

## Integration Joint Board 16<sup>th</sup> November 2023

<b>Subject :</b>	<b>2022/23 Audited Annual Accounts</b>
<b>Purpose :</b>	The Board is required to approve the audited annual accounts for 2022-23 for issue and to consider the report from External Audit.
<b>Recommendation :</b>	That the Board: (a) Note that Audit Scotland have completed their audit of the annual accounts for 2022-23 and have issued an unqualified independent report auditor's report; and (b) Approve the Audited Annual Accounts to be signed for issue.

<b>Direction Required to Council, Health Board or Both</b> <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

<b>1.</b>	<b>EXECUTIVE SUMMARY</b>
1.1	The Integration Joint Board (IJB) was required to produce a set of annual accounts for 2022-23. These accounts were produced within the statutory timescale and have been subject to independent audit by the Integration Joint Board's external auditors, Audit Scotland.
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 Audit Scotland have issued an unqualified independent auditor's report.
1.3	As part of the independent audit there were some minor presentational changes required and these have been updated in the final accounts. There are no changes to the overall financial position reported to the Performance and Audit Committee in

	June. An accounting misstatement was identified which was well within the materiality threshold and any corrective action will be taken ahead of the 2023-24 audit.
<b>2.</b>	<b>BACKGROUND</b>
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 2022-23. 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.
2.3	The Audited Annual Accounts for 2022-23 are included as Appendix 1, these incorporate the independent auditors report. Audit Scotland 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 Head of Service (Finance and Transformation) as responsible officer. Audit Scotland's External Audit Annual Audit Report to members, which summarises the findings of the audit, is a separate item on the agenda.
2.5	Audit Scotland have given an unqualified opinion that the 2022-23 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. The overall financial position remains as reported to the Performance and Audit Committee in June 2023.
2.6	Audit Scotland identified an accounting misstatement during the audit relating to a difference between total IJB reserves (£17.664million) and the debtor balances due to the IJB from partners' audited accounts (£16.728million). This is well within the materiality threshold. This difference requires to be reviewed through the ledgers and any corrective action will be taken ahead of the 2023-24 audit and reported to the IJB.
2.7	The Integration Joint Board are required to formally approve the Audited Annual Accounts and thereafter they will be published on the partnership website.

<b>3.</b>	<b>PROPOSALS</b>
3.1	<p>The Board is invited to:</p> <p>(a) note that Audit Scotland have completed their audit of the annual accounts for 2022-23 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	<u>Anticipated Outcomes</u>
	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.
3.3	<u>Measuring Impact</u>
	Progress against the recommendations will be reviewed by the Performance and Audit Committee during 2023-24.
<b>4.</b>	<b>IMPLICATIONS</b>
4.1	<u>Financial</u> The IJB are required to consider and approved the Audited Annual Accounts for 2022-23.
4.2	<u>Human Resources</u> None.
4.3	<u>Legal</u> None.
4.4	<u>Equality/Socio-Economic</u> None.
4.5	<u>Risk</u> 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.
4.6	<u>Community Wealth Building</u> None.
4.7	<u>Key Priorities</u> None.

<b>5.</b>	<b>CONSULTATION</b>
5.1	<p>The unaudited annual accounts were advertised and made publicly available for inspection. There were no objections noted from the public inspection.</p> <p>The Chief Officer, Chief Finance Officer and other officers of the IJB have been consulted during the audit process as required.</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](mailto:pdoak@north-ayrshire.gov.uk)) or Eleanor Currie (Principal Manager, Finance) ([eleanorcurrie@north-ayrshire.gov.uk](mailto:eleanorcurrie@north-ayrshire.gov.uk))

Appendices

- Appendix 1, Audited Annual Accounts 2022-23
  - Appendix 2, Letter of representation



## Annual Accounts for Period Ending 31 March 2023



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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 2023.

The Management Commentary outlines the key messages in relation to the IJB's financial planning and performance for the period 2022-23 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 deliver services that continue to meet the needs of the people of North Ayrshire following the Covid19 pandemic.

## North Ayrshire IJB

Each of the three Ayrshire Councils and NHS Ayrshire and Arran established the 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.

In April 2022, the Partnership published its long-term strategic plan, 'Caring Together 2022-30'. This represents the first time the Partnership has produced a strategic commissioning plan over the longer term.

In developing this plan the Partnership undertook a review of its vision, values and strategic priorities.

Following consultation, the Partnership agreed to maintain the vision that:

**'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:

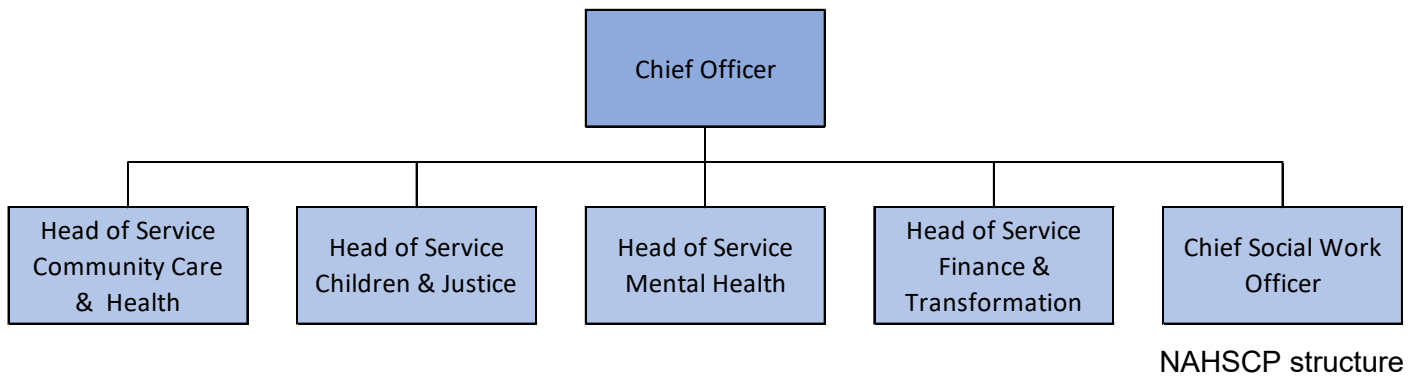


NAHSCP Priorities

North Ayrshire Council and NHS Ayrshire and Arran delegate responsibility for the planning of services to the IJB. The IJB commissions services from the Council and NHS 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.





Following a revision of the Partnership’s values, people accessing Health and Social Care Services across North Ayrshire can expect to experience: **Care, Empathy and Respect**

The plan built on much of the work that had been established during the development of the one-year 2021-22 bridging plan, with key members of the Strategic Planning Group and other stakeholders being actively involved in its development.

In addition, engagement across local health and care networks provided further valuable information. 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.

### Delivering the Plan

The plan identifies several 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 several key enablers, including the Medium-Term Financial Outlook, Transformation Plan, and Participation and Engagement Strategy.

The plan is supported by key strategic actions which are each aligned to a strategic priority and service ambitions. These actions will form part of the HSCP’s performance reporting 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: [‘Caring Together’ HSCP Strategic Commissioning Plan \(2022-30\)](#)

## North Ayrshire Today

North Ayrshire is home to an estimated 133,806 people. The local area covers approximately 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 27% of the local population. Between 2022 and 2030, the percentage of the adult (18-64) population will fall from 57% to 53%.

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 79.68 years, compared to 80.52 in 2015, and male life expectancy was 74.47 years compared to 75.92. 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 (2019-2021 3-year aggregate), the average healthy life expectancy in North Ayrshire was 56.5 years for men and 52.1 years for women. This is a decrease across both sexes compared to 2017-2019 data, which highlighted the average healthy life expectancy for men was 58.5 years and 56.3 years for women.

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 24.1% of their life in ill health, compared to 34.6% for women.

## Socio-Economic Profile

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.

North Ayrshire Council's latest economic briefing (covering the period from Jan to Dec 2021), reported the local employment level at 64.9%, the lowest in Scotland (Scottish figure was 72.1%). Over the same period, North Ayrshire also reported an unemployment level of 4.9%, the second highest in Scotland and above the Scottish figure of 3.9%. Again, over the same period, North Ayrshire reported 30.2% of local people as economically inactive, again higher than the Scottish figure of 23.8%.

Overall, there are 23,700 economically inactive people in North Ayrshire and 56,600 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 5.0%, which is below pre-Covid19 levels. The Scottish rate for the same period was 3.6%.

# A snapshot of achievements during 2022-23

## Tackle Inequalities

- **Supported Accommodation** - The construction of new supported accommodation developments across several areas of North Ayrshire concluded during 2022/23, with the opening of those in Largs and Stevenston. The Nethermains supported accommodation in Kilwinning has also had additional capacity.



- The **Financial Inclusion Pathway** for Children and Families was refreshed and relaunched in June 2022 within Universal Early Years. The new pathway, originally developed in 2019, now includes supports for employability and debt advice, as well as benefits and energy advice.
- **Additional Welfare Advice staff in GP surgeries** – Welfare Advice and Health Partnership funding allowed additional welfare rights advisors in GP Practices in areas of multiple deprivation for a two-year period. Embedded advisors provide regulated and accredited advice on income maximisation, social security, debt resolution, housing, and employability issues as well as representation at tribunals.

## Enable Communities

- The Mental Health and Wellbeing in Primary Care working group has completed an initial period of engagement with service user and stakeholders. 451 survey questionnaires were completed, with 47 individuals attending focus groups across the localities. Follow up focus groups with partners will take place with a particular group focused on digital solutions and the new mental health and wellbeing strategy.



- **Supporting Needs Collaborative Improvement Day:** The Third Sector Interface North Ayrshire collaborated with the Partnership to deliver a marketplace event as part of this day, providing an opportunity for colleagues to meet a range of third sector organisations and groups offering services within our local communities to families, especially those with additional support needs.
- **Locality Conversation Approach** - these are larger stakeholder events facilitated in community settings in each locality in North Ayrshire. Staff members from across services in the Partnership, Council, NHS, and 3rd sector attend alongside the community members in each locality. The events are facilitated by the Partnership Engagement Officer team with staff teams being encouraged to help share possible topic discussions based on what is going on in services at that time. These events enable people to have conversations, ask questions and share ideas around health and social care services in their locality.

- The Partnership is implementing **Signs of Safety**, a strength and safety organised model of practice which has been evaluated as effective in driving cultural change. Evaluation from other areas which have implemented Signs of Safety has indicated:
  - Families feel more empowered and are more able to understand and address the concerns and requirements of child protection authorities.
  - Other things being equal, the number of children removed from families reduces relative to the number of families with whom authorities work more intensively to build safety around the children.
  - Practitioners report greater job satisfaction due to the clarity of the approach, the usefulness of the tools and the impact for the children and families.
- The **Changing Rooms** project was launched by Developing Young Workforce Ayrshire. It is the second of five such projects in the pipeline in North Ayrshire – two baristas, one beauty and two community cafes. We are very pleased that service users are already being trained and gaining skills and qualifications.

## Improving Mental and Physical Health and Wellbeing

- **Partnership working with the TSI: Scottish Government Communities Mental Health Fund** - as part of the Scottish Government's Recovery and Renewal Fund, a second year of 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 the Scottish Government's Mental Health Strategy.
- The new **Alcohol and Drug Liaison Team** was launched in August 2022. This new team replaces the previous Alcohol Liaison Team as well as the Non-Fatal Drug Overdose Pathway and operates 7 days a week from 9am -7pm. Priority for the team is the implementation of the MAT standards. The model being used is under continual review and a proposal has been made to introduce an Advanced Nurse Practitioner within the team using established funding.
- The **Emergency Services Mental Health Pathway** launched in May 2022. The pathway is operational 24/7 and is for Police Scotland and Scottish Ambulance Service to use when they are responding to individuals who they feel have a primary mental health concern and who may require an urgent mental health response. This is a whole life referral pathway, with no upper or lower age limits. This pathway is staffed by charge nurses recruited into this specific role from existing teams. The pathway is well utilised which has seen a decrease in patients attending Emergency Departments.



- **Short Term Support Worker Recovery Team** – as an addition to the Mental Health Social Work Team, the Support Worker Recovery Team was developed to offer short term support to individuals with Mental Health difficulties. The service has been invaluable in facilitating timeous discharge from hospital support and preventing unnecessary admissions. It has also supported the service in the short term with unmet need, whilst awaiting appropriate packages of care.

## Develop and Support our Workforce

- **Primary and Social Care Wellbeing Fund** – grants have been made available to benefit the ‘wellbeing’ of North Ayrshire HSCP staff across our whole system - including NHS, Social Care, GP Practice and Primary Care teams, personal assistants, third and independent service providers who are commissioned by the HSCP including carers, voluntary groups, volunteers, and independent sector care homes.
- **Social Work Trainees** - the strategy of building workforce capacity and growing our own Social Workers through the development of the professional training pathway was agreed and resources have been identified to support three placements.
- **The Unscheduled Care Service** has undergone a full rebranding as a 24/7 Unscheduled Care Service made up of the following teams: Adult Mental Health Liaison, Elderly Mental Health Liaison, Alcohol and Drug Liaison, Intensive CPN team (previously CRT) and Mental Health ANPs. This service models provides flexibility across the service as well as enhancing working relationships and development as a whole service.
- **Pan Ayrshire Duty Service:** whilst it has been identified that the Community Mental Health Teams (CMHTs) across Ayrshire & Arran require an additional staffing resource to meet demand, the service has nonetheless looked at innovative ways to maximise the current workforce. The Pan-Ayrshire Duty Service is one such test of change (TOC) that is proving effective in providing some staffing resource release back to the CMHTs. Additionally, there is shared learning occurring for the CPNs involved from each of the localities across Ayrshire. Although the TOC is not complete, early indications are that we should continue with the shared model as not only is it delivering service benefits, patient care as always remains high.



## Provide Early and Effective Support

- The North Ayrshire **Suspected Death by Suicide Review Group** has continued to evolve throughout 2022/ 2023. The Group initially reviewed all deaths that were not already subject to formal processes. Learning from the reviews to date has allowed us to not only consider what training and development is required, but considering where it is required.
- **Suicide Prevention Toolkit for the Third Sector:** During a marketplace event hosted by the Third Sector Interface North Ayrshire to launch Year 2 of the Communities Mental Health and Wellbeing Fund, it was identified that many third sector groups and organisations are not



confident in dealing with potential suicide concerns. A collaborative working group has been established involving colleagues from the Partnership, health, and the third sector, to develop a toolkit to support increased awareness and confidence.

- NHS Ayrshire and Arran and the three HSCPs secured **UNICEF Baby Friendly Gold Achieving Sustainability accreditation** in November 2022. Baby friendly accreditation is based on a set of inter-linked evidence based, child rights-based standards relating to the care of babies, their mothers and families provided by maternity, neonatal and health visiting services. In our case, this relates to the care provided by the integrated Community Infant Feeding team which includes Health Visitors, Family Nurses, support staff and the Breastfeeding Network.

## Organisational Performance

Our new 2022-2030 strategic plan was approved and implemented with the year one performance being monitored via the quarterly Performance and Audit Committee. A full review of service planning and performance measures was undertaken resulting in a new agreed set of measures attributed to our new strategic objectives and to reflect the transformation of services to meet continual service improvement and demand. Where an indicator presents as being off track, commentary with proposed resolution and future mitigation is provided on how to improve future performance.

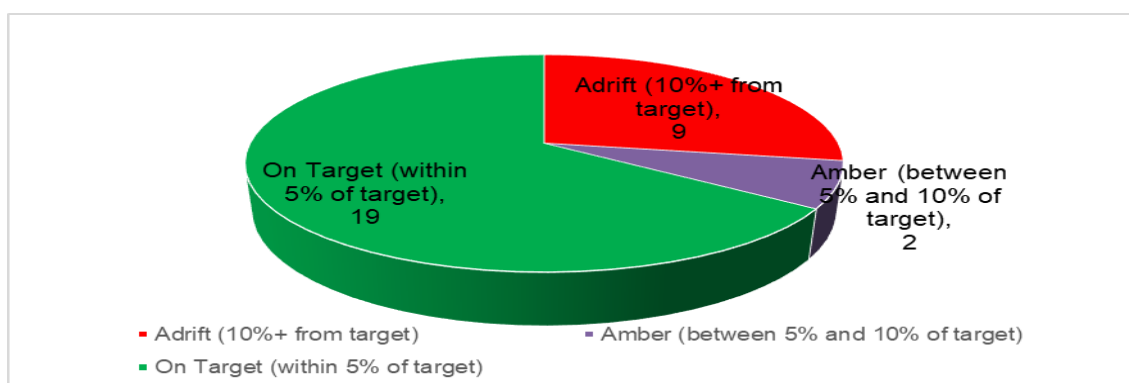
Performance reporting comprises of a series of key performance indicators and key actions, which link directly back to our strategic plan. Performance is reported at a number of levels within the organisation including the Integration Joint Board Performance and Audit Committee, the Integration Joint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

As is standard practice a report was presented to each meeting of the Performance and Audit Committee listing all changes to service performance measures for 2022-23. 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

For the year 2022-23 there were 30 agreed performance measures across all service areas. Due to the time for collation and verification 2 measures are included from Q3 as they are reported one quarter in arrears.

The latest Performance and Audit Committee Report shows progress against the key measures, and this is represented in the chart below.



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 2022-23 were:

- Recruiting 6 new foster carers during the year
- Supporting younger service users into employment, training, education via Employability Mentors
- Reducing the number of people waiting for Health and Community Care assessment
- Reducing the number of people on the waiting list for a Care at Home service in the Community and in Hospital
- Reducing the number of days people spend in hospital beyond their discharge date
- Absence levels

Provisions made under Coronavirus (Scotland) Act 2020 were removed for the reporting year 2022-23. As such further information on performance will be contained in the Annual Performance Report due for publication at end of July 2023 following approval of the Performance and Audit Committee and the Integrated Joint Board.

## Annual Accounts

The Annual Accounts set out the financial statements of the IJB for the period ended 31 March 2023. 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 2022-23 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 2022-23 the IJB agreed a one-year balanced budget which included an overall savings requirement of £0.683m. 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 2023-24 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 2022-23 and reported to the IJB in March 2023. This covers the period 2023-26.

## 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.

From month 4 the projected position has been an underspend. 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. Funding was



provided by Scottish Government in advance of the 2022-23 financial year to cover Covid-related costs in delegated services and surplus funding was recovered later in the year. It is not currently anticipated that any additional funding will be made available in 2023-24 for this purpose.

The overall financial performance against budget for the financial period 2022-23 (after adjusting for new earmarked reserves) was an overall underspend of £3.719m. This consisted of £3.170m of underspend in social care services and £0.549m underspend in health services.

This position includes the budget being held on behalf of the IJB by the Council for debt repayment. This £2.321m was allocated at the period-end which completely cleared the outstanding debt to North Ayrshire Council (£1.486m 2021-22). This debt related to historic overspends which North Ayrshire Council funded at the time and the IJB had to subsequently repay.

The table below reconciles the deficit on the provision of services of £11.568m as noted in the Comprehensive Income and Expenditure Statement to the financial outturn surplus position of £3.719m.

<b>Reconciliation table</b>	<b>21/22</b>	<b>22/23</b>
<b>(Surplus) / Deficit on provision of services</b>	<b>(21.475)</b>	<b>11.568</b>
Earmarked reserves released to services during the year	(1.159)	(19.506)
Repayment of Debt	1.486	0
<b>Sub Total</b>	<b>(21.148)</b>	<b>(7.938)</b>
NEW Earmarked Reserve Balances	18.232	4.219
<b>Financial Outturn (underspend)</b>	<b>(2.916)</b>	<b>(3.719)</b>

The table below summarises the financial performance for 2022-23 and 2021-22. 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 £32.267m which was allocated at the end of the period to the IJB. The set aside budget is included within the financial statements.

<b>2021-22 Budget</b>	<b>2021-22 Actual</b>	<b>Variance (Fav) / Adv</b>	<b>Service</b>	<b>2022-23 Budget</b>	<b>2022-23 Actual</b>	<b>Variance (Fav) / Adv</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>
81,840	77,629	(4,211)	Health and Community Care	85,261	85,286	25
88,742	81,491	(7,251)	Mental Health	96,133	92,731	(3,402)
36,579	37,818	1,239	Children, Families and Justice	38,076	40,290	2,214
50,073	50,047	(26)	Primary Care	51,357	51,277	(80)
6,853	6,771	(82)	Allied Health Professionals	9,532	9,463	(69)
29,214	17,627	(11,587)	Management and Support Costs	(175)	(6,460)	(6,285)
1,099	1,105	6	Change Programme	1,194	1,197	3
0	0	0	Chief Social Work Officer	2,570	866	(1,704)
<b>294,400</b>	<b>272,488</b>	<b>(21,912)</b>	<b>TOTAL EXPENDITURE</b>	<b>283,948</b>	<b>274,650</b>	<b>(9,298)</b>

2021-22 Budget £000	2021-22 Actual £000	Variance (Fav) / Adv £000	Service	2022-23 Budget £000	2022-23 Actual £000	Variance (Fav) / Adv £000
(294,000)	(294,400)	0	TOTAL INCOME	(283,948)	(283,948)	0
0	(21,912)	(21,912)	OUTTURN ON A MANAGED BASIS	0	(9,298)	(9,298)
0	764	764	Lead Partnership Allocations	0	1,360	1,360
0	(21,148)	(21,148)	OUTTURN ON AN IJB BASIS	0	(7,938)	(7,938)
0	18,232	18,232	New Earmarking	0	4,219	4,219
0	(2,916)	(2,916)	FINAL OUTTURN POSITION	0	(3,719)	(3,719)

The main areas of variance during 2022-23 are noted below:

**Health and Community Care – overspend of £0.025m** mainly relates to overspends in Integrated Island Services, supplementary staffing in rehab wards and care packages for people with a physical disability, offset by underspends in care home placements, reablement and care at home.

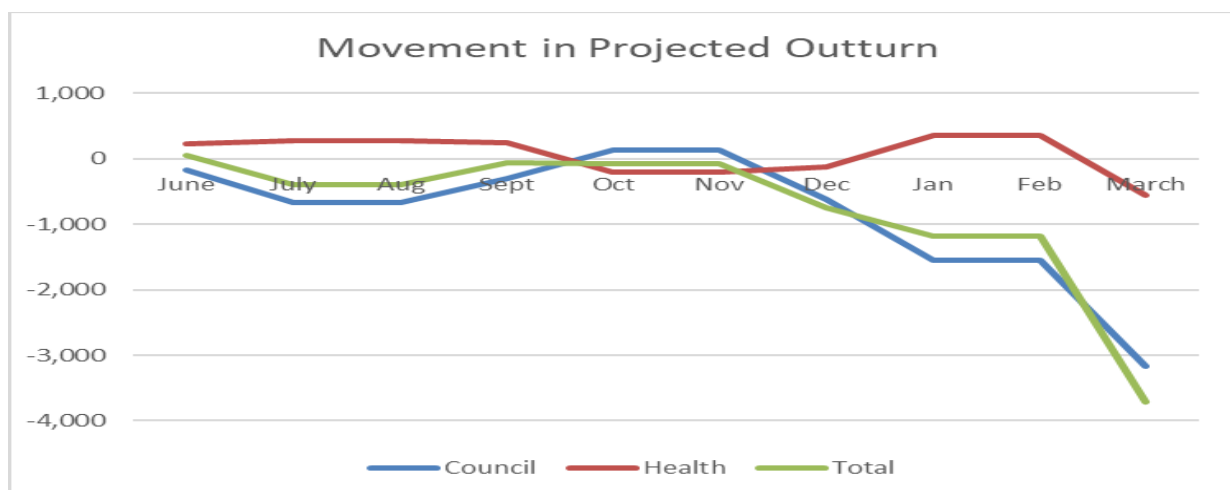
**Mental Health – underspend of £3.402m** which relates to underspends in community mental health, non-employee costs at Trindlemoss and the Lead Partnership for mental health (psychology, child and adolescent mental health services (CAMHS), Action 15 and psychiatry). These underspends are predominantly 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 2023-24.

**Children, Families and Justice – overspend of £2.214m** which is mainly related to overspends in services for care experienced children (residential care, respite care and employee costs) and services for children with a disability (residential care, respite care). These were partially offset by an underspend in the Whole Family Wellbeing Fund which will earmarked for use in 2023-24.

**Management and Support Costs – underspend of £6.285m** mainly relates to over-recovery of payroll turnover due to the level of vacant posts being higher than assumed when setting the budget, and underspends in transition funding, LD day care savings and an underspend in relation to the planned redesign of the West Road building which will be earmarked for use in 2023/24.

#### 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 2022-23.



## 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.

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	Explanation of Outturn
North	(2,802)	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 2023-24.
South	139	Overspend	Pressures from the community equipment store and continence service offset by underspends in the Family Nurse Partnership
East	(1,970)	Underspend	Primary care – mainly in the Primary Care Improvement Fund and Ayrshire Urgent Care Services (AUCS).

## 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 2022-23 budget delegated by NHS Ayrshire and Arran includes the acute set aside resource of £32.267m, 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 £0.650m (2021-22 £2m over) under the NRAC fair share:

IJB	NRAC Budget Share 2022-23 £m	NRAC %	Set Aside 2022-23 £m	Over / (Under) NRAC Fair Share £m
East Ayrshire	28.543	31.90%	26.555	1.988
North Ayrshire	32.917	36.80%	32.267	0.650
South Ayrshire	27.988	31.30%	30.626	(2.638)
<b>Total</b>	<b>89.448</b>	<b>100%</b>	<b>89.448</b>	<b>0</b>

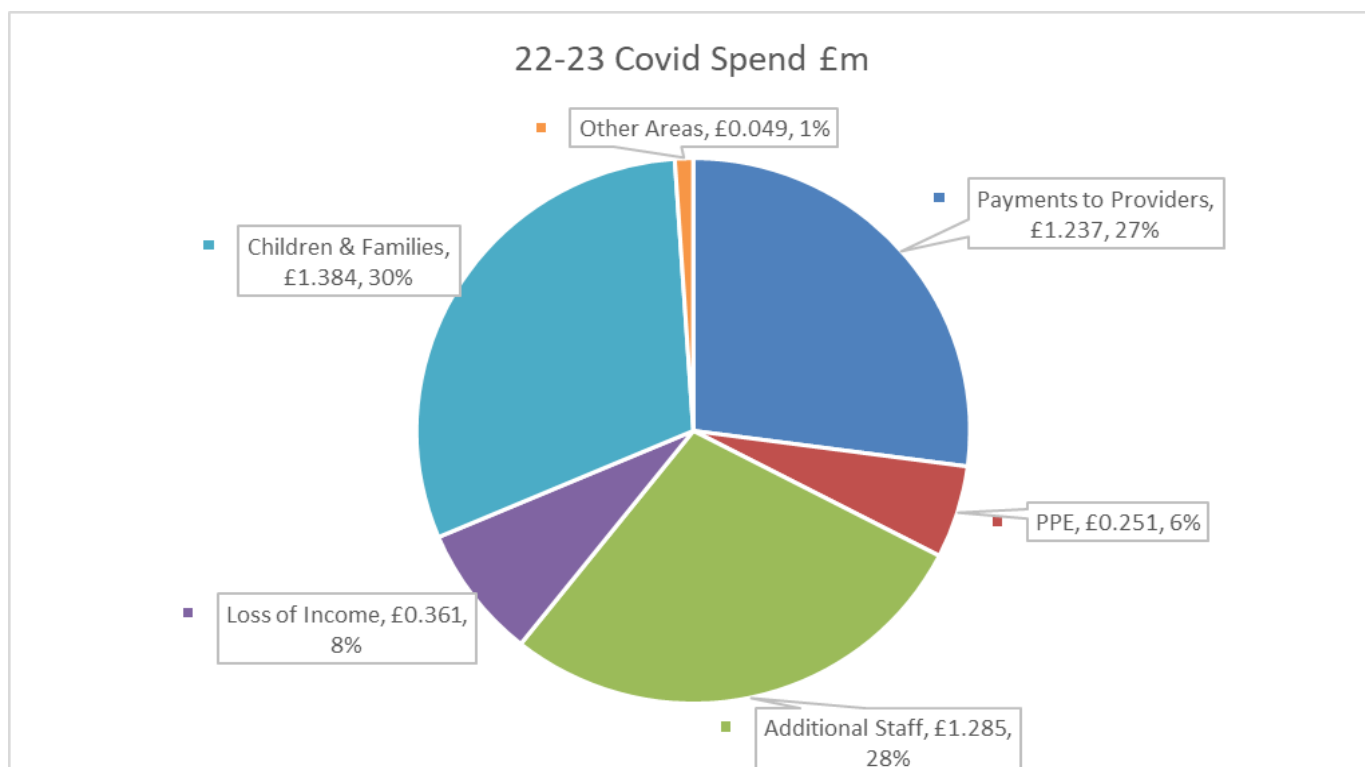
## Covid 19 Costs

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.

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 2022-23 has been met from the Covid19 funding carried forward from 2021-22. £13.321m was brought forward for use in services delegated to the Partnership during 2022-23. The unused funding has been reclaimed by the Scottish Government and redistributed to Health Boards for Covid-related costs in non-delegated services.

The 2022-23 costs are shown in the pie chart below.



## Climate Change

The Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015 came into force in November 2015, as secondary legislation made under the Climate Change (Scotland) Act 2009. The Order requires bodies to prepare reports on compliance with climate change duties. This includes Integration Joint Boards established by order under section 9(2) of the Public Bodies (Joint Working) (Scotland) Act 2014.

Scottish Government guidance was issued to IJBs in May 2017, setting out detail of the new duty to produce an annual climate change report. The report requires to be approved by the IJB, with returns to be submitted on the Sustainable Scotland Network (SSN) online portal by 30 November each year. The most recent Climate Change Report was submitted to the IJB on 19 October 2022.

Both North Ayrshire Council and NHS Ayrshire & Arran submit separate reports to the SSN and these are published online. As the parent bodies of the IJB, both North Ayrshire Council and NHS Ayrshire & Arran retain responsibility for employees who are managed within the Health and Social Care Partnership. The employees, therefore contribute to support the implementation of both bodies' Climate Change Plans. North Ayrshire IJB has no direct responsibility for employees, buildings or vehicles, which are contained within the parent bodies' reports, however full consideration of climate change implications will form part of future IJB service redesign, as part of the transformational change programme.

### **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 2022-23 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 2023-24.

## Financial outlook, risks and plans for the future

The Scottish Government published an updated Medium-Term Financial Strategy (MTFS) in May 2022 which covers the period to 2026-27. It compares the funding and spending scenarios to assess the scale of the challenge. It was published alongside the Resource Spending Review for the same time period. The role of the MTFS is to set out Scotland's fiscal outlook over the coming 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

The MTFS notes that the funding available to Scottish Government is expected to grow steadily (by 14%) over the next four years to 2026-27, with slightly higher growth from 2025-26. In real terms the growth would only be 5% due to the effect of inflation. However, much of the growth relates to the Social Security block grant, driven by increased demand. Excluding this implies real terms growth of only 2% across the whole four-year period.

The Scottish Government MTFS models three scenarios (a central resource funding outlook and an upside and downside scenario, indicating plausible alternative funding paths) and outlines the immediate and longer-term pressures on public spending which need to be considered when developing spending plans to ensure that they meet the needs of a changing population and build resilience for the future

The Resource Spending Review, which was published at the same time, sets out the multi-year portfolio spending envelopes. The risks to the resource spending outlook include the following:

- Spending pressure from increased demand from an aging population
- Demand-led nature of social security expenditure
- Public sector pay
- Inflationary pressures

From 2016-17 to 2022-23 the Health and Social Care Portfolio has risen by £5bn and by the end of the spending review period in 2026-27 the total rise will have been £6.9bn.

The RSR also outlines the underlying growth in the size and cost of the public sector workforce, even since before Covid. Some of it relates to the devolution of new functions, but the RSR notes that the growth is not sustainable. The approach from 2023-24 onwards will be to contain the total cost of the public sector pay bill at 2022-23 levels – so increasing salary costs will need to be balanced by reductions in workforce numbers.

### **The Scottish Budget for 2023-24 highlighted:**

- Investment of over £1.7 billion in social care and integration and lays the groundwork for the introduction of the National Care Service.
- The National Mission on drugs is supported by increased investment to £160 million, to reduce the avoidable harms associated with drugs and alcohol.
- Investment of £290.2 million over the coming year to tackle CAMHS and psychological therapies, waiting times backlogs, and deliver improved community-based mental health and wellbeing support for children, young people and adults.

### **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.

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 yet been achieved in Ayrshire and Arran as the priority was the response to Covid19.

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, Joint Commissioning Plans and overall progression towards fair share allocations of resources.

## 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 worked together during 2022-23 to develop a template for the issuing of Directions and this was implemented across the system from April 2023.

## National Care Service

The Independent Review of Adult Social Care (published February 2021) recommended the creation of a National Care Service (NCS), with Scottish Ministers being accountable for the delivery of adult social care services. In Autumn 2021, the Scottish Government consulted widely on the creation of a NCS which would have a much wider remit, assuming responsibility for the delivery of a community health and social care service which would support people of all ages. The establishment of a NCS will fundamentally change the role and operation of the Integration Joint Board and will have significant implications for the whole health and social care system. However, it is currently unclear what form the NCS will take.

The Scottish Government has published draft legislation and has committed to the NCS being operational by the end of the current parliamentary term in 2026; however, the legislation has been paused and is not currently expected to be voted on by Parliament until Autumn 2023.

## Risk

The most significant risks faced by the IJB over the medium to longer term, alongside mitigation, are summarised below. All of these risks are rated as 'high'.

Ref	Title	Mitigation
SRR01	Financial Sustainability	<ul style="list-style-type: none"> <li>* Updated Medium-Term Financial Outlook for 2023-26</li> <li>* Transformation Board overseeing the programme of service re-design.</li> <li>* Outstanding debt to NAC repaid in full during 2022-23.</li> <li>* Integrated approach to managing totality of NHS and LA resources delegated to the IJB.</li> </ul>



Ref	Title	Mitigation
		<ul style="list-style-type: none"> <li>* Robust processes for monitoring projects and the monthly financial position.</li> <li>* The IJB had uncommitted financial reserves of £7.248m at the start of 2022/23, which equates to 2.6% of the budget.</li> </ul>
SRR07	Demography and Inequality Pressures	<ul style="list-style-type: none"> <li>* HSCP services work to address inequalities, for example our Money Matters service.</li> <li>* The Partnership will continue to work closely with partners to deliver the Fair for All pledges and progress the Fairer Food agenda.</li> <li>* Demography increases are factored into budget planning.</li> <li>* Equalities Impact Assessments considered as part of IJB decision making processes</li> </ul>
SRR09	Scottish Government Policies	<ul style="list-style-type: none"> <li>* Horizon scanning for policy developments through partners, professional networks including links with Scottish Government policy teams</li> <li>* Regular liaison with Scottish Government and COSLA senior officers</li> <li>* Attendance at the national Chief Officer and Chief Finance Officer networks.</li> <li>* Responses to consultations on potential implementation of new policy areas</li> <li>* Early impact assessments locally for national policies, including operational and financial service impact</li> </ul>
SRR10	Covid-19 Recovery	<ul style="list-style-type: none"> <li>* IJB actively monitors the partnership financial position.</li> <li>* Directors of Finance of the Council and Health Board have oversight.</li> <li>* Regular updates are provided to the Council's Cabinet.</li> <li>* Robust processes for monitoring projects and the monthly financial position ensuring financial projections can inform any corrective action.</li> <li>* Close monitoring of the services that were Covid funded e.g. ward costs</li> </ul>
SRR11	National Care Service	<ul style="list-style-type: none"> <li>* Providing a full response to the Scottish Government Consultations</li> <li>* Participating in national engagement events organised by Scottish Government</li> <li>* Keeping up to date with and seeking to influence developments via national professional networks</li> <li>* Push for more information where there were significant gaps in the draft legislation, e.g. boundaries, services in scope, finance, assets, staffing, pension provision.</li> </ul>

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.

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. 2023-24 will see the progression of the implementation of the longer-term Strategic Plan. We will also further develop 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.

## **2023-24 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 2023-24.

The specific requirements are as follows:

- In line with previous years, 2023-24 NHS payments to Integration Authorities for delegated health functions must deliver an uplift of 2% over 2022-23 agreed recurring budgets and make appropriate provision for 2023-24 pay.
- 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.
- The Health and Social Care Portfolio will transfer net additional funding of £95 million to Local Government to support social care and integration, which recognises the recurring commitments on adult social care pay in commissioned services (£100 million) and inflationary uplift on Free Personal Nursing Care rates (£15 million). This is offset by non-recurring Interim Care money ending (£20 million).
- The overall transfer to Local Government includes additional funding of £100 million to deliver a £10.90 minimum pay settlement for adult social care workers in commissioned services, in line with Real Living Wage Foundation rate.
- The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2022-23 recurring budgets for services delegated to IJBs and, therefore, Local Authority social care budgets for allocation to Integration Authorities must be at least £95 million greater than 2022-23 recurring budgets.

Based on the 2023-24 Finance Settlement, the Council confirmed a net contribution to the Partnership of £8.934m through its agreed budget and £8.111m of this was already allocated during 2022-23 resulting in a net increase of £0.823m. The Council have still to allocate the share of the Living Wage Funding of £2.826m but this is assumed taking the net Council increase to £3.649m.

The 2% Health Board uplift is applied to the baseline budget. The baseline budget requires to be appropriately adjusted to not apply the uplift where:

- There are significant in-year allocations of funding, as these allocations do not form part of the Health Board baseline funding to which the annual uplift is applied, for example Action 15 Mental Health funding.
- There are separate risk sharing arrangements in place, e.g. prescribing.
- There is a separate uplift basis other than the general board uplift, e.g. GMS.

The baseline budget used to apply the uplift was agreed with the Ayrshire Finance Leads and the Health Board Director of Finance and equates to an increase in funding of £2.164m.

More information about the 2023-24 Budget can be found [here](#)

Moving into 2023-24 the Partnership is proactively working to provide safe and effective services for the residents of North Ayrshire within the financial envelope, this is supported by approving a balanced budget.

The IJB approved a one-year balanced budget for 2023-34 on 16 March 2023.

This budget included new net budget pressures for health and social care services totalling £12.028m. 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 £4.963m, as noted in the summary below:

Description	Social Care (NAC) £m	Health (NHS A&A) £m	Total £m
Scottish Government Funding Increase	(3.649)	-	(3.649)
Service Pressures	9.316	2.712	12.028
Baseline uplift	0	(2.164)	(2.164)
Budget Gap	<b>5.667</b>	<b>0.548</b>	<b>6.215</b>
Approved Savings	(4.021)	(0.942)	(4.963)
Draw on Reserves	(1.252)	-	(1.252)
Net balanced budget	0.394	(0.394)	-

The approved savings will not fully address the budget gap so there is a requirement to draw £1.252m from the IJB reserves.

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 2023-24 budget during the year, these include:

- Current high levels of inflation which impact on costs incurred directly by the Partnership and on our partner providers
- High risk areas of low volume / high-cost services areas e.g. Children's residential placements, Learning Disability care packages and 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 Covid recovery process 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 2023-24 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.
- National Care Home Contract increases are subject to ongoing negotiation.

These risks will be monitored during 2023-24 and the financial impact reported to the IJB through the regular financial monitoring report.

### **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 MTFO provides key information on the possible financial position of the IJB over the next three years (2023-2026). 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.

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 2023/24, the actual funding levels have been applied across each of the three, with the possible scenarios applied for 2024/25 and 2025/26.

Against each of the three scenarios, sensitivity analysis has been used to demonstrate what the impact would be in 2024/25 and 2025/26 if the funding were to increase or decrease by 5% or 10%.

For 2024-25, the forecast budget gap ranges from a deficit of £1.140m in the best-case scenario to a shortfall of £5.854m in the medium-case and a shortfall of £11.699m in the worst-case. These figures are after adjusting for the saving of £1.252m which was planned on a non-recurring basis for 2023/24 through the use of reserve balances.

For 2025-26, the forecast budget gap ranges from a breakeven position in the best-case scenario, to a shortfall of £3.876m in the medium-case and a shortfall of £11.031m in the worst-case.

The MTFO will be revisited ahead of the 2024-25 budget exercise.

## Conclusion

2022-23 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.

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.

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 2023-24, 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 [North Ayrshire Health and Social Care Partnership website](#).

# 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.

Margaret Johnson

IJB Chair

16 November 2023

## **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 2023, and its income and expenditure for the period then ended.

Paul Doak CPFA  
Chief Finance Officer

16 November 2023

# 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 2022-23 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. Quarterly performance reports are provided to the Performance and Audit Committee on the delivery of the values and strategic priorities set out in the strategic plan.
- The performance management framework focuses firmly on embedding a performance management culture throughout the IJB. Regular reporting to Board Members takes place.
- A risk management strategy, strategic risk register and risk appetite statement is in place for the IJB. The Risk Management Strategy was revised in June 2022.
- The Health and Care Governance Framework 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 2023.

## **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 2022-23.

The Internal Audit function has independent responsibility for examining, evaluating and reporting on the adequacy of internal control. During 2022-23, 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.

The approved IJB internal audit plan for 2022-23 focussed on a review of the IJB's arrangements towards community engagement.

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.

## **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. 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)'.

The IJB complies with the CIPFA Financial Management Code.

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.'

## **Developments during 2022-23**

The elements noted below incorporate progress with the further actions or developments identified in the 2022-23 Annual Accounts.

### **Medium-Term Financial Outlook (MTFO)**

A revised financial outlook was presented to the IJB in March 2023 and covers the period 2023-26. The MTFO is a critical part of the strategic planning process. The position is updated on an annual basis and is aligned to the IJB strategic plan 2022-30 to ensure the IJB's strategic ambitions are set against the financial resources which are anticipated to be available.

In addition, the Reserves Policy was reviewed, updated and approved by the IJB in September 2022.

### **Locality planning**

North Ayrshire Health and Social Care Partnership committed to reviewing the current Locality Planning structures in the updated Participation and Engagement Strategy (2022-2025). The strategy document outlined the plan to review current engagements with communities, HSCP staff, and partners, throughout 2022 to work towards fulfilling our local and strategic priorities.

The plans to improve local engagement has been delivered through the redevelopment of the Locality Planning Forum structure. The new approach aims to increase levels of participation from communities and representation from HSCP service areas.

The new approach includes the facilitation of two Stakeholder Events in each locality per year, and two Locality Planning Review Group meetings per year. This approach was endorsed by the IJB in December 2022.

### **Risk management arrangements**

There are robust risk management arrangements in place for the IJB. In June 2022, the IJB approved the updated partnership risk management strategy.

During 2022-23 the strategic and operational risk registers were reviewed and updated, with the strategic risk register approved by the IJB in March 2023.

### **Review of IJB key governance documents**

The IJB continues to review its key governance documents on a rolling basis.

### **Governance around meetings**

The IJB has full openness and transparency through the availability of live and webcast recordings of all its IJB meetings. During 2022/23, a hybrid approach to meetings was piloted as part of the new administration and has now been expanded to include the IJB. Meetings of the IJB are now held predominantly on a physical basis but with provision for remote attendance by Elected Members. Meetings are filmed, recorded and live streamed to the Council's internet site and available for repeated viewing.

### **Clinical and Care Governance Group (CCGG)**

Clinical and Care Governance is the system in which the HSCP is accountable for continuously improving quality and safeguarding high standards of care. The Partnership has developed Clinical

and Care Governance arrangements in line with the commitments and requirements contained in the Integration Scheme.

The CCGG meets on a monthly to discuss and review a number of topics. The Terms of Reference for the CCGG have been reviewed and updated in 2022.

### **Care Service Oversight Arrangements**

Two oversight groups, one for care homes and one for all other types of care are in operation. These multi-disciplinary groups are made up of key clinical and care professionals who have a lead role in the oversight of care and support services based in the North Ayrshire area.

Members are tasked with ensuring a partnership approach to resolving concerns and ensuring that the right support is provided at the right time for supported people, their carers, and Providers staff. Group members are also responsible for ensuring appropriate escalations steps are progressed if issues cannot be resolved at a local level.

### **Tackling Child Poverty**

In June 2022, the IJB approved the North Ayrshire Child Poverty Report 2021/22 and Action Plan for 2022/23. A proposal has also been made to develop a strategy to tackle child poverty, covering the period 2023-26. This is underpinned by the introduction of a “Tackling Child Poverty” Board to agree, monitor and deliver the local strategy. North Ayrshire has also been proposed as a “Pathfinder” local authority in tackling child poverty, which will seek to commence work on a new phased approach to whole system change.

### **Equality Outcomes Plan 2022-25**

North Ayrshire IJB previously published a set of equality outcomes in April 2021 which aligned with the one-year strategic bridging plan for 2021-22. Following guidance from the Equality and Human Rights Commission (EHRC) the IJB has now developed a more focused set of equality outcomes that more closely reflect the partnership’s primary service user groups.

The Equality Outcomes Plan 2022-25 was approved by the IJB in March 2023 and sets out how the HSCP will continue to mainstream equality practice into its day-today business. The set of Equality Outcomes will cover the reporting period of this plan from 2022-25.

### **Membership of IJB**

Following the local elections in May 2022, Councillor Margaret Johnson was appointed as North Ayrshire Council’s Cabinet Portfolio Holder for Health and Social Care.

North Ayrshire Council endorsed the undernoted Voting Member appointments to the IJB:

- Councillor Margaret Johnson
- Councillor Anthea Dickson
- Councillor Timothy Billings
- Councillor Louise McPhater

The following appointments to Committee were made in June 2022:

- Vice Chair, IJB – Councillor Margaret Johnson
- Chair, Performance and Audit Committee – Councillor Timothy Billings
- Chair, Strategic Planning Group – Councillor Margaret Johnson

## **Chief Officers**

During the year, there were no changes to the Chief Officers for the IJB. The Head of Service (Health and Community Care) retired on 31<sup>st</sup> March 2023, and following a recruitment process Kerry Logan was appointed to this post. The Head of Service (Children and Justice) post is currently vacant and a recruitment process is underway to fill the position.

## **Annual Performance Report**

The IJB endorsed the Annual Performance Report for 2021-22 at the meeting in September 2022. 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 (NCS), with Scottish Ministers being accountable for the delivery of consistent and high standards in health and social care services.

The first National Care Service Forum took place in October 2022, and provided an opportunity for stakeholders, people who access social care, the social care workforce, carers and unpaid carers to share their thoughts about the National Care Service. Group discussion took place around a number of questions and Scottish Government undertook to ensure that the information gathered at the event would be used to help inform the co-design of the NCS. The forum will become an annual event and North Ayrshire will continue to be represented.

## **Workforce Planning**

The Scottish Government published its National Workforce Strategy for Health and Social Care in Scotland in March 2022. Guidance was provided to HSCPs to support them in the development of their individual Workforce Plans. In short summary, the guidance proposed that HSCPs should reflect current Workforce profiles and future implications and develop a workforce plan focused on the Scottish Governments five pillars – plan, attract, train, employ and nurture.

A draft of the North Ayrshire Workforce Plan 2022-25 and associated action plan was completed and submitted to Scottish Government in July 2022. The plan was further developed and refined ahead of the final approval and publication in October 2022 following consultation and engagement with a range of stakeholders including:

- IJB;
- Partnership Senior Management Team (PSMT);
- Staff Partnership Forum (including Trade Unions);
- Professional Leads in both Local Authority and NHS;
- HR and Workforce Planning Leads;
- Primary Care leads; and
- Third and Independent Sector representatives.

## **Pan Ayrshire Work on Directions**

The three Ayrshire HSCPs, and NHS colleagues, through the Strategic Planning and Operational Group (SPOG), have reinvigorated the work around Directions and have now established a group to agree the governance arrangements relating to these. This includes a standardised approach to Directions across the three partnerships, with a “soft” introduction of these arrangements taking place from January 2023 and full implementation by 1 April 2023. From that date, where a direction is required, IJB reports will be accompanied by a Directions Template and a log of all directions issued will be maintained across all three partnerships.

## **Further actions for 2023-24**

The IJB has identified the following actions for 2023-24 that will assist with the further strengthening of corporate governance arrangements:

- Continue the Pan Ayrshire work on developing Directions for Lead Partnership services which are in compliance with the Scottish Government’s statutory guidance, progress was delayed due to service pressures including the Covid19 pandemic.
- Develop commissioning plans and Directions in relation to the acute set-aside resources.
- Support the Local Authorities and NHS Board with the requirement for a Pan Ayrshire Review of the Integration Scheme(s).
- Implement and embed a new approach to Locality engagement through the introduction of ‘locality conversations’, which will offer local people another way to engage with the Partnership around health and social care services.
- Develop a Transformation Plan which will assist the Partnership to redesign services and tackle future financial challenges.
- Embed post-Covid health and care governance arrangements, ensuring robust arrangements in place across all areas of service with appropriate escalations through formal governance forums.

## Assurance

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2022-23 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 23 June 2023.

Caroline Cameron

Chief Officer

16 November 2023

Margaret Johnson

IJB Chair

16 November 2023

# 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 which 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 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.

As the IJB is constituted as a Local Government body as set out by Section 106 of the Local Government (Scotland) Act 1973, it also requires to appoint an officer responsible for the proper administration of its financial affairs, the Chief Finance Officer (Section 95 Officer).



## 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.

2021-22		2022-23	2022-23	2022-23
Total Remuneration £	Name and Post Title	Salary, fees and allowances £	Taxable Expenses £	Total Remuneration £
116,614	Caroline Cameron, Chief Officer 1/4/22 – 31/3/23 Employing organisation: North Ayrshire Council	121,710	0	121,710
67,946*	Paul Doak Chief Finance Officer 1/4/22 – 31/3/23 Employing organisation: North Ayrshire Council	93,413	0	93,413
14,518*	Eleanor Currie, Interim Chief Finance Officer 21/12/20 – 6/6/21 Employing organisation: North Ayrshire Council	0	0	0

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

Name and post title	2021-22 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

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

Officer	2021-22 (£)	2022-23 (£)
Caroline Cameron, Chief Officer and Chief Finance Officer	22,410	23,490
Paul Doak, Chief Finance Officer	13,114	18,029
Eleanor Currie, Interim Chief Finance Officer	2,710	0

## Accrued pension benefits

Officer	Type of benefit	2021-22 (£)	2022-23 (£)
Caroline Cameron, Chief Officer and Chief Finance Officer	Pension	7,383	9,987
	Lump Sum	0	0
Paul Doak, Chief Finance Officer	Pension	38,917	40,865
	Lump Sum	62,611	65,778
Eleanor Currie, Interim Chief Finance Officer	Pension	8,285	0
	Lump Sum	0	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 2021-22	Remuneration band	Number of employees in band 2022-23
0	£120,000 - £124,999	1
1	£115,000-£119,999	0
0	£95,000-£99,999	0
0	£90,000 - £94,999	1
1	£65,000-£69,999	0

## Exit packages

There were no exit packages during 2021-22 or 2022-23.

# Financial statements

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

2021-22 Gross Exp £000	2021-22 Gross Income £000	2021-22 Net Exp £000	Area of Service	2022-23 Gross Exp £000	2022-23 Gross Income £000	2022-23 Net Exp £000
77,470	0	77,470	Community Care and Health	85,950	0	85,950
27,801	0	27,801	Mental Health	33,259	0	33,259
37,819	0	37,819	Children's Services and Criminal Justice	40,604	0	40,604
50,047	0	50,047	Primary Care	51,277	0	51,277
18,135	0	18,135	Management and Support Costs	5,983	0	5,983
1,105	0	1,105	Change Programme	1,197	0	1,197
6,771	0	6,771	Allied Health Professionals	9,514	0	9,514
90,734	0	90,734	Lead Partnership and Set Aside	104,415	0	104,415
0	0	0	Chief Social Work Officer	867	0	867
<b>309,882</b>	<b>0</b>	<b>309,882</b>	<b>Cost of Services</b>	<b>333,066</b>	<b>0</b>	<b>333,066</b>
0	(107,059)	(107,059)	North Ayrshire Council Funding	0	(120,549)	(120,549)
0	(224,298)	(224,298)	NHS Ayrshire and Arran Funding	0	(200,949)	(200,949)
0	(331,357)	(331,357)	<b>Total Taxation And Non-Specific Grant Income (note 5)</b>	0	(321,498)	(321,498)
<b>309,882</b>	<b>(331,357)</b>	<b>(21,475)</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>333,066</b>	<b>(321,498)</b>	<b>11,568</b>

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 2022-23 there were no statutory adjustments. Note 8 to the accounts provides more detail on the movement in reserves.

<b>Total Reserves 2021-22</b>	<b>Movement in reserves</b>	<b>General Fund – Debt to NAC 2022-23</b>	<b>General Fund 2022-23</b>	<b>Earmarked Reserves 2022-23</b>	<b>Total Reserves 2022-23</b>
<b>7,757</b>	Opening balance as at 1 April	<b>(2,321)</b>	<b>7,248</b>	<b>24,305</b>	<b>29,232</b>
<b>21,475</b>	Total Comprehensive Income and Expenditure	2,321	(800)	(13,089)	<b>(11,568)</b>
<b>0</b>	Adjustments between accounting basis and funding basis under regulations	0	0	0	<b>0</b>
<b>21,475</b>	<b>Increase\ (Decrease) in period</b>	2,321	(800)	(13,089)	<b>(11,568)</b>
<b>29,232</b>	Closing Balance as at 31 March	<b>0</b>	<b>6,448</b>	<b>11,216</b>	<b>17,664</b>

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.

<b>31 March 2022</b>	<b>Balance Sheet Description</b>	<b>Notes</b>	<b>31 March 2023</b>
<b>£000</b>			<b>£000</b>
31,553	Short Term Debtors	6	17,664
(2,321)	Long Term Creditors	7	0
<b>29,232</b>	<b>Net Assets</b>		<b>17,664</b>
29,232	Usable Reserve: General Fund	8	17,664
<b>29,232</b>	<b>Total Reserves</b>		<b>17,664</b>

The Statement of Accounts present a true and fair view of the financial position of the Integration Joint Board as at 31 March 2023 and its income and expenditure for the period then ended.

The unaudited financial statements were authorised for issue on 23 June 2023.

**Paul Doak CPFA, Chief Finance Officer, 16 November 2023.**

# Notes to the financial statements

## Note 1 – Significant Accounting Policies

### General principles

The Financial Statements summarise the authority's transactions for the 2022-23 financial period and its position at the period-end as at 31 March 2023.

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 2022-23, 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.

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.

### 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 2022-23 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 the true cost of actual hospital usage in 2022-23.

There are no material estimation uncertainties included within the Financial Statements. The impact of Covid19 and associated costs incurred in 2022-23 have been accounted for in the financial statements.

## Note 3 – Events after the Reporting Period

The audited annual financial statements will be authorised for issue by the Chief Finance Officer on 16 November 2023. 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 2022-23.

## Note 4 – Expenditure and Income Analysis by Nature

2021-22 £000's	Description	2022-23 £000's
132,167	Services commissioned from North Ayrshire Council	143,907
177,687	Services commissioned from NHS Ayrshire and Arran	189,128
28	Auditor Fee: External Audit Work	31
(331,357)	Partners Funding Contributions and Non-Specific Grant Income	(321,498)
<b>(21,475)</b>	<b>(Surplus) / deficit on the Provision of Services</b>	<b>11,568</b>

## Note 5 - Taxation and Non-Specific Grant Income

2021-22 £000's	Description	2022-23 £000's
(107,059)	Funding Contribution from North Ayrshire Council	(120,549)
(224,298)	Funding Contribution from NHS Ayrshire and Arran	(200,949)
<b>(331,357)</b>	<b>Taxation and Non-specific Grant Income</b>	<b>(321,498)</b>

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 2021-22 or 2022-23.

The funding contribution from NHS Ayrshire and Arran shown above includes £32.267m (2021-22 £33.980m) 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 2022 £000's	Description	31 March 2023 £000's
24,188	North Ayrshire Council	14,791
7,365	NHS Ayrshire and Arran	2,873



31 March 2022 £000's	Description	31 March 2023 £000's
31,553	<b>Total Debtors</b>	17,664

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 2022 £000's	Description	31 March 2023 £000's
(2,321)	North Ayrshire Council	0
0	NHS Ayrshire and Arran	0
<b>(2,321)</b>	<b>Total Creditors</b>	<b>0</b>

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	8,539	2,321	(10,314)	546
NHS Ayrshire and Arran	3,029	0	2,873	5,902
<b>Total</b>	<b>11,568</b>	<b>2,321</b>	<b>(7,441)</b>	<b>6,448</b>

#### 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.

The 'free' general fund balance of £6.448m is proposed to be held as a contingency balance, this equates to around 2.3% of the IJB budget for 2022-23 which is above the lower target level of 2% and does demonstrate significant progress towards establishing a contingency reserve of between 2% and 4%.

Transfers Out 2021-22	Transfers In 2021-22	Balance at 31 March 2022	Area of Reserves	Transfers Out 2022-23	Transfers In 2022-23	Balance at 31 March 2023
<b>Earmarked Funds</b>						
0	554	890	: Alcohol & Drug Partnership	(890)	715	715
(224)	511	511	: Mental Health Action 15	(511)	125	125
(935)	1,856	1,856	: Primary Care Improvement Fund	(1,856)	0	0
(181)	0	0	: 21-22 Budget Gap	0	0	0
0	0	500	: Service Redesign / Challenge Fund	0	1,719	2,219
0	0	513	: Community Living Change Fund	0	0	513
0	8,597	13,321	: Covid19 Funding	(13,321)	76	76
0	145	145	: Neighbourhood Networks	(145)	0	0
0	41	41	: Mental Health Officer Development Grant	(41)	0	0
0	71	71	: NAC Recovery and Renewal – Mental Health Element	0	0	71
0	5	5	: Joint Equipment	(5)	0	0
0	40	40	: Nethermains Adaptations	(40)	0	0
0	50	50	: Supported Accommodation	(50)	0	0
0	0	0	: West Road	0	300	300
0	1,192	1,192	: Care at Home Capacity	(127)	0	1,065
0	1,046	1,046	: Interim Care	(310)	0	736
0	50	50	: Trauma Training	0	0	50
0	48	48	: Trauma Trainer	(48)	0	0
0	106	106	: Family Wellbeing Fund	(106)	804	804
0	65	65	: Perinatal MH Nurse	(31)	0	34
0	11	11	: Unaccompanied Asylum-Seeking Children	(11)	0	0
0	644	644	: Multi-Disciplinary Teams	(644)	644	644
0	144	144	: Health Care Support Workers	(144)	0	0
0	2,057	2,057	: MH Recovery and Renewal	(2,057)	1,170	1,170
0	4	4	: Medical photography	(4)	0	0
0	28	28	: Data Sims	(28)	0	0
0	56	56	: School Nursing	(56)	0	0
0	109	109	: Buvidal	(109)	168	168
0	51	51	: AHP Winter Funding	(51)	0	0
0	86	86	: Perinatal and Infant Mental Health	(86)	0	0
0	18	18	: Cossette Funding	(18)	18	18
0	78	78	: Replacement Mattress Programme	(78)	0	0
0	55	55	: Expansion of Primary Care Estates	0	0	55
0	81	81	: GP Premises Improvements - tranches 1 and 2	(10)	0	71
0	40	40	: Mental Health Wellbeing in Primary Care	0	40	80

Transfers Out 2021-22	Transfers In 2021-22	Balance at 31 March 2022	Area of Reserves	Transfers Out 2022-23	Transfers In 2022-23	Balance at 31 March 2023
0	265	265	: Dental Practice Improvement	(164)	0	101
0	0	0	: Childsmile	0	13	13
0	128	128	: Dental Winter Preparedness	(86)	0	42
0	0	0	: LD Health Checks	0	146	146
0	0	0	: 23-24 Budget Support	0	2,000	2,000
<b>(1,340)</b>	<b>18,232</b>	<b>24,305</b>	<b>Total Earmarked</b>	<b>(21,027)</b>	<b>7,938</b>	<b>11,216</b>
<b>3,807</b>	(2,321)	(2,321)	Outstanding Debt	2,321	0	0
<b>181</b>	<b>2,916</b>	7,248	Unallocated General Fund	(800)	0	6,448
<b>2,648</b>	<b>18,827</b>	<b>29,232</b>	<b>General Fund</b>	<b>(19,506)</b>	<b>7,938</b>	<b>17,664</b>

### 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.

2021-22 £000	Description	2022-23 £000
32,109	Expenditure on Agency Service – Lead Partnership	33,462
2,155	Expenditure on £500 Thank You Payments to Social Care Providers	0
905	Expenditure on PPE and Test Kits from National Services Scotland	880
<b>35,169</b>	<b>TOTAL AGENCY EXPENDITURE</b>	<b>34,342</b>
(32,109)	Reimbursement for Agency Service – Lead Partnership	(33,462)
(2,155)	Reimbursement for £500 Thank You Payments to Social Care Providers	0
(905)	Reimbursement for PPE from National Services Scotland	(880)
<b>(35,169)</b>	<b>TOTAL AGENCY INCOME</b>	<b>(34,342)</b>
<b>0</b>	<b>Net Agency Expenditure Excluded from the CIES</b>	<b>0</b>

During 2021-22, 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 31<sup>st</sup> 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 £0.008m. 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 £0.872m 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.

2021-22 £000	Transactions with NHS Ayrshire and Arran	2022-23 £000
(224,298)	Funding Contributions received from NHS Board	(200,949)
0	Service Income received from NHS Board	0
177,643	Expenditure on Services Provided by NHS Board	189,083
58	Key Management Personnel: Non-Voting Board Members	61
0	Support Services	0
<b>(46,597)</b>	<b>Net Transactions with NHS Board</b>	<b>(11,805)</b>

31 March 2022 £000	Balances with NHS Ayrshire and Arran	31 March 2023 £000
7,365	Debtor Balances: Amounts due from NHS Board	2,873
0	Creditor Balances: Amounts due to NHS Board	0
<b>7,365</b>	<b>Net Balances with NHS Board</b>	<b>2,873</b>

2021-22 £000	Transactions with North Ayrshire Council	2022-23 £000
(107,059)	Funding Contributions received from the Council	(120,549)
0	Service Income received from the Council	0
132,123	Expenditure on Services Provided by the Council	143,861
58	Key Management Personnel: Non-Voting Board Members	61
0	Support Services	0
<b>25,122</b>	<b>Net Transactions with the Council</b>	<b>23,373</b>

31 March 2022 £000	Balances with North Ayrshire Council	31 March 2023 £000
24,188	Debtor Balances: Amounts due from the Council	14,791
(2,321)	Creditor Balances: Amounts due to the Council	0
<b>21,867</b>	<b>Net Balances with the Council</b>	<b>14,791</b>

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 have been issued, but not yet adopted. At the date of authorisation of these financial statements, the IJB has not applied the following new and revised IFRS Standards that have been issued, but are not yet effective:

- Amendments to IAS 1 Presentation of Financial Statements
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to IAS 12 Income Taxes
- Amendments to IFRS 3 Business Combinations

Adoption of the Standards listed above will not impact on the 2022/23 Annual Accounts and it is not anticipated that the adoption of the Standards will have a material impact on the financial statements in future periods. Implementation of IFRS 16: Leases has been deferred to be effective

from 1 April 2024. These arrangements are held in either NHS Ayrshire and Arran or North Ayrshire Council and will be included in their financial statements in future periods.

# Independent auditor's report

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# 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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## Appendix A: Proposed 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

I certify that I have audited the financial statements in the annual accounts of North Ayrshire Integration Joint Board for the year ended 31 March 2023 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 2022/23 (the 2022/23 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the body as at 31 March 2023 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 2022/23 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

I conducted my 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. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 3 April 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Conclusions relating to going concern basis of accounting

I 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 I have performed, I 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, I 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**

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my 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**

My 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 my 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.

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

- using my understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the body;
- inquiring of the Chief Finance Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Chief Finance Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and

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

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

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

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

## Reporting on other requirements

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

I have audited the parts of the Remuneration Report described as audited. In my opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

### **Other information**

The Chief Finance Officer is responsible for the 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.

My 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 my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I 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 my 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 I am required to report by exception**

I am required by the Accounts Commission to report to you if, in my 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
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

### **Conclusions on wider scope responsibilities**

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

### **Use of my 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 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Fiona Mitchell-Knight FCA  
Audit Director  
Audit Scotland  
4th Floor, The Athenaeum Building  
8 Nelson Mandela Place  
Glasgow, G2 1BT



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

Fiona Mitchell-Knight  
Audit Director  
Audit Scotland  
4th Floor, South Suite  
The Athenaeum Building  
8 Nelson Mandela Place  
Glasgow G2 1BT

10<sup>th</sup> November 2023

Dear Fiona,

## **North Ayrshire Integration Joint Board Annual Accounts 2022/23**

**1.** This representation letter is provided in connection with your audit of the Annual Accounts of North Ayrshire Integration Joint Board for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the Remuneration Report, Management Commentary and Annual Governance Statement.

**2.** I confirm to the best of my knowledge and belief and having made appropriate enquiries of the North Ayrshire Integration Joint Board, North Ayrshire Council and NHS Ayrshire and Arran, the following representations given to you in connection with your audit of North Ayrshire Integration Joint Board's Annual Accounts for the year ended 31 March 2023.

**3.** I acknowledge my responsibility and that of North Ayrshire Integration Joint Board for the Annual Accounts. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by North Ayrshire Integration Joint Board have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.

### **Financial reporting framework**

**4.** The Annual Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (2022/23 accounting code) the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and The Local Authority Accounts (Scotland) Regulations 2014.

**5.** Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the transactions and of the North Ayrshire Integration Joint Board for the year ended 31 March 2023.

### **Legality of financial transactions**



6. The financial transactions of North Ayrshire Integration Joint Board are in accordance with the relevant legislation and regulations governing its activities. I am unaware of any actual or non-compliance with laws and regulations.

### Accounting policies and estimates

7. All material accounting policies adopted are as shown in the Statement of Accounting Policies included in the financial statements. The appropriateness of these policies has been reviewed and takes account of the requirements set out in the 2022/23 accounting code.

8. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

### Going concern

9. I have assessed North Ayrshire Integration Joint Board's ability to carry on as a going concern and concluded that it is appropriate to prepare the financial statements on a going concern basis.

### Carrying value of assets and liabilities

10. The assets and liabilities have been recognised, measured, presented, and disclosed in accordance with the 2022/23 accounting code. There are no plans or intentions that are likely to affect the carrying value or classification of the assets in the financial statements.

### Fraud

11. I have provided you with all information in relation to

- my assessment of the risk that the financial statements may be materially misstated as a result of fraud
- [any allegations of fraud or suspected fraud affecting the financial statements](#)
- fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

### Laws and Regulations

12. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

### Remuneration Report

13. The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Amendment Regulations 2014, and all required information of which I am aware has been provided to you.

### Management commentary

14. I confirm that the Management Commentary has been prepared in accordance with the statutory guidance and the information is consistent with the financial statements.

### Corporate Governance

15. I confirm that North Ayrshire Integration Joint Board has undertaken a review of the system of internal control during 2022/23 to establish the extent to which it complies with proper practices set





out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.

**16.** I confirm that the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2023, which require to be reflected.

### Related Party Transactions

**17.** All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2022/23 accounting code. I have made available to you the identity of all the North Ayrshire Integration Joint Board's related parties and all the related party relationships and transactions of which I am aware.

### Management commentary

**18.** I confirm that the Management Commentary has been prepared in accordance with the statutory guidance and the information is consistent with the financial statements.

### Events Subsequent to the Date of the Balance Sheet

**19.** I am not aware of there being any events subsequent to 31 March 2023 for which the 2022/23 accounting code requires adjustment or disclosure in the Annual Accounts.

Yours sincerely

Paul Doak  
Chief Finance Officer