the IJB for the year, concluding that the accounts have been properly prepared in accordance with relevant legislation, applicable accounting standards and other reporting requirements. During the audit, minor amendments were required around the presentation of the prior year adjustment in respect of the £500 Covid 'thank you' payments which was reported to the IJB through the financial monitoring reports in 2021-22 and in the remuneration report. The overall financial position remains as reported to the Performance and Audit Committee in June 2022.
2.6	The Integration Joint Board are required to formally approve the Audited Annual Accounts prior to 30 September 2022 and thereafter they will be published on the partnership website.

3.	PROPOSALS
3.1	<p>The Board is invited to:</p> <p>(a) note that Deloitte LLP have completed their audit of the annual accounts for 2020-21 and have issued an unqualified independent auditor's report; and</p> <p>(b) approve the Audited Annual Accounts to be signed for issue.</p>
3.2	<p><u>Anticipated Outcomes</u></p> <p>The annual accounts are a key statutory reporting requirement and can be a useful way to join up financial and service delivery performance information in a readily available public document, the IJB has a statutory responsibility to approve the Audited Accounts for issue by 30 September 2022.</p>
3.3	<p><u>Measuring Impact</u></p> <p>Progress against the recommendations will be reviewed by the Performance and Audit Committee during 2022-23.</p>
4.	IMPLICATIONS
4.1	<p><u>Financial</u></p> <p>The IJB are required to consider and approved the Audited Annual Accounts for 2021-22 by 30 September 2022.</p>
4.2	<p><u>Human Resources</u></p> <p>None.</p>
4.3	<p><u>Legal</u></p> <p>None.</p>
4.4	<p><u>Equality/Socio-Economic</u></p> <p>None.</p>
4.5	<p><u>Risk</u></p> <p>The report falls in line with the agreed risk appetite statement which is a low-risk appetite in respect to adherence to standing financial instructions, financial controls and financial statutory duties and a high-risk appetite in relation to finance and value for money.</p>
4.6	<p><u>Community Wealth Building</u></p> <p>None.</p>
4.7	<p><u>Key Priorities</u></p> <p>None.</p>

5.	CONSULTATION
5.1	<p>The unaudited annual accounts were advertised and made publicly available for inspection; the audited accounts will require to be published by 30 September 2022. There were no objections noted from the public inspection.</p> <p>The Chief Officer and other officers of the IJB have been consulted during the audit process.</p>

Caroline Cameron
Director, Health and Social Care Partnership

For more information please contact Paul Doak, Head of Service (Finance and Transformation) (pdoak@north-ayrshire.gov.uk) or Eleanor Currie (Principal Manager, Finance) (eleanorcurrie@north-ayrshire.gov.uk)

Appendices

- Appendix 1, Audited Annual Accounts 2021-22
 - Appendix 2, Letter of representation

North Ayrshire Integration Joint Board



**Annual Accounts for Period
Ending 31 March 2022**



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Management commentary

This publication contains the Annual Accounts of North Ayrshire Integration Joint Board (IJB) for the period ended 31 March 2022.

The Management Commentary outlines the key messages in relation to the IJB's financial planning and performance for the period 2021-22 and how this has supported delivery of the IJB's strategic priorities. This commentary also looks forward, outlining the future financial plans for the IJB and the challenges and risks that we will face as we strive to remobilise services following the Covid19 pandemic whilst continuing to meet the needs of the people of North Ayrshire.

North Ayrshire IJB

Each of the three Ayrshire health and social care partnerships established their Integration Joint Boards on 1 April 2015. The IJB's purpose is to improve the health and wellbeing of local people, create support within our communities and deliver joined-up care pathways for people who use health and social care services, particularly those who have complex care needs.

North Ayrshire Health and Social Care Partnership (NAHSCP/the Partnership) is the name given to the service delivery organisation for functions which have been delegated to the IJB.

Reflecting on the impact of the pandemic, the IJB approved the creation of a one-year bridging plan to 31 March 2022. As part of this approach the IJB agreed to continue with the key partnership vision and five strategic priorities for North Ayrshire Health and Social Care until 31 March 2022.

The Partnership's vision is:

'All people who live in North Ayrshire are able to have a safe, healthy and active life'

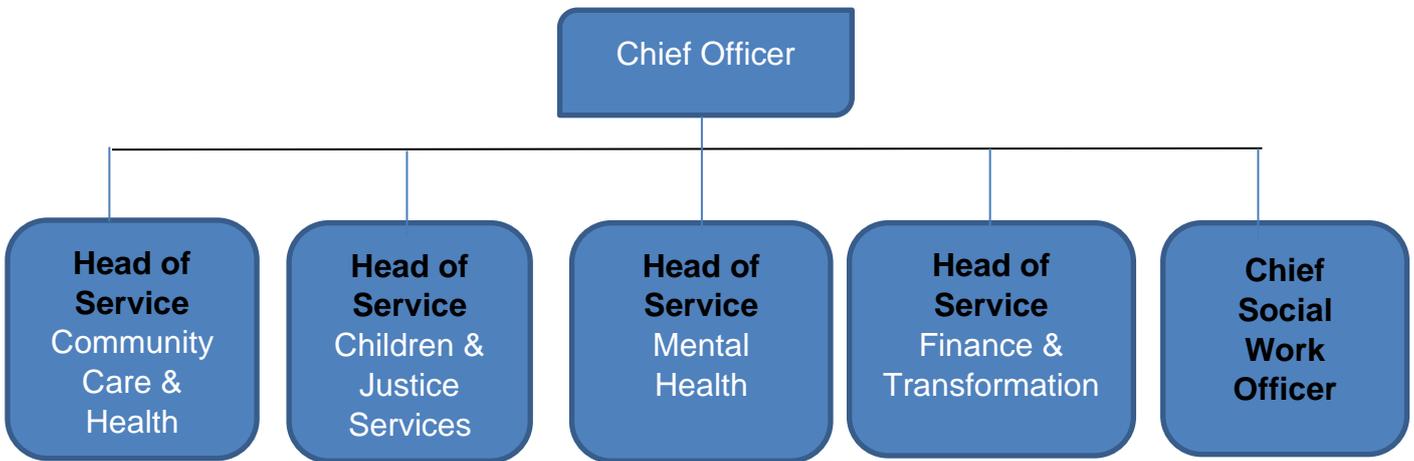
This vision is supported by five strategic priorities:



*NAHSCP
Priorities*

North Ayrshire Council and NHS Ayrshire and Arran delegate responsibility for the planning of services to the IJB. The IJB commissions services from North Ayrshire Council and NHS Ayrshire and Arran and is responsible for the operational oversight of integrated services. The IJB Chief Officer is responsible for the operational management of integrated services.

The Chief Officer is supported by heads of service for each service area, the Chief Finance and Transformation Officer, the Chief Social Work Officer and the wider partnership management team.



NAHSCP structure

In March 2021, we published our Bridging Strategic Commissioning Plan. This one-year plan was launched to maintain a clear strategic vision during the pandemic period and ensure that North Ayrshire HSCP continued to meet its statutory obligations.

The Bridging Plan set out our pandemic recovery and renewal priorities, highlighting our strategic and operational intentions as we met the on-going challenge of Covid 19. It also demonstrated our alignment with key local partners, including the North Ayrshire Community Planning Partnership, North Ayrshire Council and NHS Ayrshire and Arran.

Our bridging plan set out the foundation of ‘Caring Together’, the HSCPs long-term Strategic Commissioning plan 2022-2030. The networks and methods established to produce the bridging plan were also employed to develop the longer-term strategy. Key members of the Strategic Planning Group and other stakeholders were actively involved in the writing group, promoting engagement across their networks and providing invaluable information and insight.

In October 2020 we launched the North Ayrshire Wellbeing Conversation to help inform both our one-year bridging plan and our longer-term strategy. This online engagement approach ran for 18 months and attracted 727 responses. As well as providing insights into the health and wellbeing approaches of North Ayrshire residents, it also helped us to identify volunteers to join the North Ayrshire ‘Care Improvement Network’, a new flexible approach to engagement.

Through the development of ‘Caring Together’, we revised the HSCPs strategic priorities. From April 2022, the HSCP will seek to:

- Enable Communities
- Develop and Support our Workforce
- Provide Early and Effective Support
- Improve Mental and Physical Health and Wellbeing
- Tackle Inequalities

The plan identifies a number of key ambitions against each of these priorities, underpinning our vision for health and social care services in the future.

Delivery of the plan will be facilitated by a number of key enablers, including the Medium-Term Financial Outlook, Transformation Plan, and Participation and Engagement Strategy.

The plan is supported by a number of key strategic actions which are each aligned to a strategic priority and service ambitions. These actions will form part of the HSCPs performance reviews going forward.

Further implementation of the strategic plan is key for the Partnership to achieve the nine National Health and Wellbeing Outcomes as set by the Scottish Government.

More information about the Strategic Plan 2022-30 can be found at:

<http://nahscp.org/wp-content/uploads/2022/04/Caring-Together-NAHSCP-Strategic-Commissioning-Plan-2022-2030-PDF.pdf>

North Ayrshire Today

North Ayrshire is home to 134,250 people and covers an area of 340 square miles and includes the islands of Arran, Great Cumbrae and Little Cumbrae.

The local population is expected to fall over the next 8 years, and we expect that there will be fewer people aged 65 and under, reducing the number of working age adults. By 2030, we expect the local population to fall to 129,987 with those 65 and over accounting for more 27% of the local population. Between 2022 and 2030, the percentage of the adult (18-64) population will fall from 57% to 53%.

Of further concern is the growth in those over 75 years. By 2030, the local population of people 75 and over will grow by 16%, to 16,905 (from 14,546 in 2022). In contrast, those aged 65 to 74, will increase by 11%, to 19,207.

Currently, 27% of local people are known to have some form of long-term condition. It is recognised that the prevalence of people with a long-term condition increases by age. For example, only 1.7 people in every 10 under the age of 65 has a long-term condition, whereas 8.2 people in every 10 over the age of 85 has a condition.

In contrast to the growth in the older population, the life expectancy figures for North Ayrshire have dropped in recent years. At the most recent reporting period (2020), female life expectancy was 80.1 years, compared to 80.8 in 2015), and male life expectancy was 75.3 years compared to 76.1. For both females and males, life expectancy is lower when compared to the Scottish Average.

Healthy life expectancy for men North Ayrshire has increased in recent years. However, we see a decreasing trend for women. In the latest time-period available (2018-2020 3-year aggregate), the average healthy life expectancy in North Ayrshire was 58.5 years for men and 56.3 years for women in 2017-2019. When compared against life expectancy, this suggests, that while women will generally live longer than men, they will spend a greater proportion of their life in ill health. In 2019, men could expect to live 23% of their life in ill health, compared to 30% for women.

The Scottish Index of Multiple Deprivation (SIMD) 2020, reports that 74 of North Ayrshire's 186 data-zone areas are ranked in the top 20% for levels of deprivation. As such, 41% of North Ayrshire residents live in areas identified as amongst the most deprived in Scotland. This equates to almost 56,000 people locally living in areas of relatively high deprivation.

Between October 2020 and September 2021, the employment level in North Ayrshire was reported at 66.3%, the lowest in Scotland (Scottish figure was 72.9%). Over the same period, North Ayrshire also reported an unemployment level of 5.3%, the second highest in Scotland and above the Scottish figure of 3.5%. Again, over the same period, North Ayrshire reported 29.7% of local people as economically inactive, again higher than the Scottish figure of 23.5%.

Overall, there are 23,300 economically inactive people in North Ayrshire and 57,500 economically active people. This means that there are roughly two economically inactive people for every five economically active people.

North Ayrshire's overall benefit claimant count (16-64 years) in February 2022 was 5.2%, which is below pre-Covid19 levels. The Scottish rate for the same period was 3.9%.

Over the same period, the youth claimant count (those aged 16-24) was 5.8%. Again, below pre-Covid 19 levels. However, North Ayrshire is higher than the Scottish figure of 3.9% for this measure.

According to the ONS Business Register and Employment Survey data, in 2020 there were approximately 41,000 total employments in North Ayrshire. The top three employing sectors were:

- Wholesale, retail trade, and vehicle repair: 7,000 employments
- Health and social work: 6,000 employments
- Manufacturing: 4,500 employments

For those in employment, North Ayrshire reported 11.7% of the local workforce earning less than the real living wage. However, this compares favourably to the Scottish rate of 14.4%.

Gross weekly pay for North Ayrshire residents in 2021 was £626, but gross weekly pay for people working in North Ayrshire was £597 – the Scottish rate for both figures was £622.

A snapshot of achievements during 2021-22

Tackling Inequalities

- **Employability and Skills Programme** - Delivered in partnership with Connected Communities, our 12-week employability and skills programme is aimed at parents/carers supported by North Ayrshire HSCP Rosemount service. The course covered basic IT skills, advice on health and wellbeing, getting outdoors, building confidence, setting goals, and getting connected in the local community. Our aim was to mitigate the impact of the Covid 19 pandemic on the job market, by giving parents/carers skills that could lead to opportunities for employment, training or education.
- **Active, Connected, Included** - As part of the delivery of the Community Mental Health and Wellbeing fund by Arran CVS (a partner in the North Ayrshire Third Sector Interface), staff from the Learning Disability Service promoted the circulation of the Active, Connected, Included resource. This resource was developed by the Scottish Commission for Learning Disability (SCLD) with the aim of it supporting individuals and communities to think broadly about accessibility, and how inclusive our communities are. With the support of SCLD, all those 57 successful applicants to the Communities Mental Health and Wellbeing fund were provided with a hard copy of the resource and encouraged to use it to look more closely at the accessibility and inclusivity of their opportunities.
- **Improved Financial Advice and Support** - The pandemic and lockdown periods have only served to heighten people's financial concerns. To help address this, the Community Link Worker Service is working closely with our Money Matters team to embed the service into 9 GP practices in the more deprived areas across North Ayrshire. This new approach will provide greater levels of access to financial support services for people across Ayrshire.



Engaging Communities

- **Flexible support approaches** - Due to restrictions placing limitations on physical visits and appointments, delivering traditional 'clinic based' services was limited. In response to this many services offered a range of blended support options, making best use of available communications technology, such as 'Near Me' (video consulting software) in medical practices, telephone support, and where safe to do so, home visits. The blended approaches have helped us to continue delivering vital health and social care services during a very challenging period, allowing us to keep in contact with service users and also offering much needed emotional support and guidance.
- **Family Centred Wellbeing Service** - we developed our Family Centred Wellbeing Service, with a vision that: *'We aim to work alongside families in a flexible, collaborative way, to empower them to use their own unique strengths to flourish'*.



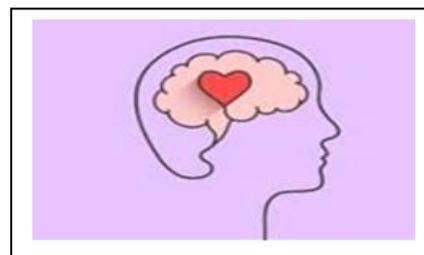
Parents/carers, children and young people and professionals recognised that there was a gap in early intervention family support in North Ayrshire. North Ayrshire already has a key focus on positive relationships, nurturing approaches and positive mental health and wellbeing as part of its approach to supporting children and young people. By developing this service, we will build a sustainable, multiagency, holistic, strengths focussed, community-based assessment and support service for families, building on the wealth of skills within North Ayrshire HSCP and the Communities and Education Directorate.

- **Neighbourhood Networks** - The Learning Disability Service, with the support of the Partnership, commissioned Neighbourhood Networks to work in the Garnock Valley, connecting people with learning disabilities with peers and new opportunities within their communities. Over the course of 2021, Neighbourhood Networks supported its members to connect with others and develop new skills.

Their success in this led to a second network being commissioned in the Garnock Valley, but with a broader remit: as well as supporting people with learning disabilities, they would also support those experiencing mental health issues. Following on from this, 4 additional networks were commissioned, 2 operating in Stevenston, and 2 in Largs.

Improving Mental Health and Wellbeing

- **Partnership working to improve Mental Health Supports in the community-** In response to the shared locality priority of improving mental health and wellbeing support by all HSCP locality planning forums and CPP Locality Partnerships, working groups have been created in both Irvine and Garnock Valley localities to identify joint actions and solutions. These groups include representation from the HSCP, Community Link Work Service, NHS Public Health, Connected Communities Service, and partners from Third Sector Organisations.



These groups aim to consider the current gaps in mental health and wellbeing supports for local people and work together to develop shared solutions and opportunities. A positive example is the development of a community drop-in service to provide advice and support to people in the Garnock Valley. This service has been jointly designed with local people, Turning Point, Connected Communities, and the Alcohol and Drug Partnership Prevention Early Intervention and Recovery (ADP PEAR) service.

Both the Garnock Valley and Irvine groups are undertaking a mapping exercise of locally available mental health and wellbeing supports. When completed, this information will be shared across all partnership networks and be made readily available to the public.

- **Partnership working with the TSI: Scottish Government Communities Mental Health Fund** - as part of the Scottish Government's Recovery and Renewal Fund, funding was allocated to North Ayrshire to support community-based initiatives that promote and develop good mental health and wellbeing within the adult population. The North Ayrshire Third Sector Interface led the local fund initiative, with NAHSCP supporting the planning, process design, communication and implementation along with others.

As well as aligning with our Locality priorities, our strategic priorities and CPP Locality priorities, the Fund aims also overlapped with our longer-term strategic response to Scottish Government's Mental Health Strategy. To help ensure greatest relevance to the needs of North-Ayrshire, the TSI used the LPF and CPP Locality priorities in the communications, process design and project assessments.

- **Support for expectant and new mums in North Ayrshire** – expansion to the early intervention Perinatal Mental Health team. The service ensures all expectant and new mums in North Ayrshire, who may be experiencing mild to moderate mental health difficulties, can be offered early support. The team accept requests for assistance from community midwives and health visitors in all areas of North Ayrshire and from GPs and Mental Health Practitioners in Kilwinning and Irvine. To date, and since 2018, 324 women have been supported.
- **Young Person's Suicide Support Pathway**- to help support those at risk, the North Ayrshire Young People's Suicide Taskforce have implemented the Young Person's Suicide Support Pathway within our Service Access team. The pathway sets out a clear process for Service Access staff to follow when a young person is referred following an attempted suicide or significant self-harm attempt.

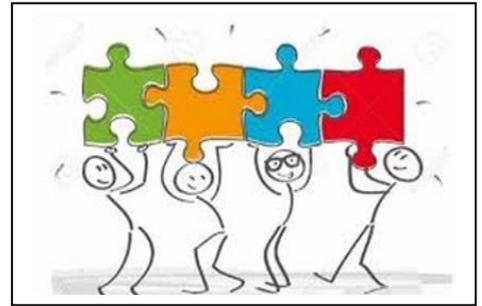
The pathway is open to all young people up to the age of 18 who have made a significant attempt at taking their life (e.g. non-fatal overdose, act of self-harm significant enough to require treatment or intervention) who are not open to or known to any other health or social care service.

This approach was created with the aim to provide a clear and robust approach for young people at risk of suicide to be support quickly and effectively, particularly for those previously unknown to services, and to provide a more consistent and coherent approach to support serviced and information for young people affected.

- **Recovery Development Workers** - a Test of Change was initiated to enable Service Access and the Multi-Agency Assessment Screening Hub (MAASH) Teams to access Recovery Development Workers (RDW) from North Ayrshire Drug and Alcohol Recovery Service (NADARS) in order to provide an Early and Effective Intervention for Adults within our local communities to address their addictions and therefore improve their living environments/mental health and wellbeing and their life chances. This would be an earlier, softer and more appropriate and person-centred approach to engage individuals with any addiction issues and to encourage individuals to consider a recovery pathway. Following the success and impact of this pilot 3-year funding has been secured via Corra Foundation Partnership Drug Initiative for two full time Recovery Development Workers to be located in Service Access/MAASH as part of a prevention and early intervention strategy.

Bringing Services Together

- **The Ayrshire Bairns health visiting app was launched** - this is a one stop shop for all health visiting and early years' information. The app, which contains information on visits, parenting, child development as well as links to useful resources, will gradually replace many of the paper copies of resources that families are issued with when having a baby.



Early Intervention and Prevention

- **Mental health support for expectant and new mums in North Ayrshire** - an expansion to the early intervention Perinatal Mental Health team. This will ensure all expectant and new mums in North Ayrshire, who may be experiencing mild to moderate mental health difficulties, can be offered early support.
- **Support to the National Covid 19 Vaccination Programme** - throughout the Covid 19 pandemic, the HSCP has supported the local delivery of the national vaccination programme, ensuring the maximum roll out of approved vaccines to local people. We have supported the programme through provision of local premises for use as vaccination centres. At the height of the programme, we provided 18 premises across North Ayrshire for use, ensuring vaccinations centres were locally available.
- **Breastfeeding Happily in North Ayrshire** - Over many years, breastfeeding rates across many areas of Scotland have remained stubbornly low, despite efforts by many. North Ayrshire has been no different, with significant differences in breastfeeding rates between our most and least deprived communities. Recent figures released by Public Health Scotland have shown a welcome increase in rates of babies exclusively breastfeeding at 6-8 weeks in North Ayrshire from 17.53% in 2019/20 to 18.9% in 2020/21 (2021/22 info still to be published). Arran has the highest rate at 41.6%.
- **Digital Navigator Service** - As the pandemic has progressed, we have employed greater levels of digital approaches to help us to effectively engage and support local people. However, we recognise that many local people require additional support to learn and effectively use digital and online services. The Digital Navigator service was implemented to support those 65 and over, living with a long-term health condition. It supports people to use technology to help them live well, safely and independently in their own homes. The digital navigator can introduce people to technology that can help them with their health conditions, perhaps through integrated home and mobile monitoring solutions or wellbeing apps or even video enabled care solutions. The service provides personalised wellbeing plans that focus on supporting people to take control of their own health and wellbeing. A key component of the plan is connecting people to local activities and services that can help them maintain their independence and quality of life.



Organisational performance

The continuing impact of the Covid 19 pandemic through 2021-22 resulted in workforce perseverance in service remobilisation and delivery even though all frontline service providers continued to experience direct and indirect exposure to the virus.

In support of service remobilisation and pressure monitoring, our regular performance reporting was added to with additional local monitoring and the Chief Officers Group weekly information for Adults and Children covering key areas of potentially significant pressure.

Our quarterly performance report highlighted the impact of the pandemic across our services and communities and showed the ways in which integrated partnership working can progress change at pace and scale, ensuring positive person-centred care.

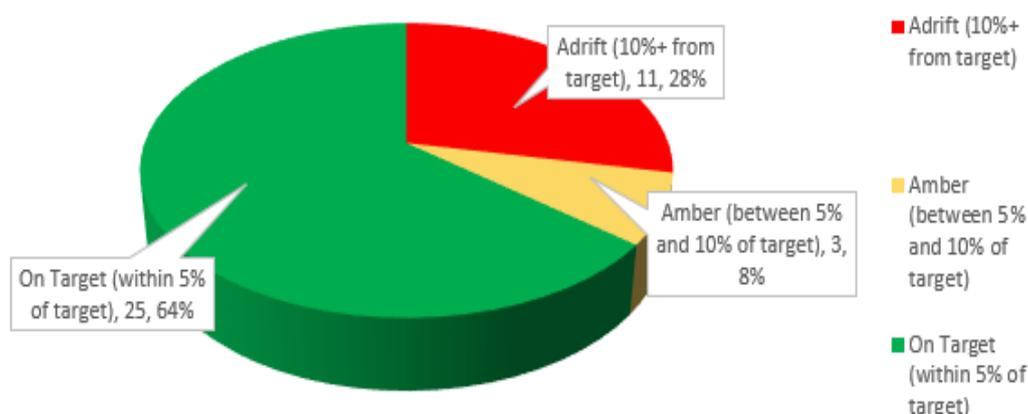
For 2021-22 the partnership implemented a strategic bridging plan due to the Covid pandemic which bridged the previous plan and a new complete plan that would require robust public consultation which was not able to be achieved during the pandemic. The annual review of performance measures was undertaken resulting in some changes to the set of measures attributed to our new strategic objectives and to reflect the continuing transformation of services to meet continual service demand. Where an indicator presents as being off track, commentary with proposed resolution and future mitigation is provided on how to improve future performance.

Performance reporting comprises of a series of key performance indicators and key actions, which link directly back to our strategic bridging plan 2021-22. Performance is reported at a number of levels within the organisation including the Integration Joint Board Performance and Audit Committee, the Integration Joint Board (IJB), the Joint Review with North Ayrshire Council and NHS Ayrshire and Arran Chief Executives, and service performance reviews within each service area.

A specific report was presented to the Performance and Audit Committee listing all changes for 2021-22. These included:

- Target resetting
- Removal of measures that are no longer reflective of the service improvement
- The inclusion of new measures to meet service improvement and current operational demand

At the end of 2021-22 we measured 39 key indicators of performance (2020-21: 55). The latest Performance and Audit Committee Report shows progress against the key measures and this is represented in the chart below.



The pandemic continued to pose challenges to the delivery of services such as; supporting the workforce, the continuing service demand pressures, and the pace of transformation to ensure performance is achieved or improved in all areas.

As part of our commitment to continuous improvement, we recognise areas where we could do more and by monitoring indicators which present as significantly adrift enables us to identify and target plans to address performance issues. The key areas off target for 2021-22 were:

- Reducing purchased foster placements
- Increasing the number of internal foster carers
- Increasing the number of kinship care placements
- Reducing the number of days people spend in hospital beyond their discharge date
- Reducing the number of patients waiting for CAH package (Community and Hospital)
- Increasing the number of individuals receiving a care at home package

Quarters 3 and 4 2021-22 saw the most challenging phase of the pandemic for Community Care services, and in particular, the impact this had on frontline Care at Home Services. Covid related absences reached their highest levels in Q3 that the service had seen throughout any stage of the pandemic and remained at consistently higher levels than the previous 18 months throughout Q4 2021-22. Whilst the in-house Care at Home service did not require to cease delivery on any planned care delivery, the service remained operating at business continuity levels throughout this period. Planned care delivery via the Partnership's external care at home providers continued to be negatively impacted in this period.

Further information on performance will be contained in the Annual Performance Report, however, publication has been extended to November 2022 in accordance with provisions made in the [Coronavirus \(Scotland\) Act 2020](#).

Annual accounts

The Annual Accounts set out the financial statements of the IJB for the period ended 31 March 2022. The main purpose is to demonstrate the stewardship of the public funds that have been entrusted to the IJB for the delivery of its vision and strategic priorities as outlined in the Strategic Plan. The requirements governing the format and content of the Annual Accounts are contained in The Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Annual Accounts for 2021-22 have been prepared in accordance with this Code.

The financial plan

Strong financial planning and management is paramount to ensure our limited resources are targeted to maximise the contribution to our objectives. Delivery of services in the same way is not financially sustainable. The updated strategic plan approved for 2022-30 is underpinned by the need to learn from the pandemic and ensure opportunities are maximised to transform care models and find new solutions to ensure the future sustainability of high-quality health and care services.

In 2021-22 the IJB agreed a one-year balanced budget which included an overall savings requirement of £2.528m and a one-off draw on reserves of £0.181m. The financial position was monitored closely during the financial period with an added focus on the risk in relation to the funding of Covid19 related costs.

The ability to plan based on the totality of resources across the health and care system to meet the needs of local people is one of the hallmarks of integrated care. Medium term financial planning is key to supporting this process and identifying the transformation and planned shift in resources to provide sustainable services to the local community over the medium term.

Going into 2022-23 there are unknowns relating to pressures, particularly staff pay awards which have not been agreed for either Council or NHS employees.

The impact of the policy, legislation and funding implications of the introduction of the National Care Services also remain unknown at this stage.

The Medium-term Financial Outlook (MTFO) was updated during 2021-22 and reported to the IJB in March 2022. This covers the period 2022-25 and this will be updated again before the end of 2022-23 following publication of the Scottish Government's multi-year resource spending review.

Financial performance

Financial information is part of the performance management framework with regular reporting of financial performance to the IJB. This included an integrated approach to financial monitoring, reporting on progress with savings delivery, financial risks and any variations and changes to the delegated budget. There were significant financial challenges during the period due to the impact of the pandemic. This resulted in additional costs being incurred, fluctuating service levels and partial non-delivery of the transformation programme and associated savings.

Throughout the financial year the IJB-projected position has been balanced moving to an underspend position from September onwards. This demonstrates the continued focus on the financial position, tight financial controls, planned progress with savings delivery in many areas, and the focus on ensuring that the pandemic impacts were captured and funded appropriately.

From the outset of the pandemic the IJB acted very swiftly to respond and developed a mobilisation plan detailing the additional activities to support our response, alongside the estimated financial impact. Financial returns were submitted to the Scottish Government on a regular basis, on the premise that any additional costs aligned to mobilisation plans would be fully funded. There was a risk during the year that if the full cost of the Covid19 response was not funded that the IJB may have required to recover any overspend in-year, however, the final funding allocation eliminated the risk for 2021-22.

The overall financial performance against budget for the financial period 2021-22 (after adjusting for new earmarked reserves) was an overall underspend of £2.916m. This consisted of £1.889m of underspend in social care services and £1.027m underspend in health services.

This position excludes the £1.486m budget being held on behalf of the IJB by the Council for debt repayment. This £1.486m was allocated towards the debt at the period-end reducing the debt to £2.321m (£3.807m 2020-21).

The table below reconciles the surplus on the provision of services of £21.475m as noted in the Comprehensive Income and Expenditure Statement to the financial outturn position of £2.916m (underspend):

	21/22
Surplus on provision of services	(21.475)
Earmarked reserves released to services during 2020-21	(1.159)
Repayment of Debt	1.486
Sub Total	(21.148)
NEW Earmarked Reserve Balances during 2020-21	18.232
Financial Outturn (underspend)	(2.916)

The table below summarises the financial performance for 2021-22 and 2020-21. This notes the budget outturn on a managed basis (including the full allocation for North HSCP lead partnership services), adjusts this for the net impact of lead partnership allocations across North, South and East Ayrshire and also for new earmarked balances.

The table includes the financial performance for services managed by the IJB during the period, therefore it excludes the large hospital Set Aside Budget of £33.980m which was allocated at the end of the period to the IJB. The set aside budget is included within the financial statements.

2020-21 Budget £000	2020-21 Actual £000	Variance (Fav) / Adv £000		2021-22 Budget £000	2021-22 Actual £000	Variance (Fav) / Adv £000
74,258	72,611	(1,647)	Health and Community Care	81,840	77,629	(4,211)
81,395	79,647	(1,748)	Mental Health	88,742	81,491	(7,251)
35,427	35,346	(81)	Children, Families and Justice	36,579	37,818	1,239
48,940	48,809	(131)	Primary Care	50,073	50,047	(26)
5,722	5,722	0	Allied Health Professionals	6,853	6,771	(82)
25,176	18,901	(6,275)	Management and Support Costs	29,214	17,627	(11,587)
1,081	1,081	0	Change Programme	1,099	1,105	6
271,999	262,117	(9,882)	TOTAL EXPENDITURE	294,400	272,488	(21,912)
(271,999)	(271,999)	0	TOTAL INCOME	(294,000)	(294,400)	0
0	(9,882)	(9,882)	OUTTURN ON A MANAGED BASIS	0	(21,912)	(21,912)
0	(437)	(437)	Lead Partnership Allocations	0	764	764
0	(10,319)	(10,319)	OUTTURN ON AN IJB BASIS	0	(21,148)	(21,148)
0	6,168	6,168	New Earmarking	0	18,232	18,232
0	(4,151)	(4,151)	FINAL OUTTURN POSITION	0	(2,916)	(2,916)

The main areas of variance during 2021-22 are noted below:

Health and Community Care – underspend of £4.211m mainly relates to an underspend in care home placements due to a reduction in the level of respite, an underspend in day care services as the service was closed during the pandemic, Carers Act funding and Scottish Government funding for Care at Home Capacity and Interim Care. The Scottish Government funding will be earmarked for use in 2022-23.

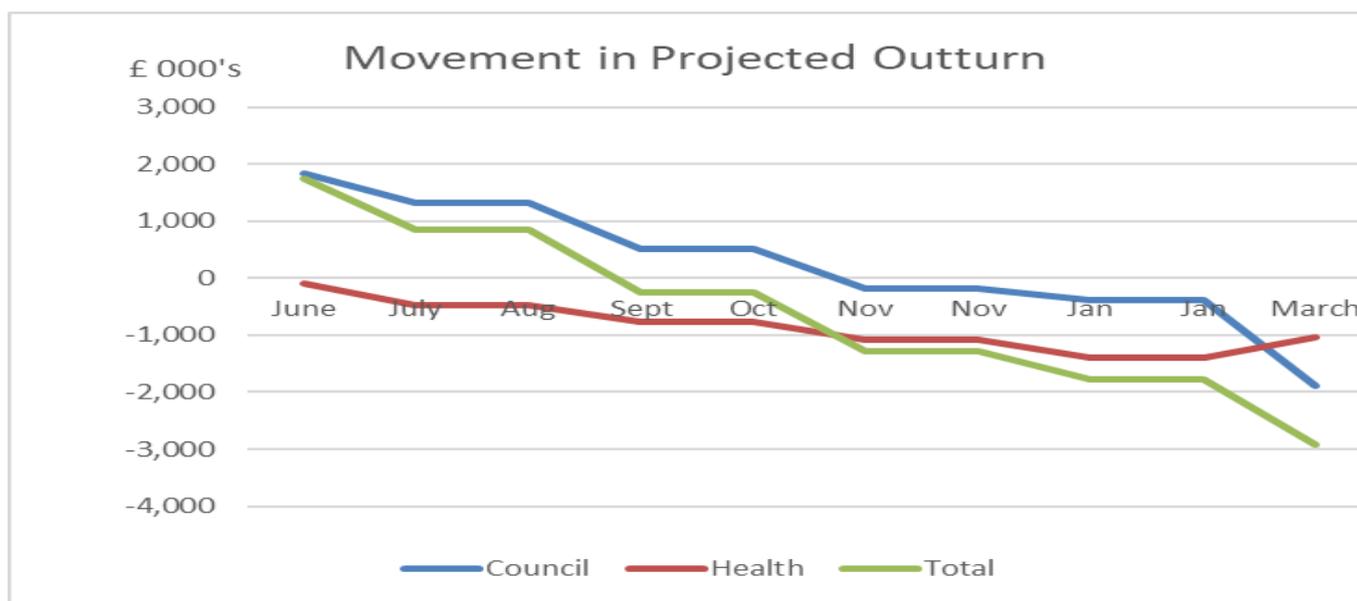
Mental Health – underspend of £7.251m which relates to underspends in community mental health, learning disability day services, non-employee costs at Trindlemoss and the Lead Partnership for mental health (psychology, child and adolescent mental health services (CAMHS), Action 15 and psychiatry). These underspends are predominantly related to the level of vacant posts in these areas. There is also an underspend in the Alcohol and Drugs Partnership which will be earmarked for use in 2022-23. These underspends are partially offset by an overspend in learning disability care packages.

Children, Families and Justice – overspend of £1.239m which is mainly related to overspends in residential, respite and secure placements for children.

Management and Support Costs – underspend of £11.587m mainly relates to the additional Covid19 funding which has been earmarked for use in 2022-23. There were also underspends in relation to over-recovery of payroll turnover due to the level of vacant posts being higher than assumed when setting the budget, transition funding and the funding set aside for unscheduled care.

Movement in Projected Outturn Position:

The overall movement in the projected outturn during the period is illustrated below. This illustrates the continued improvement in the financial projection for 2021-22.



Lead Partnership Services

The final outturn is adjusted to reflect the impact of Lead Partnership services. In the absence of detailed service activity information and alternative risk sharing arrangements it was agreed that the outturn for all Lead Partnership services would be shared across the 3 partnerships on an NRAC (NHS Resource Allocation Committee) basis. This is pending completion of the ongoing work by the Ayrshire Finance Leads to establish the baseline resources for each partnership and how this compares to the fair share of resources. It was planned that this work would be taken forward early in 2020-21, however this has been delayed due to prioritising the Covid19 response.

The outturn of the lead partnership services for each IJB is provided below, the adjustment to the North IJB outturn reflects the impact of reallocating a share of the North lead partnership services underspend to the other two areas and receiving an NRAC share of the outturn for the South and

East partnerships. In addition, any allocations of ring-fenced funding are returned to each IJB in line with allocations and expenditure to allow each IJB to carry forward for future use.

IJB	£000	Over/Under	
North	(6,216)	Underspend	Mental health services, mainly due to vacancies and recruitment delays and underspend on the MH Recovery and Renewal Funding which is earmarked for use in 2022-23.
South	61	Overspend	Pressures from the community equipment store offset by underspends in the Family Nurse Partnership
East	(8,708)	Underspend	Primary care – mainly in the Primary Care Improvement Fund, Ayrshire Urgent Care Services (AUCS) and the Covid19 impact on dental services.

Set Aside Budget

The Integration Scheme establishes that pressures in respect of large hospital set aside budgets will be managed in-year by NHS Ayrshire and Arran. The 2021-22 budget delegated by NHS Ayrshire and Arran includes the acute set aside resource of £33.980m, this is based on Information Services Division Scotland (ISD) data. The set aside allocation below highlights that North Ayrshire's use of the resource is £2m (2020-21 £1.9m) above the NRAC fair share:

IJB	NRAC Budget Share 2021-22 £m	NRAC %	Set Aside 2021-22 £m	Over / (Under) NRAC Fair Share £m
East Ayrshire	27.716	31.90%	24.566	(3.150)
North Ayrshire	31.963	36.80%	33.980	2.017
South Ayrshire	27.178	31.30%	28.311	1.133
Total	86.857	100%	86.857	-

There is an expectation that each partnership will move towards its NRAC fair share of resources. The current use of acute resources and fair shares remains an unrefined estimate of the position and further detailed work would be required to agree the ISD data and costs and appropriate baselines for acute and community resources before any plan to move towards fair shares would be implemented.

The Scottish Government's Health and Social Care Medium Term Financial Framework refers to system reform assumptions including material savings to be achieved from reducing variation in hospital utilisation across health and social care partnerships, with assumed efficiencies from reduced variation in hospital care coupled with 50% reinvestment in the community to sustain improvement. Furthermore, the Ministerial Strategic Group for Health and Community Care Review of Progress with Integration of Health and Social Care contained the proposal that delegated hospital budgets and set aside requirements must be fully implemented. Each Health Board, in partnership with the Local Authority and IJB, must fully implement the delegated hospital budget and set aside budget requirements of the legislation, in line with the statutory guidance published.

The full implementation of the set aside arrangements is key to delivering this commitment to planning across the whole unplanned care pathway and partnerships must ensure that set aside arrangements are fit for purpose and enable this approach. This has not been achieved in Ayrshire and Arran during the year as the priority was the response to Covid19. However preparatory work is well underway with NHS Ayrshire and Arran and the other Ayrshire partnerships to progress and develop the set aside arrangements to fully implement the legislative requirement. This includes arrangements in relation to the use of Directions, Commissioning Plans and overall progression towards fair share allocations of resources.

At the time of setting the IJB budget it was noted that this may require to be updated following the further work being undertaken by the Ayrshire Finance Leads to establish the baseline resources for each Partnership and how this compares to the Fair Share of resources. It was anticipated that 2020-21 would be used as a shadow year for these arrangements, however, and 2021/22 activity was not representative either due to the ongoing pandemic. Notwithstanding this a method of capturing up to date local activity and pricing it for set aside calculations is now in place, subject to IJB review and refinement. Quarterly updates were issued throughout the year.

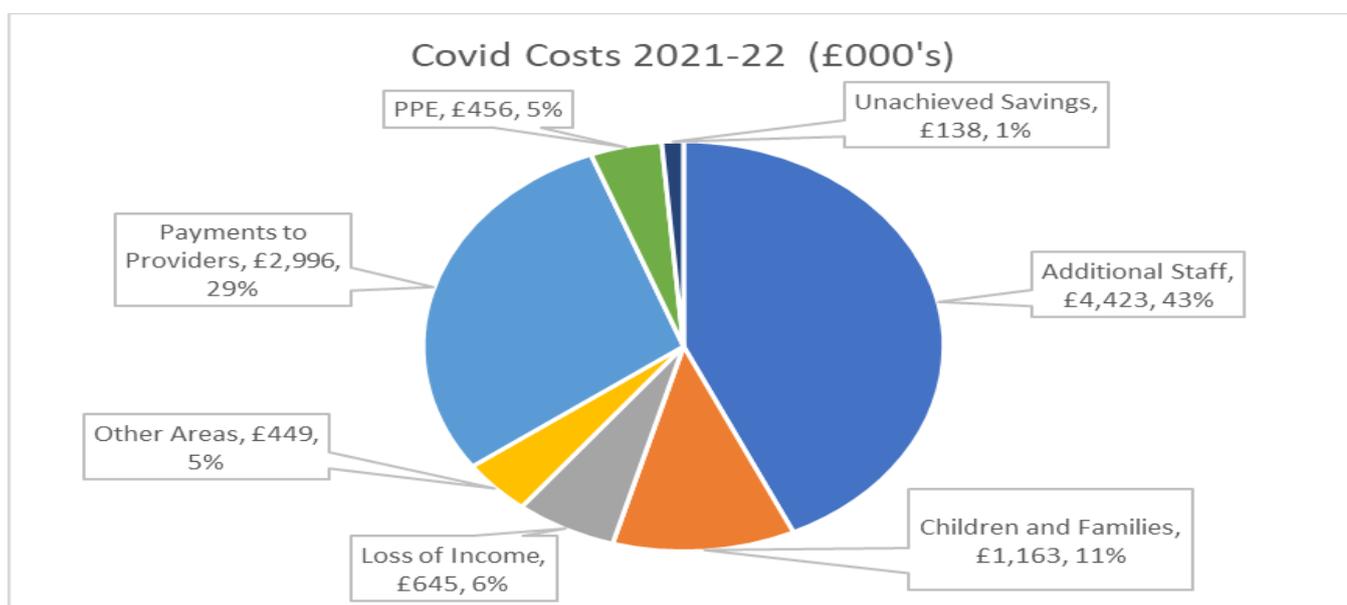
Covid19 Costs

From the outset of the pandemic the IJB acted very swiftly to respond and developed a mobilisation plan detailing the additional activities to support our response, alongside the estimated financial impact. The final mobilisation plan cost submission for 2021-22 estimated the costs to be £10.247m to March 2021. The actual costs were £10.270m.

COSLA Leaders and Scottish Government agreed an approach to supporting the social care sector to ensure that reasonable additional costs were met. Care home occupancy and sustainability payments were made to commissioned social care providers in line with the agreed National principles for sustainability and remobilisation payments to social care providers during Covid19.

The majority of the additional costs for the HSCP relate to the provision of social care services and the most significant areas are additional staff costs for staff absence, payments to commissioned care providers to ensure future sustainability and PPE. The additional spend during 2021-22 has been met from the additional Covid19 funding announced by the Scottish Government and the underspend on this funding will be carried forward for use in 2022-23 against future Covid related costs.

The 2021-22 costs are shown in the pie chart below.



Overall position

It is essential that the IJB operates within the delegated budget and commissions services from the Council and Health Board on that basis. Financial balance has been achieved in 2021-22 and significant progress has been made to ensure the ongoing financial sustainability of the IJB. This work will continue and be built upon moving into 2022-23. This will need to be considered alongside the impact of Covid19 and the need to redesign services taking full cognisance of the financial risks, learning and opportunities which this presents.

Financial outlook, risks and plans for the future

The Scottish Government Medium-Term Financial Strategy (MTFS) of December 2021 covers the period to 2026-27. It compares the funding and spending scenarios to assess the scale of the challenge and the opportunities over the Resource Spending Review period. The role of the MTFS is to set out Scotland's fiscal outlook over the next five years, including financial opportunities and risks that may impact on the fiscal position. In line with the recommendations of the Budget Process Review Group, the document does not set out new spending plans or explain how prioritisation decisions will be made to meet policy objectives. These decisions are made in the Scottish Government budget.

Three factors determine the available funding for the Scottish Budget:

- UK Government spending decisions: through the Barnett formula, the change in the Scottish Government's Block Grant each year is determined by the change in the UK Government's spending on areas devolved to the Scottish Parliament.
- Relative growth in Scottish Government and UK Government devolved tax revenues: under the Fiscal Framework, if Scottish devolved tax revenue per person grows relatively faster than in the rest of the UK, the Scottish Budget is better off and vice versa. This means that Scotland's budget is influenced not only by tax policy and economic performance in Scotland, but also by tax policy and economic performance in the rest of the UK.
- Relative growth in Scottish and UK social security expenditure: under the Fiscal Framework, if Scottish devolved social security expenditure grows relatively faster than in the UK, the Scottish Budget is worse off. If UK expenditure grows relatively faster, additional funds are available within the Scottish Budget. Again, this means that Scotland's budget is influenced not only by policy changes within Scotland, but also what happens in the rest of the UK.

In December 2021, alongside the Scottish Budget for 2022-23, the Scottish Government launched a Resource Spending Review Framework, with an intention to publish multi-year spending plans from 2023-24 through to the end of the parliamentary term in 2026-27, in May 2022.

The priorities of the resource spending review include:

- Mitigating the effects of the pandemic, which has deepened existing inequalities and exposed the effects of digital exclusion, wealth inequality and generational divides
- Rebuilding public services including increasing social care capacity and establishing the National Care Service
- Ensuring that spending choices support progress towards meeting child poverty and climate change targets and securing a stronger and fairer green economy.

The resource spending review will require decisions to be made about how to prioritise resources within the available financial envelope, against a background of volatile funding streams and changing patterns of demand.

The Resource Spending Review Framework notes that the Feeley Report on Adult Social Care has estimated that approximately 36,000 people in Scotland would benefit from but do not currently access social care support, and the cost of that unmet need is estimated at £436 million. The report also emphasised the need for continued investment in social care and referred to the Health and Social Care Medium Term Financial Framework (MTFF) published in 2018. The MTFF projected that, if the system does not adapt or change, social care expenditure could be expected to grow by 4% per annum. This reflected inflationary and demographic effects, which are intensified in a service which supports the very elderly. This projection pre-dates the pandemic which exacerbated pressures on social care, so the underlying assumptions will need to be revisited. However, it illustrates potential growth in social care costs and funding required over the spending review period driven by the demographic and workforce pressures.

The Scottish Budget for 2022-23 highlighted:

- Investment of over £1.6 billion in social care and integration and lays the groundwork for the delivery of a National Care Service.
- £61 million to address drugs deaths.
- Investment of £290 million in mental health, including £120 million for the Mental Health Recovery and Renewal Fund
- Investment in the Health and Sport Portfolio will increase to over £16 billion, with a further £869 million of funding to address pressures related to Covid 19.

Set Aside

The Partnership has a responsibility, with our local hospital services at University Hospital Crosshouse and University Hospital Ayr, for planning services that are mostly used in an unscheduled way. The aim is to ensure that we work across the health and care system to deliver the best, most effective care and support. Service areas most commonly associated with unplanned use are included in the Set Aside budget. Set Aside budgets relate to the strategic planning role of the Partnership. Key areas within this budget are:

- Accident and emergency
- Inpatient services for general medicine
- Geriatric medicine
- Rehabilitation
- Respiratory
- Learning disability, psychiatry and palliative care services provided in hospital

Acute Services within NHS Ayrshire and Arran continue to face particular budget pressures around the costs of covering a high level of medical vacancies and the increasing needs of patients requiring nursing support above funded levels. There have been a high number of unfunded beds in use to meet demands and this pressure has been managed in-year by NHS Ayrshire and Arran in line with the Integration Scheme. The ability to plan with the overall resource for defined populations and user groups and to use budgets flexibly is one of the hallmarks of integrated care.

It is recognised that there is a need to understand the progress that is being made towards planning across the full pathway of care, including the acute hospital component and the way in which the statutory guidance on the use of delegated hospital budgets is being applied in practice.

Set Aside resources, as well as Lead Partnership were recognised as areas requiring further development as part of the review of the Integration Scheme carried out in 2017 and in the Strategic Planning, Commissioning and Delivery of Health and Social Care Services within NHS Ayrshire and Arran report to the IJB on 13 June 2018.

This report sets out arrangements for the next steps in respect of fair share commissioning within the NHS Ayrshire and Arran health and social care system. The report also outlines future developments in respect of Directions as per the model provided by the Public Works (Joint Working) Scotland Act 2014 for IJBs to commission services from Councils and NHS Boards.

Directions

The Scottish Government issued Statutory Guidance in January 2020 outlining the requirements for the use of Directions from Integration Authorities to Health Boards and Local Authorities. The guidance sets out how to improve practice in the issuing (by IJBs) and implementation (by Health Boards and Local Authorities) of directions issued under the Public Bodies (Joint Working) (Scotland) Act 2014. It supersedes the Good Practice Note on Directions issued in March 2016. The Scottish Government worked closely with IJB Chief Officers to better understand the diversity of practice across Scotland surrounding directions and to identify good practice. They also discussed the use of directions with a range of local systems at regular partnership engagement meetings, including with Health Board and Local Authority Chief Executives. The three Ayrshire HSCPs supported Scottish Government colleagues to develop the guidance and provided feedback on its practical application.

National Care Service

Following the publication of the Independent Review of Adult Social Care (2021), and following its recommendations, the Scottish Government has agreed to progress legislation to develop a National Care Service. This would mean Scottish Ministers would be ultimately accountable for adult community health and social care support. It is proposed that the service will be operational by the end of this parliamentary term (2026).

Benefits of a National Care Service highlighted include improved commissioning models across Scotland, improving workforce conditions, embedding human and person-centred rights across the system and ensuring there is no more 'postcode lottery' of service provision, where the service you receive is dependent on where you live.

The Scottish Government is developing the proposed legislation to create the National Care Service and it is not yet clear what services will be in scope. The public consultation which took place in Autumn 2021 went beyond the scope which was recommended by the Independent Review of Adult Social Care. It is anticipated that the draft legislation will be published by Summer 2022.

What the creation of a National Care Service means for local Integration Joint Boards and Health and Social Care Partnerships is unclear at present. We will be mindful of this national development as it progresses and what it means for the people of North Ayrshire.

Risk

An area of risk to the partnership is the consequence of the funding pass-through from the Council and NHS and the availability of workforce. The implementation of the National Care Service was included as a new risk in the updated Strategic Risk Register.

The most significant risks faced by the IJB over the medium to longer term, alongside mitigation, are summarised below:

National Care Service	Covid 19 Recovery	Demography and Inequality Pressures
<p>•Mitigation</p> <ul style="list-style-type: none">•Response to the Scottish Govt consultation•Engagement with local community•Tracking development via the CO and CFO network.•Continuaiton of the transformation programme	<p>•Mitigation</p> <ul style="list-style-type: none">•Strategic, tactical and operational response groups•Individual service recovery plans•Additional SG funding to support care at home, MDTs and interim care	<p>• Mitigation</p> <ul style="list-style-type: none">•Strategic plan updated•Demography increases built into the 2022-23 budget.•Continuation of the transformation programme•EIA Assessments

These risks emphasise the importance of effective planning and management of resources. It is therefore crucial that we focus on early intervention, prevention and recovery if we are to work within the total delegated partnership budget.

The ongoing uncertainty around Covid19 will require the partnership to continue to adapt and redesign services as required. From the outset of the pandemic the HSCP acted very swiftly to respond by reprioritising resources to protect and adapt core services to support the safety of our staff and communities. Whilst responding to the specific needs of North Ayrshire communities our approach is informed by the extensive and continually evolving range of national guidance which has been produced at pace by the Scottish Government and other agencies. It has been a real challenge for the North Ayrshire HSCP, and for partnerships across Scotland, to operate in this unprecedented environment, keeping up with the evolving position and associated demands and impacts on services.

The HSCP developed a mobilisation plan during 2020-21 detailing the additional activities to support our response to Covid19, alongside the estimated financial impact. The plan provided a focal point for the partnership's response to the pandemic, and this set out clearly from the start how we would adapt and mobilise services to either expand or retract, re-prioritise activities and resources and also highlights the areas of greatest risk. This plan continued to be updated during 2021-22 and the key areas of the plan included:

- Reducing the level of delayed discharges for patients in acute, Mental Health inpatients and community hospitals;
- Island resilience with planning supported by a Multi-Disciplinary Team approach including local GPs;

- Our community hospital response to managing potentially high bed occupancy levels, alongside staff availability and the patient flow from acute;
- Maintain as far as possible mental health services, with community provision limiting face to face contact and flexibility of resources for in-patient services to ensure no cessation of services;
- Resilience and sustainability of current levels of care at home provision, alongside increasing capacity to facilitate hospital discharge and support shielded individuals;
- Step Up/Step Down residential provision, establish provision of temporary residential or nursing care provision to both facilitate quicker hospital discharge and also to avoid further hospital admissions from the community, including planning for contingency surge capacity;
- Supporting adults with complex needs by ensuring alternative community supports on closure of respite and day services alongside social distancing requirements;
- Maintaining existing levels of care in our children's services to protect vulnerable children and adopting new ways of keeping in touch with vulnerable children;
- Established enhanced locality-based Community Hubs to support vulnerable individuals, including those shielding; and
- Sourcing and establishing reliable supply chains of PPE.

The response to the pandemic has led to innovative developments in service delivery for the benefit of patients. particularly via the use of digital technology, to enable more services to be delivered at home or in the community. We will want to retain as much good practice as possible in the next phase and in the longer term as part of our wider reform of health and social care.

Going forward, we will continue to ensure local people are supported to get the right care in the right place, developing clear health and care pathways for the people of North Ayrshire. To achieve its vision, the Partnership recognises it cannot work in isolation. The Partnership will continue to strengthen relationships with colleagues within the Community Planning Partnership to ensure a joint approach to improving the lives of local people.

Most importantly, the Partnership must work closer with local people and maximise the use of existing assets within communities to improve the overall health and wellbeing of people in North Ayrshire. 2022-23 will see the start of the implementation of the longer-term Strategic Plan alongside the ongoing remobilisation of services.

We will also further develop independent living and self-directed support, instilling an enablement ethos promoted by our professionals, collaborating with the third and independent sector to design and commission appropriate models of service and working with housing partners to deliver on this commitment.

The risk that the full cost of the Covid19 response is not funded in future years has been reduced as the Scottish Government awarded additional funding at the end of 2021-22 and unspent funds will be carried forward for use in delegated services during 2022-23.

Mobilisation and Covid costs will be monitored regularly and reported to the IJB through the financial monitoring report. Updates on the costs associated with the NAHSCP response to Covid19 will also be submitted to the Scottish Government. This will ensure that the funding carried forward is sufficient and mitigate the funding risk.

2022-23 Budget

As part of the Scottish Government budget and finance settlement funding letters were issued to NHS Boards and Councils, these detailed the requirements in relation to the level of funding to be delegated to IJBs in 2022-23. It is anticipated that the Scottish Government will again seek assurance from partnerships that these conditions are being met.

The specific requirements for NHS Ayrshire and Arran are as follows:

- NHS payments to Integration Authorities for delegated health functions must deliver an uplift of 2% over 2021-22 agreed recurring budgets and make appropriate provision for increased employer national insurance costs.
- In addition there are monies for Primary Care, Waiting Times, MH and CAMHS, Trauma Networks and Drugs Deaths to be allocated in-year. We are currently awaiting further information on these allocations.
- Public Health Outcomes framework increases remains static at £74.1m.

The specific requirements for North Ayrshire Council are as follows:

- Based on the Finance Settlement ring-fenced funding of £342.436m nationally is required to be passed through to the IJB by local authorities.
- Funding allocated to the IJB should be in addition to the 2021-22 recurring baseline position.

Based on the 2022-23 Finance Settlement, the Council confirmed a net contribution to the Partnership of £9.931m through its agreed budget. The budget also noted that further resources have yet to be distributed. These relate to Social Care investment (£200m nationally) and to additional funding (£22m nationally) for adult social work capacity. These have been included in the table below and show the reconciliation to the Council agreed budget.

Description	All Scotland (£m)	NAC (£m)
Living Wage	174.500	4.819
Free Personal and Nursing Care	15.000	0.345
Carers Act	20.400	0.574
Care at Home	124.000	3.418
Interim Care	20.000	0.551
Implementation of National Trauma Training Programme	1.600	0.050
Scottish Disability Assistance	3.216	0.083
Mental Health Recovery & Renewal	3.710	0.091
Per Council Budget paper Funding announced after settlement:	362.426	9.931
Social Care Investment	200.000	5.600
Adult Social Work Capacity	22.000	0.606
Additional Funding from Council	584.426	16.137

Moving into 2022-23 the Partnership is proactively working to provide safe and effective services for the residents of North Ayrshire within the financial envelope. The IJB approved a one-year balanced budget for 2022-23 on 17 March 2022.

This budget included new net budget pressures for health and social care services totalling £8.551m. These were developed in partnership, with Finance supporting front line services to identify current and emerging financial pressures considering historic demand and costs and potential future variations. The provision of funding for pressures has the impact of increasing the budget gap to be addressed through savings, therefore the pressures are only included in budget plans where these are absolutely unavoidable.

The new cost and demand pressures resulted in a requirement to identify and approve additional savings of £0.683m, as noted in the summary below:

	Social Care (NAC) £m	Health (NHS A&A) £m	Total £m
Scottish Government Funding Increase	(16.137)	(1.457)	(17.594)
Committed to Scottish Government policies	10.895	1.457	12.352
Uncommitted Funding Increase	(5.242)	-	(5.242)
Baseline uplift	-	(2.626)	(2.626)
Net Funded Pressures	4.946	3.605	8.551
Budget (Surplus) / Shortfall	(0.296)	0.979	0.683
% Baseline Budget	(0.3%)	0.6%	0.26%

The savings fully address the budget gap of £0.683m and there is no requirement to make a draw on the reserves carried forward from 2021-22.

The Integration Joint Board, in common with most Public Sector bodies, is facing a period of significant financial challenge with cost and demand pressures. The most significant financial pressures continue to be pay awards for staff, inflationary cost increases for contracted services and demographic changes driving increased demand for services - funding these unavoidable pressures year-on-year drives our savings requirement.

There are a number of highlighted financial risk areas that may impact on the 2022-23 budget during the year, these include:

- High risk areas of low volume / high-cost services areas e.g. Learning Disability care packages, children's residential placements, complex care packages
- Progress with the work to develop set aside arrangements and the risk sharing arrangements agreed as part of this
- Ongoing implementation costs of the Scottish Government policy directives
- Lead / hosted service arrangements, including managing pressures and reporting this across the 3 IJBs
- The impact on Lead Partnership and acute services from decisions taken by other Ayrshire areas
- The potential financial impact of the HSCP response to the Covid 19 pandemic and the wider public sector financial impact, including on the Council and Health Board and the funding allocated by the Scottish Government aligned to our mobilisation plans.
- The Covid recovery process and re-mobilisation of services, including the ability to change and improve services following learning from the Covid response
- The impact and implementation of the National Care Service.
- The Local Government and NHS pay awards are not settled for 2022-23 and negotiations are ongoing; as outlined in the report the risk is mitigated for the social care workforce by

providing for a 3% increase and for NHS it is anticipated that additional funding would be allocated if the pay award settlement is higher than the current assumption

- Delivery of 2021-22 savings delayed by Covid 19
- The planned review of the Care at Home service which commenced in Spring 2022

These risks will be monitored during 2022-23 and the financial impact reported to the IJB through the regular financial monitoring report.

In addition to the delegated funding allocation to the IJB, the Council budget includes £1.486m set aside to support repayment of the IJB debt to the Council; this budget allocation remains unchanged for 2022-23. Moving into 2022-23, the outstanding debt is £2.321m and the repayment plan assumes this will be fully repaid by the end of 2023-24.

The 2021-22 budget established a challenge fund reserve of £0.5m to assist the HSCP with developing longer-term plans for delivering savings and service improvement. One of the main areas this would support would be investment in technology solutions. The allocation and assessment of this funding would be determined by the PSMT with reporting of progress through the financial monitoring report to the IJB. There has been no spend against this in 2021-22 as services have had to prioritise their response to Covid and the funding will continue to be earmarked for this purpose.

Medium Term Financial Outlook

A Medium-Term Financial Outlook (MTFO) is a critical part of the strategic planning process. The financial context for public services remains very challenging and so it is vital that the IJB's strategic ambitions are set against the financial resources which are anticipated to be available.

The development of the MTFO provides key information on the possible financial position of the IJB over the next three years. It identifies the financial challenges which will be faced by the IJB enabling the IJB to see the impact of current and future decisions on its medium-term financial health.

The MTFO will also be used to identify pressure points and inform decisions which are required to ensure the Partnership remains financially sustainable.

This MTFO covers the first three years (2022-2025) of the Strategic Plan period. There are a range of factors which influence the financial planning of the IJB. These are considered through the MTFO and include the following:

- Demographic changes
- Local priorities
- Workforce challenges
- The UK and Scottish Economy
- Policy and Legislation
- Cost and demand pressures
- Available funding

Based on the projected budget pressures, three scenarios have been developed which align to the Scottish Government Medium-term Financial Strategy – best-case, medium-case and worst-case. In 2022/23, the actual funding levels have been applied across each of the three, with the possible scenarios applied for 2023/24 and 2024/25.

Against each of the three scenarios, sensitivity analysis has been used to demonstrate what the impact would be in 2023/24 and 2024/25 if the funding were to increase or decrease by 5% or 10%.

For 2023-24, the forecast budget gap ranges from a surplus of £0.866m in the best-case scenario, which would allow for additional investment in services, to a shortfall of £3.811m in the medium-case and a shortfall of £8.599m in the worst-case.

For 2024-25, the forecast budget gap ranges from a surplus of £1.294m in the best-case scenario, to a shortfall of £0.468m in the medium-case and a shortfall of £8.602m in the worst-case.

The MTFO will be revisited ahead of the 2023-24 budget exercise following the publication of the Scottish Government multi-year Resource Spending Review at the end of May 2022.

Conclusion

2021-22 has been another challenging year for the partnership. Whilst we are optimistic that we may be over the worst of the direct impact of the pandemic, its long-term impact is not as well understood. We expect our services to face on-going challenges, including supporting those who have not been able to access a health and social care professional due to demands and restrictions, and addressing the rise in poor mental wellbeing in our communities. We have learned much from our pandemic experience, such as recognising the strength and resilience within our communities, discovering how truly determined and hard-working our workforce is, and finding greater ways to work in collaboration with our partners.

Our health and social care services should reflect and respond to the needs of local people. To support this, we will help to build greater capacity in our communities and provide more ways for service users and local people to share their views with us to help shape services. We are fully committed to planning and designing services together with local people, our staff and our key partners including acute health services, housing, community planning and the third and independent sectors.

We continue to progress our remobilisation plans, considering carefully how we can safely restore all the health and social care services that were regularly provided before the pandemic began. As we do, we continue to prioritise and focus our services for those who are most vulnerable in our communities and who need it most.

As we remobilise, we will endeavour to support and treat the many local people who have been unable to access a health professional due to restrictions. It is anticipated that this will place additional demands on our primary care services as we try to 'catch-up' on caring for patients.

The longer-term impacts of Covid19 are currently unknown. It is unclear what the effects of long-Covid will be on people who were affected by the virus, and what future demands this will place on health and social care services. Further, growing evidence suggests that the pandemic has had negative socio-economic effects that have led to increased health inequalities and contributed to an increase in both poor mental wellbeing and mental health.

The IJB through the refreshed Strategic Plan outlines the belief that together we can transform health and social care services to achieve the joint vision for the future "all people who live in North Ayrshire are able to have a safe, healthy and active life". Moving into 2022-23, we are working proactively to address the financial challenges, while at the same time, providing high-quality and sustainable health and social care services for the communities in North Ayrshire.

Where to find more information

If you would like more information on IJB strategies, plans and policies and our performance and spending, please refer to the Partnership's website www.nahscp.org.

Statement of responsibilities

Responsibilities of the IJB

The IJB is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the board has responsibility for the administration of those affairs (Section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Chief Finance Officer
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Ensure the annual financial statements 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)
- Approve the Annual Accounts for signature.

I confirm that the audited annual financial statements were approved for signature at a meeting of the IJB on 25 August 2022.



Robert Martin

IJB Chair

25 August 2022

Responsibilities of the Chief Finance Officer

The Chief Finance Officer is responsible for the preparation of the IJB's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing the annual accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with legislation
- Complied with the local authority Code (in so far as it is compatible with legislation)

The Chief Finance Officer is also required to:

- Keep proper accounting records which are up to date
- Take reasonable steps to ensure the propriety and regularity of the finances of the Integration Joint Board

I certify that the financial statements give a true and fair view of the financial position of the North Ayrshire Integration Joint Board as at 31 March 2022, and its income and expenditure for the period then ended.



Paul Doak
Chief Finance Officer

25 August 2022

Annual governance statement



The Annual Governance Statement explains how North Ayrshire IJB complies with the Code of Corporate Governance and meets the requirements of the CIPFA / SOLACE Framework 'Delivering Good Governance in Local Government 2016' and the 'Code of Practice for Local Authority Accounting in the UK: A Statement of Recommended Practice', in relation to the Statement on the System of Internal Financial Control.

Scope of responsibility

North Ayrshire IJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

The IJB is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

In discharging this responsibility, the Chief Officer has put in place arrangements for governance which includes the system of internal control. Reliance is placed on these controls which are designed to manage risk to a reasonable level but cannot eliminate the risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable but not absolute assurance of effectiveness.

Purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values by which the IJB is directed and controlled and the activities through which it accounts to and engages with the community. It enables the IJB to monitor the achievement of its strategic priorities and to consider whether those priorities have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of North Ayrshire IJB's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Governance framework

The main features of the governance framework that was in place during 2021-22 are summarised below:

- The IJB, comprising all IJB Board members, was the key decision-making body. The Performance and Audit Committee considered all matters in relation to Internal and External Audit, Risk Management and Performance and fulfilled the requirements of the CIPFA document 'Audit Committees: Practical Guidance for Local Authorities and Police.'
- Strategic decision-making is governed by the IJB's key constitutional documents including the Integration Scheme, standing orders, scheme of administration, scheme of delegation to officers and financial regulations.
- The Integration Scheme sets out the process to determine financial contributions by partners to Integration Joint Boards. This has been supplemented by directives from the Scottish Government in relation to additional resources for Health and Social Care Integration.
- The IJB's purpose and vision are outlined in the IJB Strategic Commissioning Plan 2022-30 which links closely to the vision of the North Ayrshire Community Planning Partnership and the Local Outcome Improvement Plan (LOIP) 2022-30 and is underpinned by an annual action plan and performance indicators. Regular progress reports on the delivery of the new strategic plan will continue to be provided to the Performance and Audit Committee and the IJB.
- The performance management framework focuses firmly on embedding a performance management culture throughout the IJB. Regular reporting to Board Members takes place. Internal Audit regularly reviews performance management arrangements, with the most recent audit being in 2019/20 and concluding with reasonable assurance.
- A risk management strategy and strategic risk register is in place for the IJB, with the first risk appetite statement approved by the IJB in February 2022.
- A Health and Care Governance Framework was agreed by the IJB on 9 March 2017. This covers governance arrangements in relation to complaints and customer feedback, risk management, health and safety, Internal Audit, workforce planning and public protection. Regular updates are provided to the IJB by the Clinical and Care Governance Group.
- The IJB has adopted a 'Code of Conduct' for all its Board Members and employees, a register of interests is in place for all Board members and senior officers.
- The IJB has in place an informal development programme for all Board Members, the Partnership Senior Management Team and senior managers across the Partnership. Performance and Personal Development schemes are in place for all staff, the aim of which is to focus all staff on their performance and development that contributes towards achieving service objectives.
- The IJB has established six locality planning forums, reflecting the previously agreed local planning areas. These provide Board Members, health and social care staff and local community representatives with the opportunity to be involved in considering and influencing priorities for each area.
- A Transformation Programme Board is in place, which recognises the significant change programme which is required to support delivery of the priorities within the new 2022-30 strategic plan. Terms of Reference covering 2021-25 are in place which detail the Board's membership, duties, authority, reporting and governance. The Board meets six-weekly.

The governance framework was in place during the period ended 31 March 2022.

System of internal financial control

The governance framework described operates on the foundation of internal controls. The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability.

Development and maintenance of these systems is supported by NHS Ayrshire and Arran and North Ayrshire Council in relation to the operational delivery of health and social care services. In particular, these systems include:

- Financial regulations and codes of financial practice
- Comprehensive budgeting systems
- Regular reviews of periodic and annual financial reports that indicate financial performance against the forecasts
- Setting targets to measure financial and other performance
- Formal project management disciplines
- A Transformation Board to provide further scrutiny of service re-design and financial delivery
- An effective Internal Audit function

The IJB's financial management arrangements conform to the governance requirements of the CIPFA statement: 'The Role of the Chief Finance Officer in Local Government (2016)'.

Through the counter fraud arrangements that are in place within NHS Ayrshire and Arran and North Ayrshire Council, the IJB conforms with the CIPFA 'Code of Practice on Managing the Risks of Fraud and Corruption.'

Review of effectiveness

North Ayrshire IJB has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness of the framework is informed by the work of the Partnership Senior Management Team who have responsibility for development and maintenance of the governance environment, the annual report by the Chief Internal Auditor and reports from Audit Scotland and other review agencies.

The Chief Internal Auditor reports directly to the IJB Performance and Audit Committee on all audit matters, with the right of access to the Chief Officer, Chief Finance Officer and Chair of the Performance and Audit Committee on any matter. In accordance with the principles of the code of corporate governance, regular reports were made to the IJB's Performance and Audit Committee during 2021-22.

The Internal Audit function has independent responsibility for examining, evaluating and reporting on the adequacy of internal control. During 2021-22, the Internal Audit team operated in accordance with the Public Sector Internal Audit Standards.

The Chief Internal Auditor is responsible for forming an annual opinion on the adequacy and effectiveness of the systems of internal control.

It is the opinion of the Chief Internal Auditor that the systems of internal control relied upon by the IJB continue to provide reasonable assurance against loss.

Developments during 2021-22

The elements noted below incorporate progress with the further actions or developments identified in the 2020-21 Annual Accounts.

Strategic Plan 2022-30

Following a period of engagement and consultation with local people, stakeholders and partners, a new strategic commissioning plan “Caring Together” has been developed, and outlines the Partnership’s Vision, Priorities and Ambitions for improving the health and wellbeing of local people.

From 2022-30, the North Ayrshire Health and Social Care Partnership will seek to:

- Enable communities
- Develop and support our workforce
- Provide early and effective support
- Improve mental and physical health and wellbeing
- Tackle inequalities.

The plan is supported through a detailed action plan that has been developed through engagement with service areas.

Medium-Term Financial Plan

A number of recommended actions have been implemented in respect of the IJB’s medium-term financial plan. A revised financial outlook was presented to the IJB in March 2022 and covers the period 2022-25. The commencement of the medium-term financial outlook is aligned to the first three years of the revised IJB strategic plan 2022-30 and will support the delivery of the plan.

The development of the financial outlook provides key information on the potential financial position of the IJB over the next three-year period. This will assist in identifying challenges and pressure points, and aid decision making by ensuring spend is closely aligned to the IJB’s strategic priorities.

Locality planning

During 2021, the five mainland locality planning forums undertook a review of their local priorities supported by the Partnership. This was carried out through a series of review and development sessions with each forum.

The sessions were used to collect locality knowledge in order to identify and agree priorities. In total there were seven key priorities of concern identified, with a further two priorities for opportunity.

Locality planning forums will continue to play a key role in understanding and identifying local need, and continue to feed into the Strategic Planning Group, ensuring the profile of our localities is at the heart of our strategic planning process.

CIPFA Financial Management Code 2019

The approved IJB internal audit plan for 2021-22 focussed on a review of the IJB’s compliance with the financial management code 2019. Following conclusion of that review, substantial assurance was obtained with regard to the IJB’s compliance with the CIPFA Financial Management Code.

Risk management arrangements

There are robust risk management arrangements in place for the IJB, which have been further enhanced in 2021-22 with the introduction of a risk appetite statement approved by the IJB. The risk

appetite statement will continue to be reviewed on an annual basis, or more frequently if there are changes in the operating environment which merit this.

During 2021-22 the strategic and operational risk registers were reviewed and updated.

Review of IJB key governance documents

The IJB continues to review its key governance documents on a rolling basis. During 2021-22, updated standing orders and scheme of delegation to officers were approved by the IJB.

Covid19

The IJB has full openness and transparency through the availability of live and webcast recordings of all its IJB meetings.

Initial plans were made to include the IJB in the pilot programme for the introduction of hybrid meetings in October 2021, however due to technological limitations at the time the systems did not permit this to take place. The hybrid pilot was then paused in light of concerns around the Omicron variant of Covid19. It is anticipated that the hybrid meeting approach will once again be piloted as part of the new administration.

The IJB endorsed the NHS Ayrshire & Arran Remobilisation Plan in June 2021. The plan, covering 2021-22, was developed in collaboration between NHS Ayrshire & Arran, East, South and North Ayrshire HSCPs and key partners.

Care Home Clinical and Professional Oversight Group (CHOG)

The Care Home Oversight Group (CHOG) was established in May 2020 in response to the pandemic. The multi-disciplinary group is comprised of key clinical and care professionals who have a lead role in the oversight for care homes in the North Ayrshire area.

The teams remit includes discussions about the quality of care in each care home, with particular focus on implementation of infection prevention and control, and the provision of expert clinical support to residents who have Coronavirus. There are escalation measures in place if issues cannot be resolved at local level.

The group continue to meet weekly (with the ability to increase the frequency if necessary) with the aim of providing support to Care Home Managers to ensure care home residents and staff can be kept safe from Covid19.

Care at Home Oversight Group

A Care at Home Oversight Group is also in place with a similar remit to the CHOG but for community supports.

Membership of IJB

The following new appointments were made during 2021/22:

- Chair and Vice Chair, IJB
- NHS Non-Executive Board Member, IJB
- Chair and Vice Chair, Performance and Audit Committee
- Chair and Vice Chair, Strategic Planning Group

Chief Officers

During the year, the following appointments were made:

- Paul Doak was appointed as Chief Finance and Transformation Officer in May 2021 replacing Caroline Cameron.
- Aileen Craig was appointed as Monitoring Officer in August 2021 replacing Andrew Fraser.
- Laura Miller was appointed as Chief Internal Auditor in August 2021 replacing Paul Doak.
- Scott Hunter was appointed as Chief Social Work Officer in December 2021 replacing David MacRitchie.

Annual Performance Report

The IJB endorsed the Annual Performance Report for 2020-21 at the meeting in December 2021. This report outlined the performance of the Health and Social Care Partnership and how it delivered against the strategic priorities and the national outcomes.

Quarterly performance reports are published on the Partnership's website once they have been reviewed by the Performance and Audit Committee. This supports a commitment to make more performance information accessible and available for public scrutiny.

National Care Service

The Independent Review into Adult Social Care (IRASC) recommended the establishment of a National Care Service, with Scottish Ministers being accountable for the delivery of consistent and high standards in health and social care services.

A consultation ran from August 2021 to November 2021 seeking views of various aspects of a National Care Service, including how IJBs may be reformed to become Community Health and Social Care Boards. The IJB approved their response to the consultation on 21 October 2021. The IJB's response was developed following a period of engagement within the Partnership.

Further updates on the next steps in relation to the National Care Service proposals will be presented to future meetings of the IJB. The draft legislation was published by the Scottish Government in June 2022.

Workforce Planning

An interim workforce plan was submitted to the Scottish Government in May 2021. The deadline for the final integrated workforce strategy was 31 March 2022, however this was dependent on the publication of the Scottish Government's National Workforce Strategy for Health and Social Care in Scotland.

The Scottish Government's strategy was published on 11 March 2022 and includes the five pillars of workforce planning – plan, attract, train, employ and nurture.

The revised deadline for the draft integrated workforce plan was changed to 31 July 2022. The draft was submitted to Scottish Government at that time. Feedback is expected by the end of August and the deadline for submission of the final plan is 31 October 2022.

Further actions for 2022-23

The IJB has identified the following actions for 2022-23 that will assist with the further strengthening of corporate governance arrangements; these incorporate any outstanding recommendations from the 2020-21 wider scope audit requirements:

- Development of a structured and tailored IJB member's induction programme, incorporating the Scottish Government Integration Team's national resource.
- Review governance arrangements as hybrid meetings commence as part of the Covid19 recovery.
- Support the Pan Ayrshire work on developing Directions for Lead Partnership services which are in compliance with the Scottish Government's statutory guidance, which has been delayed as a result of the impact of the Covid19 pandemic.
- Develop commissioning plans and Directions in relation to the acute set-aside resources.
- Finalise a programme of transformation work which aligns to the new strategic plan for 2022-30.
- Continue to support locality planning forums to address their identified priorities through planned work in the following areas – the Scottish Government Community Mental Health and Wellbeing Fund, implementing 'Neighbourhood Networks', supporting Participatory Budgeting, and delivery of the 'Digital Navigator' programme.

Some of these areas were planned to be progressed during 2021-22 and were either delayed due to Covid19 or due to delays in co-ordinating work with partners.

Assurance

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2021-22 to provide reasonable and objective assurance that any significant risks impacting on the achievement of our actions will be identified and actions taken to avoid or mitigate their impact.

Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.

The Annual Governance Statement explains how North Ayrshire IJB complies with the Code of Corporate Governance and meets the requirements of the CIPFA / SOLACE Framework 'Delivering Good Governance in Local Government 2016' and the 'Code of Practice for Local Authority Accounting in the UK: A Statement of Recommended Practice', in relation to the Statement on the System of Internal Financial Control. The Annual Governance Statement was approved by the IJB Performance and Audit Committee on 24 June 2022.



Caroline Cameron
Chief Officer
25 August 2022



Robert Martin
IJB Chair
25 August 2022

Remuneration report

This remuneration report is provided in accordance with the Local Authority Accounts (Scotland) Regulations 2014. It discloses information relating to the remuneration and pension benefits of specified IJB members and staff.

The information in the tables below is subject to external audit. The explanatory text in the Remuneration Report is reviewed by the external auditor to ensure it is consistent with the financial statements.

Remuneration: IJB Chair and Vice Chair

The IJB comprises eight voting members appointed through nomination in equal numbers by NHS Ayrshire and Arran and North Ayrshire Council. A Chair and Vice Chair are appointed in accordance with the Integration Scheme and the Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014. As required in Article 4 of the Order the nomination of the IJB Chair and Vice Chair post holders alternates between a Council and Health Board representative, with the Vice Chair appointment by the constituent authority who did not appoint the Chair.



The IJB does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the IJB. The IJB does not reimburse the relevant partner organisations for any voting board member costs borne by the partner. There were no taxable expenses paid by the IJB. Therefore, no remuneration disclosures are provided for the Chair or Vice Chair.

The IJB does not have responsibilities, either in the current year or in future years, for funding any pension entitlements of voting IJB members. Therefore, no pension rights disclosures are provided for the Chair or Vice Chair.

Remuneration: Senior Officers of the IJB

The IJB does not directly employ any staff in its own right, however specific post-holding officers are non-voting members of the Integration Joint Board.

Chief Officer and Chief Finance Officer

The appointment of an Integration Joint Board Chief Officer and Chief Finance Officer is required by section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014 which includes the statement “an Integration Joint Board is to appoint, as a member of staff, a chief officer”.

The Chief Officer for the IJB has to be appointed and the employing partner has to formally second the officer to the IJB. The employment contract for the Chief Officer adheres to the legislative and regulatory framework of the employing partner organisation. The remuneration terms of the Chief Officer’s employment are approved by the IJB.

Other Officers

No other staff are appointed by the IJB under a similar legal regime. Non-voting board members who meet the criteria for disclosure are included in the tables below.

Total remuneration 2020-21 £	Name and post title	Salary, fees and allowances £	Taxable expenses £	Compensation for Loss of Office £	Total remuneration 2021-22 £
193,981	Stephen Brown, Chief Officer 1/4/20 to 9/10/20	0	0	0	0
11,654**	Alison Sutherland, Interim Chief Officer 6/11/20 to 20/12/20	0	0	0	0
32,264	Caroline Cameron, Chief Officer 21/12/20 – 31/3/22	116,614	0	0	116,614
63,620	Caroline Cameron, Chief Finance Officer 1/4/20 to 20/12/20	0	0	0	0
0	Paul Doak Chief Finance Officer 7/6/21 – 31/3/22	67,946*	0	0	67,946
21,648**	Eleanor Currie, Interim Chief Finance Officer 21/12/20 – 6/6/21	14,518*	0	0	14,518

*The full year equivalent salaries are given in the table below.

Name and post title	Full Year Salary £
Paul Doak, Chief Finance Officer, 7/6/21 – 31/3/22	88,965
Eleanor Currie, Interim Chief Finance Officer, 1/4/21 – 6/6/21 (salary and responsibility allowance)	78,001

** These figures have been restated to reflect the appropriate proportion of full salary for the period these officers were in interim posts rather than only the responsibility allowance which was paid in line with the relevant disclosure requirements. Alison Sutherland's 2020/21 remuneration was previously reported as £792 and pension contributions of £2,195. Eleanor Currie's 2020/21 remuneration was previously reported as £2,826 and full year equivalent of £10,000.

In respect of officers' pension benefits the statutory liability for any future contributions to be made rests with the relevant employing partner organisation. On this basis there is no pensions liability reflected on the IJB balance sheet for the Chief Officer or any other officers.

The IJB however has responsibility for funding the employer contributions for the current period in respect of the officer time spent on fulfilling the responsibilities of their role on the IJB. The following table shows the IJB's funding during the period to support officers' pension benefits. The table also shows the total value of accrued pension benefits which may include benefits earned in other employment positions and from each officer's own contributions.

	In Period pension contributions			Accrued pension benefits	
	2020-21	2021-22		2020-21	2021-22
	£	£		£	£
Stephen Brown, Chief Officer	0	0	Pension Lump Sum	0 0	0 0
Alison Sutherland, Interim Chief Officer	2,249**	0	Pension Lump Sum	0 0	0 0
Caroline Cameron, Chief Officer and Chief Finance Officer	18,486	22,410	Pension Lump Sum	4,988 0	7,383 0
Paul Doak, Chief Finance Officer	0	13,114	Pension Lump Sum	0 0	38,917 62,611
Eleanor Currie, Interim Chief Finance Officer	4,178	2,710	Pension Lump Sum	6,822 0	8,285 0

Disclosure by pay bands

As required by the regulations, the following table shows the number of persons whose remuneration for the period was £50,000 or above, in bands of £5,000.

Number of employees in band 2020-21	Remuneration band	Number of employees in band 2021-22
0	£115,000-£119,999	1
2	£95,000-£99,999	0
0	£65,000-£69,999	1

Exit packages

There was one exit package during 2020-21 costing £95,000 and no exit packages during 2021-22.

Financial statements

The **Comprehensive Income and Expenditure Statement** shows the cost of providing services for the period according to accepted accounting practices.

2020-21 Restated			2021-22			
Gross Exp £000	Gross Income £000	Net Exp £000		Gross Exp £000	Gross Income £000	Net Exp £000
72,477	0	72,477	Community Care and Health	77,470	0	77,470
28,718	0	28,718	Mental Health	27,801	0	27,801
34,968	0	34,968	Children's Services and Criminal Justice	37,819	0	37,819
48,809	0	48,809	Primary Care	50,047	0	50,047
17,757*	0	17,757*	Management and Support Costs	18,135	0	18,135
1,026	0	1,026	Change Programme	1,105	0	1,105
5,722	0	5,722	Allied Health Professionals	6,771	0	6,771
86,596	0	86,596	Lead Partnership and Set Aside	90,734	0	90,734
296,073*	0	296,073*	Cost of Services	309,882	0	309,882
0	(99,897)	(99,897)	North Ayrshire Council Funding	0	(107,059)	(107,059)
0	(209,019)	(209,019)	NHS Ayrshire and Arran Funding	0	(224,298)	(224,298)
0	(308,916)	(308,916)	Total Taxation And Non-Specific Grant Income (note 5)	0	(331,357)	(331,357)
296,073*	(308,916)	(12,843)*	(Surplus) or Deficit on Provision of Services	309,882	(331,357)	(21,475)

There are no statutory or presentation adjustments which affect the IJB's application of the funding received from partners. The movement in the General Fund balance is therefore solely due to the transactions shown in the Comprehensive Income and Expenditure Statement. Consequently, an Expenditure and Funding Analysis is not provided in these annual financial statements.

The **Movement in Reserves Statement** shows the movement in the period on the reserves held by the IJB. The movements which arise due to statutory adjustments which affect the General Fund balance are separately identified from the movements due to accounting practices. In 2021-22 there were no statutory adjustments.

It has been identified that, in 2020-21, an expense of £1.245m was recorded in error in relation to Covid 19 "thank you" payments to commissioned providers. No expenditure should have been recorded as the IJB made these payments in 2021/22 and acting as an agent on behalf of the Scottish government.

Accordingly, management and support costs and the cost of services have been restated to exclude this amount and the closing reserves have increased correspondingly. The payment and related reimbursement from the Scottish government have both been recorded in 2021/22 and are disclosed as agency transactions in note 9.

All figures impacted by this are restated and marked with an asterisk in the Comprehensive Income and Expenditure Statement and the relevant note to the accounts.

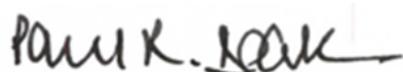
Total Reserves 2020-21 Restated	Movement in reserves	General Fund – Debt to NAC 2021-22	General Fund 2021-22	Earmarked Reserves 2021-22	Total Reserves 2021-22
(5,086)	Opening balance as at 1 April	(3,807)	4,151	7,413	7,757
12,843*	Total Comprehensive Income and Expenditure	1,486	3,097	16,892	21,475
0	Adjustments between accounting basis and funding basis under regulations	0	0	0	0
12,843*	Increase in period	1,486	3,097	16,892	21,475
7,757* (prev 6,512)	Closing Balance as at 31 March	(2,321)	7,248	24,305	29,232

The **Balance Sheet** shows the value of the IJB's assets and liabilities as at the balance sheet date. The net assets of the IJB (assets less liabilities) are matched by the reserves held by the IJB.

31 March 2021 Restated £000		Notes	31 March 2022 £000
11,564*	Short Term Debtors	6	31,553
(3,807)	Long Term Creditors	7	(2,321)
7,757*	Net Assets		29,232
7,757*	Usable Reserve: General Fund	8	29,232
7,757*	Total Reserves		29,232

The Statement of Accounts present a true and fair view of the financial position of the Integration Joint Board as at 31 March 2022 and its income and expenditure for the period then ended.

The unaudited financial statements were authorised for issue on 25 June 2022 and the audited financial statements were authorised for issue on 25 August 2022.



Paul Doak, Chief Finance Officer, 25 August 2022.

Notes to the financial statements

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

General principles

The Financial Statements summarise the authority's transactions for the 2021-22 financial period and its position at the period-end as at 31 March 2022.

The North Ayrshire IJB was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government (Scotland) Act 1973.

The Financial Statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

The accounts are prepared on the going concern basis, which provides that the entity will continue in operational existence for a minimum of 12 months from the date of these accounts. In accordance with the Code, the going concern concept will apply as there is the assumed continuation of service provision into the future. Whilst the financial statements show an overall negative balance sheet position the Integration Scheme outlines the partnership arrangement between the Council and Health Board and the requirements for those organisations to underwrite the financial position of the IJB.

The historical cost convention has been adopted.

Accruals of expenditure and income

Activity is accounted for in the period that it takes place, not simply when cash payments are made or received. In particular:

- Expenditure is recognised when goods or services are received, and their benefits are used by the IJB.
- Income is recognised when the IJB has a right to the income, for instance by meeting any terms and conditions required to earn the income, and receipt of the income is probable.
- Where income and expenditure have been recognised but settlement in cash has not taken place, a debtor or creditor is recorded in the Balance Sheet.
- Where debts may not be received, the balance of debtors is written down.

For the Integration Joint Board financial statements, a debtor and/or creditor will be recorded where the partner contributions differ from the actual net expenditure in period, this allows any surplus or deficit on the provision of services to be transferred to the reserves held by the Integration Joint Board.

Funding

The IJB is primarily funded through contributions from the statutory funding partners, North Ayrshire Council and NHS Ayrshire and Arran. Expenditure is incurred as the IJB commissions specified

health and social care services from the funding partners for the benefit of service recipients in North Ayrshire. Funding from the Scottish Government to offset Covid19 attributable costs is routed to the IJB via NHS Ayrshire and Arran as part of the Local Mobilisation Planning process.

Cash and cash equivalents

The IJB does not operate a bank account or hold cash. Transactions are settled on behalf of the IJB by the funding partners. Consequently, the IJB does not present a 'Cash and Cash Equivalent' figure on the balance sheet. The funding balance due to or from each funding partner as at 31 March is represented as a debtor or creditor on the IJB's Balance Sheet.

Employee benefits

The IJB does not directly employ staff. Staff are employed by the funding partners who retain the liability for pension benefits payable in the future. The IJB therefore does not present a Pensions Liability on its Balance Sheet.

The IJB has a legal responsibility to appoint a Chief Officer and a Chief Finance Officer. More details on the arrangements are provided in the Remuneration Report. The charges from the employing partner are treated as employee costs. Where material the Chief Officer's and Chief Finance Officer's absence entitlement at 31 March is accrued, for example in relation to annual leave earned but not yet taken.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are liabilities of uncertain timing or amount. A provision is recognised as a liability on the balance sheet when there is an obligation as at 31 March due to a past event; settlement of the obligation is probable; and a reliable estimate of the amount can be made. Recognition of a provision will result in expenditure being charged to the Comprehensive Income and Expenditure Statement and will normally be a charge to the General Fund.

A contingent liability is a possible liability arising from events on or before 31 March, whose existence will only be confirmed by later events. A provision that cannot be reasonably estimated, or where settlement is not probable, is treated as a contingent liability. A contingent liability is not recognised in the IJB's Balance Sheet but is disclosed in a note where it is material.

A contingent asset is a possible asset arising from events on or before 31 March, whose existence will only be confirmed by later events. A contingent asset is not recognised in the IJB's Balance Sheet but is disclosed in a note only if it is probable to arise and can be reliably measured.

Reserves

The Integration Joint Board's reserves are classified as either Usable or Unusable Reserves. The IJB's only Usable Reserve is the General Fund. The balance of the General Fund as at 31 March shows the extent of resources which the IJB can use in later years to support service provision.

Indemnity insurance

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. NHS Ayrshire and Arran and North Ayrshire Council have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide.

Unlike NHS Ayrshire and Arran, the IJB does not have any 'shared risk' exposure from participation in CNORIS (Clinical Negligence and Other Risks Indemnity Scheme). The IJB participation in the CNORIS scheme is therefore equivalent to normal insurance arrangements.

Known claims are assessed as to the value and probability of settlement. Where it is material the overall expected value of known claims taking probability of settlement into consideration, is provided for in the IJB's Balance Sheet.

The likelihood of receipt of an insurance settlement to cover any claims is separately assessed and, where material, presented as either a debtor or disclosed as a contingent asset.

VAT Status

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

NOTE 2 – CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

The critical judgements include:

- On behalf of all IJBs within the NHS Ayrshire and Arran area, the IJB acts as the lead partner for Mental Health Services. It commissions services on behalf of the three Ayrshire IJBs and reclaims the costs involved. This arrangement is treated as an agency arrangement. In the absence of an alternative agreement or approach being outlined in the Integration Scheme, the recharges across the partnerships for lead services are based on an NRAC share of costs, this may not reflect the actual cost of delivering services to the population in the three areas.
- In applying the accounting policies, the IJB has had to make a critical judgement relating to the values included for Set Aside services. The Set Aside figure included in the IJB accounts is based upon Information Services Division Scotland (ISD) activity data at historic prices with inflation applied. As such, the Set Aside sum included in the accounts will not reflect actual hospital usage in 2021-22.

There are no material estimation uncertainties included within the Financial Statements. The impact of Covid19 and associated costs incurred in 2021-22 have been accounted for in the financial statements.

NOTE 3 – EVENTS AFTER THE REPORTING PERIOD

The audited annual financial statements have been authorised for issue by the Chief Finance Officer on 25 August 2022. Events taking place after this date are not reflected in the financial statements or notes.

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period - the financial statements are adjusted to reflect such events
- Those that are indicative of conditions that arose after the reporting period – the financial statements are not adjusted to reflect for such events, but where a category of events would have a material impact disclosure is made in the notes of the nature of the events and their estimated financial effect.

There are no such events to report for 2021-22.

NOTE 4 – EXPENDITURE AND INCOME ANALYSIS BY NATURE

2020-21 Restated £000's		2021-22 £000's
125,782*	Services commissioned from North Ayrshire Council	132,167
170,264	Services commissioned from NHS Ayrshire and Arran	177,687
27	Auditor Fee: External Audit Work	28
(308,916)	Partners Funding Contributions and Non-Specific Grant Income	(331,357)
(12,843)*	(Surplus) / deficit on the Provision of Services	(21,475)

NOTE 5 - TAXATION AND NON-SPECIFIC GRANT INCOME

2020-21 £000's		2021-22 £000's
(99,897)	Funding Contribution from North Ayrshire Council	(107,059)
(209,019)	Funding Contribution from NHS Ayrshire and Arran	(224,298)
(308,916)	Taxation and Non-specific Grant Income	(331,357)

The funding contributions from the partners shown above exclude any funding which is ring-fenced for the provision of specific services. Such ring-fenced funding is presented as income in the Cost of Services in the Comprehensive Income and Expenditure Statement. There was no ring-fenced funding in 2020-21 or 2021-22.

The funding contribution from NHS Ayrshire and Arran shown above includes £33.980m (2020-21 £33.054m) in respect of 'set aside' resources relating to acute hospital and other resources. These are provided by the NHS which retains responsibility for managing the costs of providing the services. The IJB however has responsibility for the consumption of, and level of demand placed on, these resources.

The funding contribution from the NHS Board also includes funding from the Scottish Government to offset Covid19 attributable costs. Guidance on Accounting for Coronavirus (Covid19) Grants / Funding Streams issued by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) in May 2021 outlines that financial support directed towards IJBs are not grants but funding of anticipated costs submitted as part of the regular Local Mobilisation Planning process. The main consideration for IJBs is to assess the nature of the expenditure being incurred such as spend directly incurred on HSCP goods / services (such as PPE, costs of running Community and Mental Health Assessment units and increased staff costs of councils and health boards) and spend incurred to support social care providers (such as care homes).

The nature of these transactions requires the IJB to consider if it is acting as a Principal or Agent in the process. Under the Code of Practice on Local Government Accounting in the United Kingdom (the Code), principal and agent are defined as:

- Principal: where the authority is acting on its own behalf.
- Agent: where the authority is acting as an intermediary.

To assist consistency in treatment of funding provided, the LASAAC guidance contains a schedule which sets out a view of accounting treatment of Covid19 funding, as to whether principle or agent accounting applies, which IJBs should consider. This sets out that for all payments underlying the expenditure, the IJB is acting as principal. In this respect this represents financial support directed towards the IJB and are not grants but funding of anticipated costs submitted as part of the regular Local Mobilisation Planning process.

NOTE 6 – DEBTORS

31 March 2021 Restated £000's		31 March 2022 £000's
8,764*	North Ayrshire Council	24,188
2,800	NHS Ayrshire and Arran	7,365
11,564*	Total Debtors	31,553

Amounts due from to the funding partners are stated on a net basis. Debtor and Creditor balances recognised by the funding partners but not yet settled in cash terms are offset against the funds they are holding on behalf of the Integration Joint Board.

NOTE 7 – CREDITORS

31 March 2021 £000's		31 March 2022 £000's
(3,807)	North Ayrshire Council	(2,321)
0	NHS Ayrshire and Arran	0
(3,807)	Total Creditors	(2,321)

Amounts owed to the funding partners are stated on a net basis. Debtor and Creditor balances recognised by the funding partners but not yet settled in cash terms are offset against the funds they are holding on behalf of the Integration Joint Board.

The Debtor balances recognised on the Balance Sheet represent the value of reserves held by partners supporting the earmarked element of the General Fund balance. The remaining balance of the surplus on the provision of services is offset against the Creditor balance, which relates entirely to the outstanding debt to North Ayrshire Council. This is in line with the amounts owed to funding partners being stated on a net basis irrespective of settlement in cash terms.

This position is summarised below:

Funding Partner	Surplus on provision of services £000's	Repayment of Debt £000's	Movement in Reserves £000's	Uncommitted Surplus (funds which are not earmarked for specific purposes) £000's
North Ayrshire Council	(15,269)	1,486	9,203	(4,580)
NHS Ayrshire and Arran	(6,206)	0	3,538	(2,668)
Total	(21,475)	1,486	12,741	(7,248)

NOTE 8 – USABLE RESERVE: GENERAL FUND

The IJB holds a balance on the General Fund which will normally comprise one of three elements:

- As a working balance to help cushion the impact of uneven cash flows.
- As a contingency to manage the impact of unexpected events or emergencies.
- As a means of building up funds, often referred to as earmarked reserve, to meet known or predicted liabilities.

The table below shows the movements on the General Fund balance, analysed between those elements earmarked for specific planned expenditure and the amount held in unallocated reserves.

Although the IJB has an overall positive reserves position, within this there is the balance of payment due to North Ayrshire to repay the debt due for previous year deficits, the movement in this balance represents the decrease to the debt during 2021-22.

The 'free' general fund balance of £7.248m is proposed to be held as a contingency balance, this equates to around 2.5% of the IJB budget for 2021-22 which is above the lower target level of 2% and does demonstrate significant progress towards establishing a contingency reserve of between 2% and 4%.

The £1.486m will continue to be set aside in future years to support the repayment of the debt.

2020-21 Restated				2021-22		
Transfers Out 2020-21	Transfers In 2020-21	Balance at 31 March 2021		Transfers Out 2021-22	Transfers In 2021-22	Balance at 31 March 2022
			Earmarked Funds			
0	336	336	: Alcohol & Drug Partnership	0	554	890
(63)	224	224	: Mental Health Action 15	(224)	511	511
(144)	935	935	: Primary Care Improvement Fund	(935)	1,856	1,856
0	181	181	: 21-22 Budget Gap	(181)	0	0
0	500	500	: Challenge Fund	0	0	500
0	513	513	: Community Living Change Fund	0	0	513
0	4,724*	4,724*	: Covid19 Funding	0	8,597	13,321
0	0	0	: Neighbourhood Networks	0	145	145
0	0	0	: Mental Health Officer Development Grant	0	41	41
0	0	0	: NAC Recovery and Renewal – Mental Health Element	0	71	71
0	0	0	: Joint Equipment	0	5	5
0	0	0	: Nethermains Adaptations	0	40	40
0	0	0	: Supported Accommodation	0	50	50

0	0	0	: Care at Home Capacity	0	1,192	1,192
0	0	0	: Interim Care	0	1,046	1,046
0	0	0	: Trauma Training	0	50	50
0	0	0	: Trauma Trainer	0	48	48
0	0	0	: Family Wellbeing Fund	0	106	106
0	0	0	: Perinatal MH Nurse	0	65	65
0	0	0	: Unaccompanied Asylum-Seeking Children	0	11	11
0	0	0	: Multi-Disciplinary Teams	0	644	644
0	0	0	: Health Care Support Workers	0	144	144
0	0	0	: MH Recovery and Renewal	0	2,057	2,057
0	0	0	: Medical photography	0	4	4
0	0	0	: Data Sims	0	28	28
0	0	0	: School Nursing	0	56	56
0	0	0	: Buvidal	0	109	109
0	0	0	: AHP Winter Funding	0	51	51
0	0	0	: Perinatal and Infant Mental Health	0	86	86
0	0	0	: Cossette Funding	0	18	18
0	0	0	: Replacement Mattress Programme	0	78	78
0	0	0	: Expansion of Primary Care Estates	0	55	55
0	0	0	: GP Premises Improvements - tranches 1 and 2	0	81	81
0	0	0	: Mental Health Wellbeing in Primary Care	0	40	40
0	0	0	: Dental Practice Improvement	0	265	265
0	0	0	: Dental Winter Preparedness	0	128	128
(207)	7,413*	7,413*	Total Earmarked	(1,340)	18,232	24,305
0	(3,807)	(3,807)	Outstanding Debt	3,807	(2,321)	(2,321)
0	4,151	4,151	Unallocated General Fund	181	2,916	7,248
(207)	7,757*	7,757*	General Fund	2,648	18,827	29,232

NOTE 9 – AGENCY INCOME AND EXPENDITURE

On behalf of all IJBs within the NHS Ayrshire and Arran area, the IJB acts as the lead manager for Mental Health Services. It commissions services on behalf of the other IJBs and reclaims the costs involved. The payments that are made on behalf of the other IJBs, and the consequential

reimbursement, are not included in the Comprehensive Income and Expenditure Statement (CIES) since the IJB is not acting as principal in these transactions.

The amount of expenditure and income relating to the agency arrangement is shown below.

2020-21 £000		2021-22 £000
31,583	Expenditure on Agency Service – Lead Partnership	32,109
0	Expenditure on £500 Thank You Payments to Social Care Providers	2,155
922	Expenditure on PPE and Test Kits from National Services Scotland	905
32,505	TOTAL AGENCY EXPENDITURE	35,169
(31,583)	Reimbursement for Agency Service – Lead Partnership	(32,109)
0	Reimbursement for £500 Thank You Payments to Social Care Providers	(2,155)
(922)	Reimbursement for PPE from National Services Scotland	(905)
(32,505)	TOTAL AGENCY INCOME	(35,169)
0	Net Agency Expenditure Excluded from the CIES	0

During the year, the Scottish Government provided funding as a “Thank You” payment to all health and social care staff and social care providers. Payments to health and social care staff and social care providers were actioned at 31st of March 2022 but are excluded from the accounts of NHS Ayrshire and Arran and North Ayrshire Council as the IJB acted as an agent in respect of these payments. No income or expenditure has been recognised for the payments in the Comprehensive Income and Expenditure Statement.

The Health and Social Care Partnership operated a PPE hub which distributed stock to employees, as well as external providers and carers. This stock was issued to the hub at no charge by NHS National Services Scotland. This was done under an agency arrangement and the estimated stock issued was £0.127m. As the IJB was acting as an agent regarding PPE transactions it does not recognise any income, expenditure or closing stock of PPE in the annual accounts.

In addition, Covid19 testing kits valued at £0.778m were issued by the Scottish and UK Governments for the use of frontline staff. This was also done under an agency arrangement and so no entries are included within the annual accounts.

NOTE 10 – RELATED PARTY TRANSACTIONS

The IJB has related party relationships with NHS Ayrshire and Arran and North Ayrshire Council. In particular the nature of the partnership means that the IJB may influence, and be influenced by, its partners. The following transactions and balances included in the IJB’s financial statements are presented to provide additional information on the relationships.

2020-21 £000	Transactions with NHS Ayrshire and Arran	2021-22 £000
(209,019)	Funding Contributions received from NHS Board	(224,298)
0	Service Income received from NHS Board	0
170,207	Expenditure on Services Provided by NHS Board	177,643
72	Key Management Personnel: Non-Voting Board Members	58
0	Support Services	0
(38,740)	Net Transactions with NHS Board	(46,597)

31 March 2021 £000	Balances with NHS Ayrshire and Arran	31 March 2022 £000
2,800	Debtor Balances: Amounts due from NHS Board	7,365
0	Creditor Balances: Amounts due to NHS Board	0
2,800	Net Balances with NHS Board	7,365

2020-21 Restated £000	Transactions with North Ayrshire Council	2021-22 £000
(99,897)	Funding Contributions received from the Council	(107,059)
0	Service Income received from the Council	0
125,723*	Expenditure on Services Provided by the Council	132,123
71	Key Management Personnel: Non-Voting Board Members	58
0	Support Services	0
25,897*	Net Transactions with the Council	25,122

31 March 2021 Restated £000	Balances with North Ayrshire Council	31 March 2022 £000
8,764*	Debtor Balances: Amounts due from the Council	24,188
(3,807)	Creditor Balances: Amounts due to the Council	(2,321)
4,957*	Net Balances with the Council	21,867

There are key management personnel employed by NHS Ayrshire and Arran and North Ayrshire Council; these costs are included in the expenditure on services provided. The non-voting Board members employed by the Council and Health Board include the Chief Officer, Chief Finance Officer, Chief Social Work Officer, representatives of primary care, nursing and non-primary care services; and a staff representative. Details of the remuneration for some specific post-holders is provided in the Remuneration Report.

Support services were not delegated to the Integration Joint Board through the Integration Scheme and are instead provided by NHS Ayrshire and Arran and North Ayrshire Council free of charge as 'services in kind'. These include services such as financial management, human resources, legal services, committee services, ICT, payroll, internal audit and accommodation.

NOTE 11 – VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

The VAT treatment of expenditure in the IJB's financial statements depends on which of the partner agencies is providing the service as these agencies are treated differently for VAT purposes.

Where the Council is the provider, income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to H.M. Revenue and Customs and all VAT paid is recoverable from it. The Council is not entitled to fully recover VAT paid on a very limited number of items of expenditure and for these items the cost of VAT paid is included within service expenditure to the extent that it is irrecoverable from H.M. Revenue and Customs.

Where the NHS is the provider, expenditure incurred will include irrecoverable VAT as generally the NHS cannot recover VAT paid as input tax and will seek to recover its full cost as income from the Commissioning IJB.

NOTE 12 – ACCOUNTING STANDARDS ISSUED NOT YET ADOPTED

The Code requires the disclosure of information about accounting changes that will be required by new accounting standards that has been issued but not yet adopted. The IJB considers that there are no such standards which would have an impact on the 2021-22 financial statements.

Independent auditor's report

Independent auditor's report to the members of North Ayrshire Integration Joint Board and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of North Ayrshire Integration Joint Board for the year ended 31 March 2022 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the 2021/22 Code).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2021/22 Code of the state of affairs of the body as at 31 March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 31 May 2016. The period of total uninterrupted appointment is 6 years. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, we report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

Risks of material misstatement

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Chief Finance Officer and North Ayrshire Integration Joint Board for the financial statements

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

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

- considering the nature of the board's control environment and reviewing the board's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired with management, internal audit and those charged with governance about their own identification and assessment of the risks of irregularities;
- obtaining an understanding of the applicable legal and regulatory framework and how the board is complying with that framework;
- identifying which laws and regulations are significant in the context of the board;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and

- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory framework that the body operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This included the Local Government (Scotland) Act 1973, the Local Authority Accounts (Scotland) Regulations 2014, the Local Government in Scotland Act 2003 and the Public Bodes (Joint Working) Scotland Act 2014.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the body's ability to operate or to avoid a material penalty. These included the Data Protection Act 2018 and relevant employment legislation.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud was in relation to the completeness and accuracy of the contributions received from the Health Board and the Council. The risk is that the partner bodies do not pass on any additional funding due. In response to this risk, we tested the income recognised to ensure that the correct contributions have been received in accordance with that agreed as part of the budget process.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

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

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

Reporting on other requirements

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

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

Other information

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

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

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

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

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

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

Pat Kenny, CPFA (for and on behalf of Deloitte LLP)

110 Queen Street

Glasgow

G1 3BX

United Kingdom

25 August 2022

Glossary of Terms

While the terminology used in this report is intended to be self-explanatory, it may be useful to provide additional definition and interpretation of the terms used.

Accounting Period

The period of time covered by the Accounts normally a period of twelve months commencing on 1 April each year. The end of the accounting period is the Balance Sheet date.

Accruals

The concept that income and expenditure are recognised as they are earned or incurred not as money is received or paid.

Balance Sheet

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

CIPFA

The Chartered Institute of Public Finance and Accountancy.

Consistency

The concept that the accounting treatment of like terms within an accounting period and from one period to the next is the same.

CNORIS

The Clinical Negligence and Other Risks Indemnity Scheme

COSLA

Convention of Scottish Local Authorities

Creditor

Amounts owed by the IJB for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

Debtor

Amount owed to the IJB for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

Entity

A body corporate, partnership, trust, unincorporated association or statutory body that is delivering a service or carrying on a trade or business with or without a view to profit. It should have a separate legal personality and is legally required to prepare its own single entity accounts.

IFRS

International Financial Reporting Standards.

ISA

International Standard on Auditing

ISD

Information Services Division Scotland

LASAAC

Local Authority (Scotland) Accounts Advisory Committee

Liability

A liability is where the IJB owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period e.g. creditors or cash overdrawn. A non-current liability is an amount which by arrangement is payable beyond the next year at some point in the future or will be paid off by an annual sum over a period of time.

NRAC

NHS Scotland Resource Allocation Committee (Scottish NHS resource allocation formula)

Post Balance Sheet Events

Post Balance Sheet events are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Annual Accounts are authorised for issue.

Provisions

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

Related Parties

Bodies or individuals that have the potential to control or influence the IJB or to be controlled or influenced by the IJB. For the IJB's purposes, related parties are deemed to include voting members, the Chief Officer and their close family and household members.

Remuneration

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the monetary value of any other benefits received other than in cash.

Reserves

The accumulation of surpluses, deficits and appropriation over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the IJB.

Revenue Expenditure

The day-to-day expenses of providing services.

Significant Interest

The reporting authority is actively involved and is influential in the direction of an entity through its participation in policy decisions.

The Code

The Code of Practice on Local Authority Accounting in the United Kingdom

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DIRECTOR (North Ayrshire Health & Social Care Partnership): Caroline Cameron
5th Floor, West Wing, Cunninghame House, Friarscroft, Irvine, KA12 8EE
Tel: 01294 317700

If telephoning please call: Paul Doak

25th August 2022

Pat Kenny CPFA
Deloitte LLP
110 Queen Street
Glasgow
G1 3BX

Dear Pat

This representation letter is provided in connection with your audit of the financial statements of North Ayrshire Integration Joint Board ('the entity') for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the entity as of 31 March 2022 and of the results of its operations, other comprehensive net expenditure for the year then ended in accordance with the applicable accounting framework as interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom.

In addition to the above, this representation letter is provided in connection with your audit of the other information in the Annual Accounts, for the purposes set out in the Code of Audit Practice 2016.

We are aware that it is an offence to mislead an auditor of a public body.

On behalf of the entity, I confirm as Responsible Financial Officer, to the best of my knowledge and belief, the following representations.

Financial statements

1. We understand and have fulfilled our responsibilities for the preparation of the financial statements in accordance with the applicable financial reporting framework, as set out in the Code of Practice on Local Authority Accounting in the United Kingdom, which give a true and fair view, as set out in the terms of the audit engagement letter.
2. Significant assumptions used by us in making accounting estimates, including those measured at fair value and assessing the impact of COVID-19 on the entity are reasonable. We have made sufficient and appropriate disclosure of the general increased estimation uncertainty arising from the impact of COVID-19.
3. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of IAS24 "Related party disclosures".
4. All events subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment of or disclosure have been adjusted or disclosed.
5. There are no uncorrected misstatements and disclosure deficiencies.
6. We confirm that the financial statements have been prepared on the going concern basis and disclose in accordance with IAS 1 all matters of which we are aware that are relevant to the entity's ability to continue as a going concern, including principal conditions or events and our plans. We do not intend to cease operations as we consider we have realistic alternatives to doing so. We are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. We confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including our plans for future actions.



7. The entity has satisfactory title to all assets and there are no liens or encumbrances on the entity's assets and assets pledged as collateral.
8. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent.
9. We have reconsidered the remaining useful lives of the property, plant and equipment and confirm that the present rates of depreciation are appropriate to amortise the cost less residual value over the remaining useful lives.
10. We are not aware of events or changes in circumstances occurring during the period which indicate that the carrying amount of property, plant and equipment may not be recoverable.
11. With respect to accounting estimates, we confirm:
 - the measurement processes, including related assumptions and models used to determine accounting estimates in the context of the applicable financial reporting framework are appropriate and have been applied consistently;
 - the assumptions appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity where relevant to the accounting estimates and disclosures;
 - the disclosures related to accounting estimates under the entity's applicable financial reporting framework are complete and appropriate; and
 - there have been no subsequent events that require adjustment to the accounting estimates and disclosures included in the financial statements.
12. We confirm that we consider the depreciated historic cost is an appropriate proxy for the fair value of non-property assets, and are not aware of any circumstances that would indicate that these assets require revaluation.
13. We have made the following restatement to correct a misstatement in prior period financial statements that effect the comparative information: the restatement is in relation to the "COVID-19 Thank-You" payments which were incorrectly accrued into the wrong financial year.

Information provided

14. We have provided you with all relevant information and access as agreed in the terms of the audit engagement letter with Audit Scotland.
15. All transactions have been recorded and are reflected in the financial statements and the underlying accounting records.
16. We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud and error. We are not aware of any deficiencies in internal control of which you should be aware.
17. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
18. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity or group and involves:
 - (i) management;
 - (ii) employees who have significant roles in internal control; or
 - (iii) others where the fraud could have a material effect on the financial statements.
19. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
20. We are not aware of any instances of non-compliance, or suspected non-compliance, with laws, regulations, and contractual agreements whose effects should be considered when preparing financial statements.
21. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
22. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the applicable financial reporting framework. No other claims in connection with litigation have been or are expected to be received.



23. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
24. We confirm that:
 - (i) we consider that the entity has appropriate processes to prevent and identify any cyber breaches other than those that are clearly inconsequential; and
 - (ii) we have disclosed to you all cyber breaches of which we are aware that have resulted in more than inconsequential unauthorised access of data, applications, services, networks and/or devices.
25. We have performed an assessment of the impact on the financial statements of events in Russia and Ukraine including consideration of the impact of sanctions and have disclosed the results of that assessment to you.
26. All minutes of Board and Committee meetings during and since the financial year have been made available to you.
27. We have drawn to your attention all correspondence and notes of meetings with regulators.
28. We confirm that all of the disclosures relating to sections of the Annual Accounts which are considered 'other information' as set out in the Code of Audit Practice 2016 have been prepared in accordance with relevant legislation and guidance.

We confirm that the above representations are made on the basis of adequate enquiries of management and staff (and where appropriate, inspection of evidence) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

Paul Doak CPFA
Head of Service (Finance and Transformation)

Signed as Responsible Financial Officer, for and on behalf of North Ayrshire Integration Joint Board.