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**Integration Joint Board**  
**26 August 2021**  
**Agenda Item No.**

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**Subject:** **2020/21 Audited Annual Accounts**

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**Purpose:** The Board is required to approve the audited annual accounts for 2020/21 for issue by 30 September 2021 and to consider the report from External Audit.

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**Recommendation:** That the Board:

- (a) Note that Deloitte LLP have completed their audit of the annual accounts for 2020-21 and have issued an unqualified independent report auditor's report;
- (b) Note the recommendations within the Wider Scope Audit Deloitte LLP report; and
- (c) Approve the Audited Annual Accounts to be signed for issue.

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<b>Glossary of Terms</b>	
NHS AA	NHS Ayrshire and Arran
HSCP	Health and Social Care Partnership
MTFP	Medium Term Financial Plan

<b>1.</b>	<b>EXECUTIVE SUMMARY</b>
1.1	<p>The Integration Joint Board (IJB) was required to produce a set of annual accounts for 2020-21. These accounts were produced within the statutory timescale and have been subject to independent audit by the Integration Joint Board's external auditors, Deloitte LLP. The audit process has been completed and external audit have issued an unqualified independent auditor's report.</p> <p>The annual accounts were submitted to Deloitte LLP for audit in accordance with the statutory timescales. 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.</p>
1.2	<p>The Audited Annual Accounts require to be approved by the IJB prior to 30 September 2021. As part of the independent audit there were some minor changes required, these were mainly presentational and to provide additional information or clarification and there are no changes to the overall financial position reported to the Performance and Audit Committee in June. Deloitte LLP's External Audit Annual Audit Report includes the findings of the audit.</p>

<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 2020-21. Additional guidance was issued by the Scottish Government Integrated Resources Advisory Group (IRAG) and CIPFA LASAAC and this guidance has been followed to produce the unaudited accounts. In addition, support was provided by CIPFA and Audit Scotland to ensure a consistency of approach and shared best practice across Integration Joint Boards.
2.3	The Audited Annual Accounts for 2020-21 are included as Appendix 1, these incorporate the independent auditors report. Deloitte LLP are able to conclude that the Integration Joint Board's accounts present a true and fair view of the IJB.
2.4	Appendix 2 includes a letter of representation signed by the Chief Finance Officer (NAHSCP) as responsible officer for North Ayrshire Health and Social Care Partnership. Deloitte LLP's External Audit Annual Audit Report to members, which summarises the findings of the audit is a separate item on the agenda.
2.5	Deloitte LLP have given an unqualified opinion that the 2020-21 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. One error was identified during the audit, relating to the presentation of the debt repayment of £1.486m to the Council within the Movement in Reserves Statement; there was no impact of the financial statements as it is a presentation point and this was amended in the final version of the accounts. The overall financial position remains as reported to the Performance and Audit Committee in June 2021.
2.6	<p>As part of their audit work, alongside the audit of the annual accounts, Deloitte LLP carried out a 'wider scope audit', assessing the key financial and strategic risks being faced by the IJB, reviewing the IJB's financial position and aspects of financial management, sustainability, transparency, governance and value for money.</p> <p>The report, including recommendations and management responses to these recommendations, is elsewhere on the agenda. Representatives from Deloitte LLP will provide an overview and further feedback on the report at the meeting.</p>
2.7	The Integration Joint Board are required to formally approve the Audited Annual Accounts prior to 30 September 2021, the IJB are asked to approve the accounts for signature and issue. 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 Deloitte LLP have completed their audit of the annual accounts for 2020-21 and have issued an unqualified independent auditor's report;</p> <p>(b) Note the recommendations within the Wider Scope Audit Deloitte LLP report; and</p> <p>(c) approve the Audited Annual Accounts to be signed for issue.</p>
3.2	<b><u>Anticipated Outcomes</u></b>
	The annual accounts are a key statutory reporting requirement and can be a useful way to join up financial and service delivery performance information in a readily available public document, the IJB has a statutory responsibility to approve the Audited Accounts for issue by 30 September 2021.
3.3	<b><u>Measuring Impact</u></b>
	Progress against the recommendations will be reviewed by the Performance and Audit Committee during 2021-22.
<b>4.</b>	<b>IMPLICATIONS</b>

<b>Financial :</b>	The IJB are required to consider and approved the Audited Annual Accounts for 2020-21 by 30 September 2021.
<b>Human Resources :</b>	None
<b>Legal :</b>	None
<b>Equality :</b>	None
<b>Environmental &amp; Sustainability :</b>	None
<b>Key Priorities :</b>	None
<b>Risk Implications :</b>	None

<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 & Arran2	
	4. North Ayrshire Council and NHS Ayrshire & Arran	

<b>5.</b>	<b>CONSULTATION</b>
5.1	<p>The unaudited annual accounts were advertised and made publicly available for inspection; the audited accounts will require to be published by 30 September 2021. There were no objections noted from the public inspection.</p> <p>The Chief Officer and other officers of the IJB have been consulted during the audit process.</p>
<b>6.</b>	<b>CONCLUSION</b>
6.1	Deloitte LLP have issued an unqualified opinion on the 2020-21 annual accounts.

**For more information please contact:**

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# North Ayrshire Integration Joint Board



Annual Accounts for Period  
Ending 31 March 2021



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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 2021.

The Management Commentary outlines the key messages in relation to the IJB's financial planning and performance for the period 2020-21 and how this has supported delivery of the IJB's strategic priorities. This commentary also looks forward, outlining the future financial plans for the IJB and the challenges and risks that we will face as we strive to remobilise services following the Covid-19 pandemic whilst continuing to meet the needs of the people of North Ayrshire.

## North Ayrshire IJB

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

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

NAHSCP is facing significant challenges.

In 2018, NAHSCP launched a refreshed strategic plan, *Let's Deliver Care Together*, outlining our ambitions for 2018–2021.

[http://nahscp.org/wp-content/uploads/2018/06/StrategicPlan2018\\_FULL.pdf](http://nahscp.org/wp-content/uploads/2018/06/StrategicPlan2018_FULL.pdf)

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

Partnership's vision is:

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

This vision is supported by five strategic priorities:



*NAHSCP priorities*

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



More information about this can be found in the Lead Partnership chapter of the Bridging Strategic Plan.

### [NAHSCP Strategic Bridging Plan 2021-22](#)

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



#### *NAHSCP structure*

The bridging Strategic Plan continues to complement North Ayrshire Community Planning Partnership's Local Outcome Improvement Plan (LOIP), and the Council Plan developed in 2019 as well as the NHS Ayrshire and Arran 'Caring for Ayrshire' programme as part of its overall longer-term planning. The bridging strategic plan also recognises the impact of the creation of the new Public Health Scotland body on our priorities and ambitions.

Key members of the Strategic Planning Group were actively involved in the writing group and promoted engagement across their networks in creating the new bridging plan. The bridging strategic plan was supported by the North

Ayrshire Wellbeing conversation and this engaged with 372 people up the point of publication.

A review of progress in achieving the actions identified in the current plan 'Let's Deliver Care Together' was undertaken by the stakeholders on the Strategic Planning Group which found that as of December 2020, 71% of the key actions had been completed, 18% were over halfway complete and 11% were less than halfway complete. The uncompleted actions have been monitored on an ongoing basis and where appropriate aligned with new actions in the 2021/22 plan.

The five key strategic priorities continue to ensure that we deliver our vision and it is vital to ensure that our limited resources are targeted in a way that makes a significant contribution to our shared priorities working effectively with key partners. Our plan seeks to address the increasing health inequalities in North Ayrshire and focuses on improving the efficiency and quality of the services being delivered, putting individuals, families and communities at the heart of the plan.

The IJB bridging Strategic Plan is supported by operational management plans and individual service strategies. These plans operationalise and provide greater detail on how the IJB will deliver on its key priorities and identifies the resources required for implementation. Further implementation of the strategic plan is key for the Partnership to achieve the nine National Health and Wellbeing Outcomes and Covid-19 Renewal and Recovery plans as set by the Scottish Government.



## NORTH AYRSHIRE TODAY

North Ayrshire is home to 134,740 people and covers an area of 340 square miles and includes the islands of Arran, Great Cumbrae and Little Cumbrae.

We know that the population of North Ayrshire is expected to fall over the next 5 years, and we expect that there will be fewer people aged 65 and under, reducing the number of working age adults. By 2025, we expect the local population to fall to 132,482 with those 65 and over accounting for more than 25% of the local population. We also expect that by 2025, the number of people aged 65+ will have increased by 16% compared to 2018. Within that population, the highest increase (18%) will be in those aged 75 or over.

Between October 2019 and September 2020, the employment level in North Ayrshire was reported at 69%. This is lower than the Scotland figure of 73.8% and a 1.7% decrease on previously reported levels. Over the same period, North Ayrshire also reported unemployment levels of 6%, again comparing unfavourably to the Scottish figure of 3.5%. Again, over the same period, North Ayrshire reported 27.3% of local people as economically inactive, an increase in 10% since the last reporting period and again higher than the Scottish figure of 23.5%.

North Ayrshire's overall benefit claimant count (16-64 years) in December 2020 was 8.2%, a 55% increase on the previously reported figure. Further, the youth claimant count was 10.3%. Higher than the Scottish figure of 6.9% and representing a 66% increase on the previously reported figure.

However, at 16%, the percentage of people living in North Ayrshire earning below a real living wage is below that of Scotland at 16.9%.

This is a positive area of improvement for North Ayrshire. Further, the average earnings of people in North Ayrshire increased in 2020 by 8.5%, compared to previous reports and is now calculated at £596.30 per week. This is also higher than the Scottish average of £592.70.

As reported through the Scottish Index of Multiple Deprivation (SIMD) 2020, 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.

In the latest time period available from 2014-2018 (3-year aggregate), the average life expectancy in North Ayrshire was 76.1 years for men, and 80 years for women. For both men and women, average life expectancies are lower in North Ayrshire than in the NHS Ayrshire and Arran Health Board area, and as Scotland as a whole.

In addition, 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 9.2 people in every 10 over the age of 85 has a condition.

When compiling SIMD rankings, the Health Domain is made up of a number of key metrics. These are available at the Data-zone level. When aggregated to the locality level, most health measures perform poorly in localities with higher levels of deprivation and better in the more affluent localities.

## A snapshot of achievements during 2020-21

### Tackling Equalities

- As part of the Ayrshire Equality Partnership, the partnership delivered the Shared Equality Outcomes plan. We worked closely with partners to implement actions to support and recognise people with a protected characteristic.
- Our Money Matters service supports local people to increase their income through benefit support. In 2020-21 the service generated an impressive £15.9m million (6% increase from 2019-20) of additional income for our residents.
- The North Ayrshire Alcohol and Drug Partnership (ADP) funded its first Participatory Budget event resulting in funding 6 local initiatives to provide support in communities to those affected by alcohol and drugs for 2 years.
- Implemented the post of Autistic Spectrum Disorder Coordinator within our Learning Disability Service to provide focussed support to those with a diagnosis of Autistic Spectrum Disorder.



### Engaging Communities

- Young People's Citizenship and Participation Strategy - A refreshed and award-winning approach has been created, ensuring our young people continue to have a voice in local and national decisions that affect them.
- Neighbourhood Networks have been providing support to a number of Learning Disability clients in the Garnock Valley area. This has been a positive experience for all involved and the service has adapted well to Pandemic Conditions, providing much needed support and entertainment at a critical time for people.



### Bringing Services Together

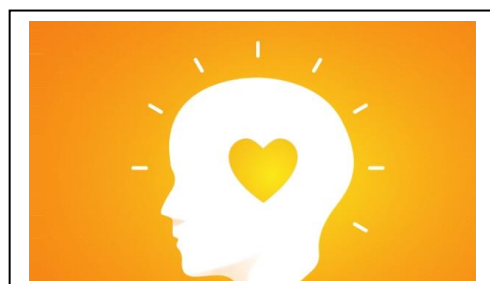
- The North HSCP Community Mental Health Team have moved into the newly refurbished office at the Three Towns Resource Centre. This allowed the partnership to bring all of the key professions together under the one roof. The integrated team includes administrators, psychologists, social workers, nurses and allied health professionals.
- Supported the roll out of the Primary Care Implementation Plan - Primary Care continues to move its model to a multidisciplinary approach based in GP practices with the provision of practice-based pharmacists, MSK physiotherapists and mental health practitioners.
- In Learning Disability Services, the NHS Community Learning Disability Service and the Social Work Learning Disability Team are now co-located, and further work is progressing to further integrate processes.



- The Partnership has worked closely with North Ayrshire Council Housing Services and local Registered Social Landlords to enhance the options available to people with a learning disability or complex health & social care need to remain in a suitable housing solution within their locality. The Partnership will continue to work with Housing colleagues on their Strategic Housing Investment Plans and we are delighted with the supported accommodation at Trindlemoss, Irvine and Watt Court, Dalry, which have now opened and looking forward to Flatt Road, Largs, St Michael's Wynd, Kilwinning and Caley Court, Stevenston opening soon.
- The North Ayrshire Drug and Alcohol Recovery Service has worked with Homeless Services and Mental Health to support the structure and pathways required for the Housing First model and have been instrumental in taking the partnership forward.
- Community Alcohol and Drug services were supported in the roll out of a new national data recording system (DAISy) whilst internal systems were also updated and redesigned
- The Partnership responded quickly as part of a multi-agency response which was invaluable to support vulnerable people and communities during the pandemic, we redeployed Service Access Social Care and Community Link Worker staff to support the new Community Hubs, which provided food and prescriptions to people self-isolating. As the restrictions continued those teams also provided signposting to financial, housing, social isolation, wellbeing and mental health support, including a direct pathway to Crisis Services.
- We established a Partnership Social Care Personal Protective Equipment (PPE) Hub in response to the pandemic including provision of much needed PPE to social care within the Partnership and across various external services, PA's, unpaid carers etc. including the introduction of system for training and distribution of Lateral Flow testing kits.

### **Improving Mental Health and Wellbeing**

- Following the successful re-location of the Learning Disability Assessment and Treatment Unit from Arrol Park to Woodland View in June 2020, the Mental Welfare Commission carried out a visit and published a positive report for Ward 7a, Woodland View, Irvine.
- Mental Health Action 15 monies funding has been targeted to employ eight mental health practitioners (MHP) in GP practices, enhancing the prison healthcare team and expanding of the role of the Crisis Resolution Team by introducing the Police Pathway 24/7 which gives Police Scotland direct access to CRT.
- In November 2020 mental health Unscheduled Care services were a key partner in the redesign of urgent care service and are continuing to look at providing a 24 hour a day, 7 day a week mental health pathway for those with urgent mental health concerns, away from Emergency Departments.
- Developed a robust business case and service model for a new National Secure Adolescent Inpatient Service (NSAIS), with building work expected to start in late spring 2021. This will be a 12-bedded unit for children aged 12 to 17 years who have complex difficulties and need a high level of care. It will provide the first secure adolescent inpatient service for young people in Scotland.
- The construction phase of the new Respite House and the new ASN School Campus has seen us work together and our state-of-the-art respite facilities for children and adults opened in summer 2021.



- We have developed more community based supported accommodation opportunities within Trindlemoss Court. This required specialist health and social care staff to work closely with NAC Housing, to provide specialist housing and supported tenancies for people affected by autism, learning disabilities and mental health. Trindlemoss also includes day opportunities for people with learning disabilities, as well as a new facility for extended assessment and support within Trindlemoss House.
- The Partnership working with South & East Ayrshire HSCPs completed a five-year transformation programme of Elderly Mental Health redesign work. This included the transfer of services to Woodland view and improved estate at Ailsa Hospital. This programme builds an earlier programme of work where a range of local community supports were developed for families affected by dementia, and this is now supported by high quality multidisciplinary specialist hospital-based services.

## Prevention and Early Intervention

- The Baby Friendly Initiative is part of a world-wide programme for WHO and UNICEF and we are assessed every 3 years to ensure evidence based best practice standards for breastfeeding are carried out. Ayrshire Community was assessed in February 2021 and this produced very positive results.
- The Community Link Worker Service based in GP practices in North Ayrshire to support people in relation to concerns over mental health and wellbeing, financial issues, or social issues (such as social isolation). There was a total of 2,415 people signposted or referred to the Community Link Worker service in North Ayrshire GP Surgeries from April 2020 to March 2021; 91% of people engaged with the service (2,198) which was a 9% higher engagement rate than the previous year.
- Successfully securing funding from the Scottish Government has allowed the recruitment of a specialist Perinatal Mental Health team to provide support to families and professionals supporting those in the perinatal period.
- The Young People's Suicide Taskforce has taken forward the 13 Ways campaign. Education, Children & Adolescent Mental Health Services and Parent Councils have worked together to develop the Wellbeing model in Kilwinning and the North Coast. As result of this work a Positive Mental Health and Wellbeing pocket guide was implemented across North Ayrshire.
- The commissioned Turning Point ADP service, PEAR (Prevention, Early Intervention and Recovery) have been funded to provide a Naloxone outreach volunteer service with the option to move on to paid sessional work in the service.
- A team of shielding care at home staff helped to combat social isolation among elderly residents during the current Coronavirus lockdown by providing a telephone befriending service.





## Organisational performance

The unprecedented situation of the Covid-19 pandemic saw partnership services react quickly and flexibly to meet the new demands in support of the community and hospitals. Throughout the year the quarterly performance report highlighted the impact of the pandemic across our services and communities and showed the ways in which integrated partnership working can progress change at pace and scale, ensuring positive person-centred care.

Performance information drives improvement with outcomes focused on improving how services are provided, as well as the difference that integrated health and social care services should make to individuals. In our performance monitoring and reporting, we show trends over time, where we are against target and where available, how we compare with other geographical areas. We monitor against all the agreed national indicators, including Local Government Benchmarking Framework (LGBF) indicators, Ministerial Steering Group Indicators (MSG), the NHS' Local Delivery Plan HEAT (Health Improvement, Efficiency, Access and Treatment) targets, HSCP National Health and Wellbeing Outcome Indicators, as well as a range of locally defined measures.

The standard national indicators were added to during this time with regular reporting on service responses to the pandemic as well as developing and revising remobilisation plans as the impact to services progressed.

All reports comprise 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.

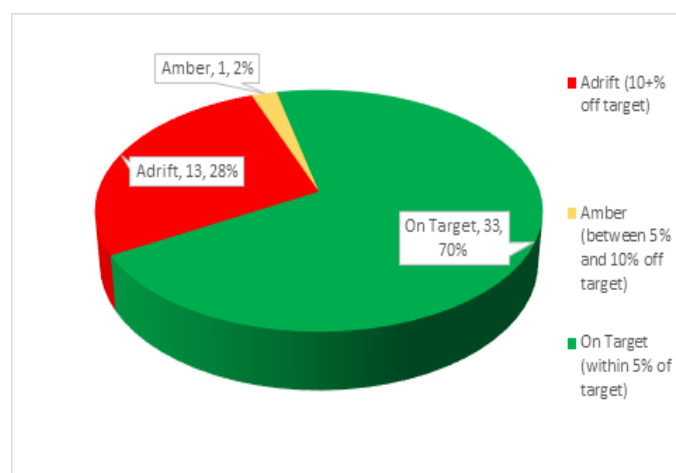
Services are continually supported in the review of performance indicators to ensure we continue to measure the right things. For 2020-21 a full and complete cross-service review of all performance measures was undertaken resulting in some changes to the set of measures attributed to our strategic objectives and to reflect the continuing transformation of services to meet continual service demand. Where an indicator presents as being off track, commentary with proposed resolution and future mitigation is provided on how to improve future performance.

A specific report was presented to the Performance and Audit Committee listing all changes for 2020-21. 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

All measures continue to be aligned to the current strategic plan and the monitoring of services through 2020-21, the future bridging year as well as the re-mobilisation of teams and services while retaining focus on the changing Covid-19 impact and restrictions.

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



For some measures, performance has exceeded targeted levels, however it is clear that challenges remain for others stemming from the global lockdown and social distancing restrictions. These include challenges on supporting the workforce, the continuing service demand pressures, and the pace of transformation to ensure performance is achieved or improved in all areas.

As part of our commitment to continuous improvement, we recognise areas where we could do more and by monitoring indicators which present as significantly adrift enables us to identify and target plans to address performance issues. The key areas off target for 2020-21 are:

- % of new CPO clients with a supervision requirement seen by a supervising officer within a week.
- Number of individuals waiting for CAH package (Community).
- AMHT – All accepted urgent referrals will be offered assessment within 24 hours.
- AMHT – All accepted routine referrals will be offered assessment within 4 weeks.
- Adult Liaison (Psych & Alcohol) – All accepted Emergency Department referrals will be seen within 60 minutes.
- All accepted Urgent mental health referrals will be seen within 24 hours from Acute wards (Medical & Surgical at Ayr and Crosshouse).
- All accepted urgent Crisis Resolution Team referrals will be received contact within 4 hours.
- The Crisis Resolution Team will support the early discharge of patients from inpatients, reducing average lengths of stay.

Mental health services continue to face challenges in relation to waiting times. There are planned actions to improve performance, and these are currently being reviewed in the context of the Covid-19 remobilisation.

The hospital activity outcome indicators have shown improvement during 2020-21. The partnership has a hospital-based team in

Crosshouse Hospital undertaking daily huddles to improve the flow of patients through the hospital and assist with the discharge process. There was an increased focus on this area in response to Covid-19 and included new targets to reduce delays as part of the mobilisation plan. Further work is required to understand the underlying data and interdependencies with community services to inform the future commissioning plans which require to be developed to ensure the set aside arrangements are fit for purpose and support the IJB to plan across the whole of the unplanned care pathway.

Further information on performance will be contained in the Annual Performance Report, however, publication has been extended to November 2021 in accordance with provisions made in the [Coronavirus \(Scotland\) Act 2020](#).

## Annual accounts

The Annual Accounts set out the financial statements of the IJB for the period ended 31 March 2021. 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 2020-21 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 bridging strategic plan approved for 2021-22 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 2020-21 the IJB agreed a one-year balanced budget which included an overall savings requirement of £3.861m. The financial position was monitored closely during the financial period with an added focus on the risk in relation to the funding of Covid-19 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.

The medium-term financial plan (MTFP) was not updated during 2020-21, and a one-year budget was set for 2021-22, due the focus on responding to the Covid-19 pandemic. This included monitoring the costs of the response and supporting our commissioned care providers, in addition the pandemic has left greater uncertainty over future funding for the IJB. Going into 2021-22 there are also still unknowns relating to funding and pay-related inflationary pressures, therefore making future planning scenarios beyond this very difficult.

The impact of the policy, legislation and funding implications of the recently published report on the Independent Review of Adult Social Care also remain unknown at this stage.

The intention is to update the medium-term financial plan over summer 2021. This will cover the period 2022-23 onwards, with consideration to aligning the time period to the next iteration of the strategic plan.

## Financial performance

Financial information is part of the performance management framework with regular reporting of financial performance to the IJB. This included an integrated approach to financial monitoring, reporting on progress with savings delivery, financial risks and any variations and changes to the delegated budget. There were significant financial challenges during the period due to the impact

of the pandemic. This resulted in additional costs being incurred, fluctuating service levels and partial non-delivery of the transformation programme and associated savings.

Throughout the financial year the IJB-projected position has been balanced moving to an underspend position from September onwards, despite core projections through the year assuming that savings delays would not be funded. This demonstrates the continued focus on the financial position, tight financial controls, planned progress with savings delivery in many areas, and the focus on ensuring that the pandemic impacts were captured and funded appropriately.

From the outset of the pandemic the IJB acted very swiftly to respond and developed a mobilisation plan detailing the additional activities to support our response, alongside the estimated financial impact. Financial returns were submitted to the Scottish Government on a regular basis, on the premise that any additional costs aligned to mobilisation plans would be fully funded. There was a risk during the year that if the full cost of the Covid-19 response was not funded that the IJB may have required to recover any overspend in-year, however, the final funding allocation eliminated the risk for 2020-21.

The overall financial performance against budget for the financial period 2020-21 (after adjusting for new earmarked reserves) was an overall underspend of £4.151m. This consisted of £2.510m of underspend in social care services and £1.641m underspend in health services.

This position excludes the £1.486m budget being held on behalf of the IJB by the Council for debt repayment. This £1.486m was allocated towards the debt at the period-end reducing the debt to £3.807m (£5.293m 2019-20).

The table below reconciles the surplus on the provision of services of £11.598m as noted in the Comprehensive Income and Expenditure Statement to the financial outturn position of £4.151m (underspend):

	£m
<b>Surplus on provision of services</b>	<b>(11.598)</b>
Earmarked reserves released to services during 2020-21	(0.207)
Repayment of Debt	1.486
<b>Sub Total</b>	<b>(10.319)</b>
NEW Earmarked Reserve Balances during 2020-21	6.168
<b>Financial Outturn (underspend)</b>	<b>(4.151)</b>

The table below summarises the financial performance for 2020-21 and 2019-20. This notes the budget outturn on a managed basis (including the full allocation for North HSCP lead partnership services), adjusts this for the net impact of lead partnership allocations across North, South and East Ayrshire and also for new earmarked balances.

The table includes the financial performance for services managed by the IJB during the period, therefore it excludes the large hospital

Set Aside Budget of £33.054m which was allocated at the end of the period to the IJB. The set aside budget is included within the financial statements.

During 2019-20 the operational management of the Douglas Grant and Redburn wards at the Ayrshire Central site was transferred to the partnership from NHS Ayrshire and Arran. The budget was not accepted by the IJB as being delegated as due diligence highlighted a historic shortfall in funding for these wards. The costs of the services are included in North Ayrshire IJB accounts as the services were delegated to and provided by the North Ayrshire HSCP. The budget shortfall was addressed by a year-end increase to the budget to match actual spend on a non-recurring basis. These budgets will transfer to the IJB in 2021-22 as actions have been taken to redesign the wards to address the funding shortfall.

2019-20 Budget £000	2019-20 Actual £000	Variance (Fav) / Adv £000		2020-21 Budget £000	2020-21 Actual £000	Variance (Fav) / Adv £000
71,521	72,051	530	Health and Community Care	74,258	72,611	(1,647)
77,490	78,245	755	Mental Health	81,395	79,647	(1,748)
35,392	36,665	1,273	Children, Families and Justice	35,427	35,346	(81)
53,154	53,007	(147)	Primary Care	48,940	48,809	(131)
5,200	5,089	(111)	Allied Health Professionals	5,722	5,722	0
9,456	7,114	(2,342)	Management and Support Costs	25,176	18,901	(6,275)
1,579	1,435	(144)	Change Programme	1,081	1,081	0
<b>253,792</b>	<b>253,606</b>	<b>(186)</b>	<b>TOTAL EXPENDITURE</b>	<b>271,999</b>	<b>262,117</b>	<b>(9,882)</b>
<b>(253,792)</b>	<b>(253,792)</b>	<b>0</b>	<b>TOTAL INCOME</b>	<b>(271,999)</b>	<b>(271,999)</b>	<b>0</b>
<b>0</b>	<b>(186)</b>	<b>(186)</b>	<b>OUTTURN ON A MANAGED BASIS</b>	<b>0</b>	<b>(9,882)</b>	<b>(9,882)</b>
0	133	133	Lead Partnership Allocations	0	(437)	(437)
<b>0</b>	<b>(53)</b>	<b>(53)</b>	<b>OUTTURN ON AN IJB BASIS</b>	<b>0</b>	<b>(10,319)</b>	<b>(10,319)</b>
0	207	207	New Earmarking	<b>0</b>	<b>6,168</b>	<b>6,168</b>
<b>0</b>	<b>154</b>	<b>154</b>	<b>FINAL OUTTURN POSITION</b>	<b>0</b>	<b>(4,151)</b>	<b>(4,151)</b>

The main areas of variance during 2020-21 are noted below:

**Health and Community Care – underspend of £1.647m** mainly relates to an underspend in care home placements due to a reduction in the number of care home beds occupied during the pandemic, direct payments within independent living services as some services were temporarily ceased by the service user or provider during the pandemic and Carers Act funding.

**Mental Health – underspend of £1.748m** which relates to underspends in community mental health 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 2021-22. These underspends are partially offset by an overspend in learning disability care packages.

**Children, Families and Justice – underspend of £0.081m** is mainly related to community packages, direct payments and respite partially offset by an overspend in residential and secure placements.

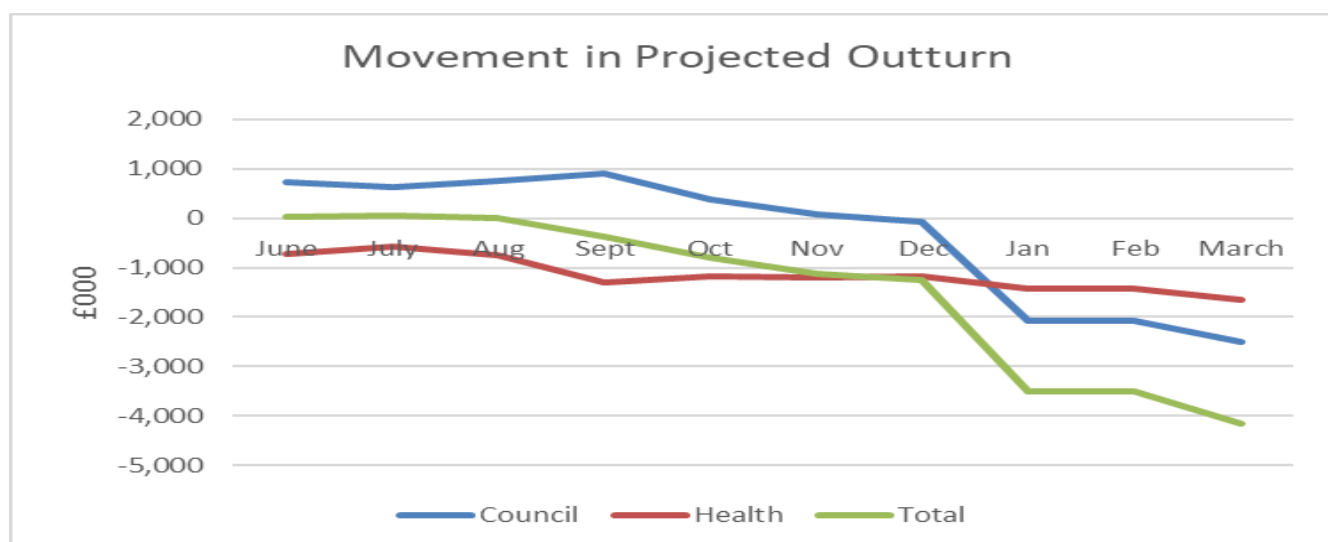
In general, the underspends in the areas above are partially due to the impact of the pandemic as service levels fluctuated throughout the period as some services stopped whilst others were reduced. This made projecting the spend accurately over the period more difficult.

**Primary Care – underspend of £0.131m** which relates to an underspend on general medical services.

**Management and Support Costs – underspend of £6.275m** mainly relates to the additional Covid-19 funding which has been earmarked for use in 2021-22. There were also underspends in relation to over-recovery of payroll turnover due to the level of vacant posts being higher than assumed when setting the budget, transition funding and the funding set aside for unscheduled care.

#### ***Movement in Projected Outturn Position:***

The overall movement in the projected outturn during the period is illustrated below:



This illustrates the continued improvement in the financial projection for 2020-21, with a notable improvement in January where the Scottish Government confirmed full funding for Covid-19 related costs including delays in delivering savings.

## Lead Partnership Services

The final outturn is adjusted to reflect the impact of Lead Partnership services. In the absence of detailed service activity information and alternative risk sharing arrangements it was agreed that the outturn for all Lead Partnership services would be shared across the 3 partnerships on an NRAC (NHS Resource Allocation Committee) basis. This is pending completion of the ongoing work by the Ayrshire Finance Leads to establish the baseline resources for each partnership and how this compares to the fair share of resources. It was planned that this work would be taken forward early in 2020-21, however this has been delayed due to the prioritising the Covid-19 response.

The outturn of the lead partnership services (excluding Action 15 and Primary Care Transformation Fund) 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 an NRAC share of the outturn for the South and East partnerships. In addition, any allocations of ring-fenced funding are returned to each IJB in line with allocations and expenditure to allow each IJB to carry forward for future use.

IJB	£000	Over/Under	
North	(779)	Underspend	Mental health services, mainly due to vacancies and recruitment delays
South	11	Overspend	Pressures from the continence service offset by underspends in the Family Nurse Partnership
East	(1,194)	Underspend	Primary care – mainly in Ayrshire Urgent Care Services (AUCS) and the Covid-19 impact on dental services.

## Set Aside Budget

The Integration Scheme establishes that pressures in respect of large hospital set aside budgets will be managed in-year by NHS Ayrshire and Arran. The 2020-21 budget delegated by NHS Ayrshire and Arran includes the acute set aside resource of £33.054m, 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 £1.9m (2019-20 £2.1m) above the NRAC fair share:

IJB	NRAC Budget Share 2020-21 £m	NRAC %	Set Aside 2020-21 £m	Over / (Under) NRAC Fair Share £m
East Ayrshire	27.385	32.4%	23.897	(3.488)
North Ayrshire	31.116	36.8%	33.054	1.938
South Ayrshire	25.990	30.8%	27.540	1.550
<b>Total</b>	<b>84.491</b>	<b>100%</b>	<b>84.491</b>	<b>-</b>

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

baselines for acute and community resources before any plan to move towards fair shares would be implemented.

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

The full implementation of the set aside arrangements is key to delivering this commitment to planning across the whole unplanned care pathway and partnerships must ensure that set aside arrangements are fit for purpose and enable this approach. This has not been achieved in Ayrshire and Arran during the year as the priority was the response to Covid-19. However preparatory work is well underway with NHS Ayrshire and Arran and the other Ayrshire partnerships to progress and develop the set aside arrangements to fully implement the legislative requirement. This includes arrangements in relation to the use of Directions, Commissioning Plans and overall progression towards fair share allocations of resources.

It was anticipated that 2020-21 would be used as a shadow period for these arrangements, however this work was put on hold due to the Covid-19 response and the timescales for progressing the work have not yet been agreed. This will also be significantly impacted and will need to be informed by the recovery phase of the Covid-19 response and future plans for acute services and unscheduled care activity.

### **Covid-19 Costs**

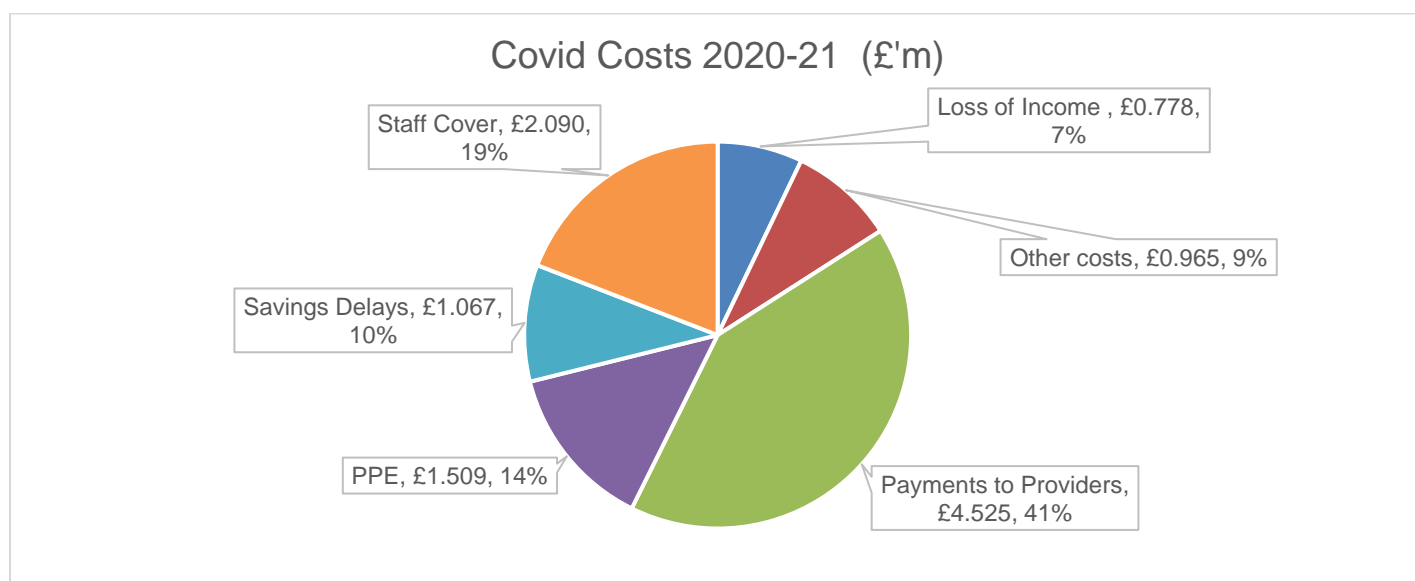
From the outset of the pandemic the IJB acted very swiftly to respond and developed a mobilisation plan detailing the additional activities to support our response, alongside the estimated financial impact. The final mobilisation plan cost submission for 2020-21 estimated the costs to be £10.211m to March 2021.

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 Covid-19.

The majority of the additional costs for the HSCP relate to the provision of social care services and the most significant areas are PPE, additional staff costs for staff absence and student nurses, loss of income due to closed services, additional care home placements, payments to commissioned care providers to ensure future sustainability and the impact on our approved savings programme.

The final spend was £0.723m higher than the estimate of £10.211m with the main area of variance in relation to the support for commissioned social care providers, which was a difficult area to project as the costs are dependent on claims from individual social care providers. The additional spend during 2020-21 has been met from the additional Covid-19 funding announced by the Scottish Government, which will reduce the amount of Covid-19 funding earmarked for use in 2021-22.

The 2020-21 costs are shown in the pie chart below.



### Overall position

It is essential that the IJB operates within the delegated budget and commissions services from the Council and Health Board on that basis. Financial balance has been achieved in 2020-21 and significant progress has been to ensure the ongoing financial sustainability of the IJB. This work will continue and be built upon moving into 2021-22. This will need to be considered alongside the impact of Covid-19 and the need to redesign services taking full cognisance of the financial risks, learning and opportunities which this presents.

There were a number of key financial successes for 2020-21:

- Continued to demonstrate the IJB position being accounted for in a truly integrated way with resource shifting from the NHS budget to offset Social Care pressures;
- Savings totalling £2.4m were delivered in-year, despite the impact of the pandemic;
- Continued progress with reducing the financial overspends specifically for care home and children's residential placements which will have a significant impact on the financial plans and sustainability for future years;
- The accuracy of projected spend continues to improve;
- The ongoing submission of the estimated financial impact of Covid-19 through the local mobilisation plan process including input into the national benchmarking group, providing adequate assurance over estimates, which resulted in full costs being reimbursed; and
- A robust process was established to make sustainability payments to social care providers.



## Financial outlook, risks and plans for the future

### Scottish Government Medium Term Financial Outlook

In October 2018, the Scottish Government published the Medium-Term Health and Social Care Financial Framework which sets out the future shape of Health and Social Care Demand and Expenditure. Within the report it outlined that the Institute of Fiscal Studies and Health Foundation reported that UK spending on healthcare would require to increase in real terms by an average of 3.3% per year over the next 15 years to maintain NHS provision at current levels, and that social care funding would require to increase by 3.9% per year to meet the needs of a population living longer and an increasing number of younger adults living with disabilities.

The report recognised that despite additional planned investment in health and social care the system still needs to adapt and change.

The focus of the financial framework is on the main health and social care expenditure commitments, as set out below.

- Over the course of this parliament, baseline allocations to frontline health boards will be maintained in real terms, with additional funding over and above inflation being allocated to support the shift in the balance of care.
- Over the next five years, hospital expenditure will account for less than 50% of frontline NHS expenditure. This relates to the policy commitment to 'shift the balance of care', with a greater proportion of care provided in a setting close to a person's home rather than in a hospital.
- Funding for primary care will increase to 11% of the frontline NHS budget by 2021–22. This will amount to increased spending of £500 million, and about half of this growth will be invested directly into GP services. The remainder will be invested in primary care services provided in the community.
- The share of the frontline NHS budget dedicated to mental health, and to primary, community, and social care will increase in every year of the parliament. For adults, and in some cases for children, these services, along with unscheduled hospital care, are now managed by Integration Authorities.

The above framework was published pre-Covid-19.

### The Scottish Government's Medium-Term Financial Plan published in January 2021 outlined:

- UK fiscal stance - the Block Grant from the UK Government remains the single biggest determinant of funding for the Scottish Budget. The UK Government has rolled out fiscal stimulus measures worth at least £280 billion (14% of GDP) in 2020-21 as of November 2020 in order to mitigate the immediate impact of Covid-19 on the UK economy. It is imperative that this fiscal support is not withdrawn prematurely, thereby undermining the economic recovery. Due to the sheer size and importance of the Block Grant, an early fiscal tightening by the UK Government poses the biggest risk to Scotland's funding outlook
- There have been unprecedented falls in economic activity in Scotland, the UK and other nations around the world as a result of Covid-19 and the restrictions imposed to manage and reduce its spread.
- While it is too early to fully assess the impact of Covid-19 on spending trajectories for 2021-22 and beyond, it is clear that the epidemic has caused significant additional costs and impacted on non-Covid-19 related healthcare in order to provide the necessary capacity in the system.
- Recovering from wider impacts of Covid-19 will take time and will also

come with additional costs that create pressures on medium-term spending growth for the sector.

- We are currently revisiting the performance and financial assumptions that underpin the Financial Framework. This will set out the anticipated next steps in the financial arrangements for our health and care services for future years and will provide further detail on our delivery of the outcomes in the Programme for Government and the Scottish Budget for 2021-22.

### **The Scottish Budget for 2021-22 highlighted:**

- investment in the Health and Sport Portfolio will increase to over £16 billion, with a further £869 million of funding to address pressures related to Covid-19.
- Primary Care is central to our health and care services, and we will further increase our Primary Care Fund from £195 million to £250 million in 2021-22. This includes support for delivery of the new GP contract and for wider Primary Care reform.
- Direct investment in mental health services will increase to £139 million, taking overall spending in mental health to over £1.1 billion.
- Recognising the continued importance of the care sector, a total of £883 million will be passed from the Portfolio in 2021-22 to support social care and integration. Note that only £72.6m of this is new funding and is tied to Scottish Government policies.
- Additional £50 million in 2021-22 to support our national mission to reduce drug deaths.

### **Ministerial Strategic Group (MSG) for Health and Community Care**

The Ministerial Strategic Group (MSG) for Health and Community Care published a report following the Review of Progress with Integration of Health and Social Care (February 2019). Within the integrated

finance and financial planning area the proposals include:

- Health Boards, Local Authorities and IJBs should have a joint understanding of their respective financial positions as they relate to integration.
- Delegated budgets for IJBs must be agreed timeously.
- Delegated hospital budgets and set aside requirements must be fully implemented.
- Each IJB must develop a transparent and prudent reserves policy.
- Statutory partners must ensure appropriate support is provided to IJB Section 95 officers.
- IJBs must be empowered to use the totality of resources at their disposal to better meet the needs of their local populations.

### **Set Aside**

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

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

Acute Services within NHS Ayrshire and Arran continue to face particular budget pressures around the costs of covering a high level of medical vacancies and the increasing needs of patients requiring nursing support

above funded levels. There have been a high number of unfunded beds in use to meet demands and this pressure has been managed in-year by NHS Ayrshire and Arran in line with the Integration Scheme. The ability to plan with the overall resource for defined populations and user groups and to use budgets flexibly is one of the hallmarks of integrated care.

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

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

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

## **Directions**

The Scottish Government issued Statutory Guidance in January 2020 outlining the requirements for the use of Directions from Integration Authorities to Health Boards and Local Authorities. The guidance sets out how to improve practice in the issuing (by IJBs) and implementation (by Health Boards and Local Authorities) of directions issued under the Public Bodies (Joint Working) (Scotland) Act 2014. It supersedes the Good Practice Note on Directions issued in March 2016.

The Scottish Government worked closely with IJB Chief Officers to better understand the diversity of practice across Scotland surrounding directions and to identify good practice. They also discussed the use of directions with a range of local systems at regular partnership engagement meetings, including with Health Board and Local Authority Chief Executives. The three Ayrshire HSCPs supported Scottish Government colleagues to develop the guidance and provided feedback on its practical application.

In March 2017, the IJB approved the first Medium Term Financial Plan covering the period 2017-2020. This was due to be refreshed during 2020, however this has not been possible due to focussing on the Covid-19 response and also the ongoing uncertainty over costs and funding not only for 2020-21 as part of the response but also the impact on future funding for the public sector.

## **Independent Review of Adult Social Care**

On 1 September 2020 the First Minister announced that there would be an Independent Review of Adult Social Care in Scotland as part of the Programme for Government. The Review was chaired by Derek Feeley, a former Scottish Government Director General for Health and Social Care and Chief Executive of NHS Scotland. Mr Feeley was supported by an Advisory Panel of Scottish and international experts.

The principal aim of the review was to recommend improvements to adult social care in Scotland, primarily in terms of the outcomes achieved by and with people who use services, their carers and families, and the experience of people who work in adult social care. The review took a human-rights based approach.

The Independent Review concluded at the end of January 2021 and its report was published on 3 February 2021.

It summarised that Scotland needs a new approach to social care to make these aspirations a practical, everyday reality across the country. The need to create a National Care Service that is based upon a new narrative, replacing crisis with prevention and wellbeing, burden with investment, competition with collaboration and variation with fairness and equity. We need to put people at the centre of it: people who use social care supports, their families and carers, and people who work in social care services.

The report made 53 recommendations around:

- A human rights-based approach
- Unpaid carers
- The case for a national care service (NCS)
- A National Care Service for Scotland – how it should work
- A new approach to improving outcomes – closing the implementation gap, a new system for managing quality

- Models of care
- Commissioning for public good
- Fair Work
- Finance

The full implications of the report and associated recommendations are not fully known at this stage but will impact on IJBs and Health and Social Care Partnerships in the coming years.

## Risk

An area of risk to the partnership is the consequence of the funding pass-through from the Council and NHS and the availability of workforce. The implementation of new policy initiatives and the lifting of the public sector pay cap also impact on the funding available for core services and the flexibility to use resource in line with local requirements.

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

Financial Sustainability	Scottish Government Policies	Covid-19 Recovery
<b>•Mitigation</b> <ul style="list-style-type: none"> <li>•Strategic Plan</li> <li>•Change Programme/Service Redesign</li> <li>•Active Demand Management</li> <li>•Covid-19 Funding</li> <li>•Developing MTFP</li> </ul>	<b>•Mitigation</b> <ul style="list-style-type: none"> <li>• Horizon scanning</li> <li>•Regular liaison with Scottish Government and COSLA</li> <li>•Responses to consultations</li> <li>• Financial modelling</li> </ul>	<b>• Mitigation</b> <ul style="list-style-type: none"> <li>•Strategic, tactical and operational response groups</li> <li>•Individual service recovery plans</li> <li>•Re-mobilisation plans (RMP3) to March 2022</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.

The ongoing uncertainty around Covid-19 will require the partnership to continue to adapt and redesign services as required. From the outset of the pandemic the HSCP acted very swiftly to



respond by reprioritising resources to protect and adapt core services to support the safety of our staff and communities. Whilst responding to the specific needs of North Ayrshire communities our approach is informed by the extensive and continually evolving range of national guidance which has been produced at pace by the Scottish Government and other agencies. It has been a real challenge for the North Ayrshire HSCP, and for partnerships across Scotland, to operate in this unprecedented environment, keeping up with the evolving position and associated demands and impacts on services.

The HSCP developed a mobilisation plan during 2020-21 detailing the additional activities to support our response to Covid-19, alongside the estimated financial impact. The plan provided a focal point for the partnership's response to the pandemic, and this set out clearly from the start how we would adapt and mobilise services to either expand or retract, re-prioritise activities and resources and also highlights the areas of greatest risk. The most recent iteration of the plan was submitted to Scottish Government by NHS Ayrshire and Arran in February 2021 and covers the response to the period March 2022.

Key areas of the mobilisation plan submitted to the Scottish Government include:

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

For 2021-22 the plan has been refreshed and as well as continuing the areas it provides an update from the previous Remobilisation Plan and to sets out the priorities for the year ahead. As we move forward into the next phase of remobilisation, we will continue to safeguard robust Covid-19 resilience and support for social care, whilst working on how paused services across the whole system will be safely and incrementally resumed. Patient, service user and staff safety continue to be the overriding priority and ensuring effective prevention and control of infection during the next phase of remobilisation will be critical for the successful restart of services, and the continued safety of our patients, staff and their families.

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

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

Most importantly, the Partnership must work closer with local people and maximise the use of existing assets within communities to improve the overall health and wellbeing of people in North Ayrshire. 2021-22 will see the development of the longer-term Strategic Plan which will allow for a period of reflection on the Covid-19 response and a timely opportunity to engage with communities over the future of our Health and Social Care services.

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

There is a continued risk that the full cost of the Covid-19 response is not funded in future years and that the IJB may be required to recover any overspends, this also impacts on the affordability of the planned instalment of debt repayment to the Council.

This mobilisation plan will be monitored regularly and reported to the IJB through the financial monitoring report. Updates on the costs associated with the NAHSCP response to Covid-19 will also be submitted to the Scottish Government. This will ensure the risk of insufficient funding being allocated to fund the resultant costs from Covid-19 is mitigated.

## **2021-22 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 2021-22.

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

- In 2021-22, NHS payments to Integration Authorities for delegated health functions must deliver an uplift of at least 1.5% over 2020-21 agreed recurring budgets.
- In addition to this, and separate from the Board Funding uplift, the Health Portfolio will invest a further £72.6 million in Local Authorities for investment in adult social care and integration. This takes the total funding transferred from the health portfolio to £883 million in 2021-22.
- The additional £72.6 million will support delivery of the Living Wage (£34 million), continued implementation of the Carers Act (£28.5 million) and uprating of free personal care (£10.1million).
- The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2020-21 recurring budgets for adult social care services that are delegated.
- Therefore, Local Authority adult social care budgets for allocation to Integration Authorities must be £72.6 million greater than 2020-21 recurring budgets.
- In addition there are monies for Primary Care, Waiting Times, MH and CAMHS, Trauma Networks and Drugs Deaths to be allocated in-year.



- MH – Funding of £111.1 million will be directed to a range of partners for investment to support mental health, and children and young people's mental health. As part of the 2021-22 budget there is £15 million to support the continued establishment of new Community Mental Health and Wellbeing Services.
- Alcohol and Drugs – The 2021-22 Portfolio budget provides an additional £50 million targeted towards reducing drugs deaths. This forms part of a total of funding of £250 million over the next five years and will support further investment in a range of community-based interventions, including primary prevention and expansion of residential rehabilitation.
- Outcomes framework increases from £71.9m nationally to £74.1m (previous years have seen a 5% reduction). Scottish Government finance colleagues have confirmed that there are no assumptions in relation to reductions 'hidden' in the increased figure.

It is anticipated that the Scottish Government will again seek assurance from partnerships that these conditions are being met.

The specific requirements for North Ayrshire Council are as follows:

- Based on the Finance Settlement £72.6m of ring-fenced funding is required to be passed through to the IJB by local authorities.

North Ayrshire Council set their budget on 4 March 2021 where they approved an additional contribution for the IJB of £1.861m for 2021-22. The additional funding is the share of the £72.6m nationally transferred from the health portfolio (£2.042m) as well as the full year impact and adjustments to previously allocated funding (£0.181m).

For the last two years the budget settlement for IJBs included an allocation of funding to recognise the growth and demand for social care services, with previous settlements resulting in additional allocations above baseline and Scottish Government policy areas with additional funding allocations for North Ayrshire of £1.389m and £1.612 for 2019-20 and 2020-21 respectively. There was no allocation for general social care pressures in the 2021-22 budget settlement.

Moving into 2021-22 the Partnership is proactively working to provide safe and effective services for the residents of North Ayrshire within the financial envelope. The IJB approved a one-year balanced budget for 2021-22 on 18 March 2021.

This budget included new net budget pressures for health and social care services totalling £5.172m. 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 £3.644m, as noted in the summary below:

	Social Care (NAC) £m	Health (NHS A&A) £m	Total £m
Funding Increase	0.000	1.528	1.528
Funded Pressures	(3.518)	(1.654)	(5.172)
<b>Budget Gap / Savings Required</b>	<b>(3.518)</b>	<b>(0.126)</b>	<b>(3.644)</b>
<b>% Of Baseline Budget</b>	<b>(2.91%)</b>	<b>(0.12%)</b>	<b>(1.64%)</b>

The approved savings of £2.528m did not fully address the budget gap of £3.644m and the balance of £1.116m was planned to be met by a non-recurring draw on the reserves carried forward from 2020-21. Use of reserves is a temporary solution and is not a sustainable solution. Health and Social Care services were still in the midst of responding to the demands of the Covid-19 pandemic, therefore it was recommended not to go back to services to request further savings proposals, particularly when there were so many unknowns to the budget next year including the ongoing pay negotiations, the National Care Home Contract negotiations and the ongoing impact of Covid-19 on services and the overall financial position. Following the setting of the budget further funding was allocated by the Scottish Government to fully fund the implementation of the Scottish Living Wage commitment, given that North Ayrshire IJB budget plans incorporated the costs of implementation this funding is free to be allocated to reduce the overall budget gap, the revised requirement from reserves to balance the budget is £0.181m.

The Integration Joint Board, in common with most Public Sector bodies, is facing a period of significant financial challenge, with cost and demand pressures expected to outstrip any funding uplifts. 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 2021-22 budget during the year, these include:

- High risk areas of low volume / high-cost services areas e.g., Learning Disability care packages, children's residential placements, complex care packages.
- Progress with the work to develop set aside arrangements and the risk sharing arrangements agreed as part of this.
- Ongoing implementation costs of the Scottish Government policy directives, for example Free Personal Care for under 65's.
- Lead / hosted service arrangements, including managing pressures and reporting this across the 3 IJBs.
- The impact on Lead partnership and acute services from decisions taken by other Ayrshire areas.
- The potential financial impact of the HSCP response to the Covid-19 pandemic and the wider public sector financial impact, including on the Council and Health Board and the funding allocated by the Scottish Government aligned to our mobilisation plans.
- The Covid-19 recovery process and re-mobilisation of services, including the ability to change and improve services following learning from the Covid-19 response.
- The impact, implementation and service and community expectations following the publication of the Independent Review of Adult Social Care.
- The Local Government and NHS pay awards are not settled for 2021-22 and negotiations are ongoing, 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 and further complicated by the impact of the pandemic on care homes.
- Delivery of 2020-21 savings delayed by Covid-19 and the potential impact on the delivery of the 2021-22 savings programme.

These risks will be monitoring during 2021-22 and financial impact reported through the financial monitoring report.

The 2021-22 budget also established a challenge fund reserve of £0.5m to assist the HSCP with developing longer term plans for delivering savings and service improvement. One of the main areas this would support would be the investment in technology solutions.

The IJB has a deficit of £3.807m (2019-20 £5.293m) as it moves into 2021-22. There is a repayment plan to allow the deficit to be recovered over the medium-term to support the financial sustainability of the Partnership.

## Conclusion

2020-21 has been unlike any other year for the partnership. The response to the pandemic is far from over and the longer-term effects on our communities are yet to be fully understood. Whilst the pandemic has been immensely difficult and has stretched many of our services, our staff and our communities to the limit, we have continued to progress with our plans for integration with ongoing work underway to improve and develop services. The response to the pandemic has led to significant opportunities, creative solutions, fleet of foot responses and a real renewed appetite and enthusiasm for partners to work together, which is what we need to truly improve people's lives.

The IJB recognises it must remobilise and deliver services within its financial envelope for 2021-22. Our transformation programme will continue with delivery of the savings plan and service redesign aiming to minimise any delays due the Covid-19 response.

There is a focus on the integration of services to deliver real change to the way services are being delivered, with a realism that continuing to deliver services in the same way is no longer sustainable and changes need to be made in the way services are accessed and provided. The scale and pace of change will be accelerated as services need to adapt to 'the new normal' following the Covid-19 pandemic, however the requirement to change and re-design services to improve outcomes for individuals would exist despite the financial and pandemic pressures.

There is an expectation that within North Ayrshire the pattern of spend will change and there will be a shift in the balance of care from institutional to community settings. The integration of health and social care provides a unique opportunity to change the way services are delivered. It is an opportunity to put people at the heart of the process, focussing on the outcomes they want by operating as a single health and social care service.

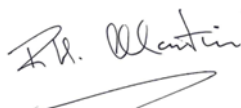
The IJB through the Strategic Plan outlines the belief that together we can transform health and social care services to achieve the joint vision for the future "all people who live in North Ayrshire are able to have a safe, healthy and active life". Moving into 2021-22, we are working proactively to address the financial challenges, while at the same time, providing high-quality and sustainable health and social care services for the communities in North Ayrshire.

## Where to find more information

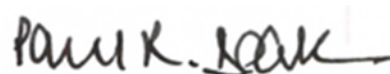
If you would like more information on IJB strategies, plans and policies and our performance and spending, please refer to the Partnership's website [www.nahscp.org](http://www.nahscp.org).



Caroline Cameron  
Chief Officer  
26 August 2021



Robert Martin  
IJB Chair  
26 August 2021



Paul Doak  
Chief Finance Officer  
26 August 2021

# Statement of responsibilities

## Responsibilities of the IJB

The IJB is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the board has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the chief finance officer
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Ensure the annual financial statements are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far, as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland act 2003)
- Approve the Annual Accounts for signature

I confirm that the audited annual financial statements were approved for signature at a meeting of the IJB on 26 August 2021.



Robert Martin

IJB Chair

26 August 2021

## 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 2021, and its income and expenditure for the period then ended.



Paul Doak  
Chief Finance Officer

26 August 2021



# 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 2020-21 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 Plan which links closely to the vision of the North Ayrshire Community Planning Partnership and the Local Outcome Improvement Plan (LOIP) and is underpinned by an annual action plan and performance indicators. An updated Strategic Plan was due to be put in place for April 2021 but due to the pandemic a Strategic Bridging Plan was developed for 2021-22 and approved by the IJB in March 2021. Regular progress reports on the delivery of the Strategic Plan were provided to the Performance and Audit Committee and the IJB.
- The Performance Management Strategy focuses very firmly on embedding a performance management culture throughout the IJB. Regular reporting to Board Members takes place.
- A risk management strategy and strategic risk register is in place for the IJB.
- A Health and Care Governance Framework was agreed by the IJB on 9 March 2017. This covers governance arrangements in relation to complaints and customer feedback, risk management, health and safety, Internal Audit, workforce planning and public protection. Regular updates are provided to the IJB by the Health and Care Governance Group.
- The IJB has adopted a 'Code of Conduct' for all of 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 is in place, covering four main themes of building teams around children, developing a wider range of primary care services, supporting older people and people with complex care needs and creating mental health and learning disability services to better support people to stay well. A Transformation Board has oversight of the programme.

The governance framework was in place during the period ended 31 March 2021.

## System of internal financial control

The governance framework described operates on the foundation of internal controls. The system of internal financial control is based on a framework of regular management information, financial

regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability.

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

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

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

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

## Review of effectiveness

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

The Chief Internal Auditor reports directly to the IJB Performance and Audit Committee on all audit matters, with the right of access to the Chief Officer, Chief Finance Officer and Chair of the Performance and Audit Committee on any matter. In accordance with the principles of the code of corporate governance, regular reports were made to the IJB's Performance and Audit Committee during 2020-21.

The Internal Audit function has independent responsibility for examining, evaluating and reporting on the adequacy of internal control. During 2020-21, the Internal Audit team operated in accordance with the Public Sector Internal Audit Standards.

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

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

## Developments during 2020-21

The elements noted below incorporate progress with the further actions or developments identified in the 2019-20 Annual Accounts.

## Covid-19

On 11th March 2020 the World Health Organisation declared the outbreak of Covid-19 as a global pandemic and on 23rd March the United Kingdom entered a period of lockdown. This had an unprecedented impact on the governance of the Integration Joint Board and the operations through the Health and Social Care Partnership. It was recognised that it was no longer going to be practical to take decisions via the established governance routes, due to the pace of the pandemic response and the availability of individuals to continue to meet formally.

A range of delegated authorities for the Chief Officer, Section 95 Officer and other officers in the HSCP currently form part of the Integration Scheme and Scheme of Delegation for North Ayrshire IJB. There are powers which are reserved to the Board and these are outlined in the Scheme of Delegation. The IJB held a meeting on 19 March 2020 where they approved delegated authority for the Chief Officer and S95 Officer to take decisions in respect of those matters that would normally require Board approval, subject to consultation with the Chair and Vice Chair of the Board.

Meetings of the IJB resumed on 16<sup>th</sup> July 2020 and continued to be held virtually throughout the remainder of the 2020-21 financial year.

## Care Home Clinical and Professional Oversight Group (CHOG)

This group was established in May 2020 to ensure the appropriate clinical and care professionals had oversight of and could take direct responsibility for the support required for each care home in North Ayrshire during the pandemic.

It will continue to meet until at least March 2022.

## Membership of IJB

The following new appointment was made:

- Chair, Performance and Audit Committee

## Chief Officers

During the year, the previous IJB Chief Officer/Director of Health and Social Care left the HSCP and was replaced in December 2020 by Caroline Cameron, formerly Chief Finance and Transformation Officer.

David Thomson was appointed as Head of Service (Health and Community Care) in February 2021, the post having previously been vacant for some time.

Paul Doak was appointed as Chief Finance and Transformation Officer in April 2021.

Laura Miller was appointed as Chief Internal Auditor in June 2021.

## Annual Performance Report

The IJB endorsed the Annual Performance Report for 2019-20 at the meeting in September 2020. 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.

## Review of Progress with Integration of Health and Social Care

The Ministerial Strategic Group's (MSG) final report relating to the review of progress with integration of health and social care was submitted to IJB on 14 February 2019. North Ayrshire HSCP benchmarked and evaluated their position against the 25 proposals outlined in the report and the Audit Scotland report, and produced an action plan which was presented to the IJB in May 2019.

Work with implementing these actions was delayed by the pandemic; however, this recommenced later in 2020-21.

## Workforce Planning

There was a requirement included within the Integration Scheme to develop an Integrated Workforce Strategy. This was agreed by the IJB in May 2019.

In February 2020, a report was received on the first Integrated Health and Social Care Workforce Plan for Scotland (published by the Scottish Government in December 2019).

The IJB agreed that this would result in the requirement to update its own Strategy and this was concluded at the end of April 2021.

A subsequent interim workforce plan was submitted to the Scottish Government in May 2021.

## Governance Documents

The IJB continues to review its key governance documents on a rolling basis. During 2020-21, updated Financial Regulations were approved and the Strategic and Operational Risk Registers were reviewed and updated.

An updated Records Management Plan was also approved by the IJB following feedback from the Keeper of the Records of Scotland.

## Directions

In January 2020, the Scottish Government issued new statutory guidance for directions from Integration Authorities (IJBs) to Health Boards and Local Authorities. Directions are the mechanism to action the strategic commissioning plans (Strategic Plan).

In March 2020 the IJB noted the new statutory guidance and agreed to continue to work with partners in East and South Ayrshire to progress improvement plans, including enhancing governance arrangements for lead partnership services.

Progress was delayed by the pandemic, but preparatory work was undertaken during 2020-21 and implementation will continue into 2021-22.

## Further actions for 2021-22

The IJB has identified the following actions for 2021-22 that will assist with the further strengthening of corporate governance arrangements; these incorporate any outstanding recommendations from the 2019-20 wider scope audit requirements:

- Develop an updated Strategic Plan and Medium-term Financial Plan
- Undertake an assessment of the extent to which financial management arrangements comply with the requirements of the CIPFA Financial Management Code 2019



- Review governance arrangements as formal meeting and committee structures are brought back online as part of the Covid-19 recovery
- Develop Risk Management arrangements, including an agreed risk appetite statement
- Support the Pan Ayrshire work on developing Directions for Lead Partnership services
- Develop commissioning plans and Directions in relation to the acute set-aside resources
- Continue to review, on a rolling basis, IJB key governance documents
- Further support and develop Locality Planning Forums to establish and implement locality plans

Some of these areas were planned to be progressed during 2020-21 and were either delayed due to Covid-19 or due to delays in co-ordinating work with partners.

## Assurance

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2020-21 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.

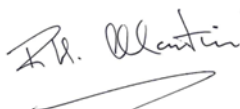
Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.

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 Performance and Audit Committee on 25 June 2021.

The impact of the Covid-19 pandemic has resulted in unprecedented impacts on the governance and operations of the IJB during 2020-21 and moving into 2021-22.



Caroline Cameron  
Chief Officer  
26 August 2021



Robert Martin  
IJB Chair  
26 August 2021

# Remuneration report

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

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

## Remuneration: IJB Chair and Vice Chair

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



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

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

## Remuneration: Senior Officers of the IJB

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

### Chief Officer and Chief Finance Officer

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

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

## Other Officers

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

Total remuneration 2019-20 £	Name and post title	Salary, fees and allowances £	Taxable expenses £	Compensation for Loss of Office £	Total remuneration 2020-21 £
111,761	Stephen Brown, Chief Officer 1/4/20 to 9/10/20	98,981*	0	95,000	193,981
0	Alison Sutherland, Interim Chief Officer 6/11/20 to 20/12/20	792*	0	0	792
0	Caroline Cameron, Chief Officer 21/12/20 to 31/3/21	32,264*	0	0	32,264
85,776	Caroline Cameron, Chief Finance Officer 1/4/20 to 20/12/20	63,516*	104	0	63,620
0	Eleanor Currie, Interim Chief Finance Officer 21/12/20 to 31/3/21	2,826*	0	0	2,826

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

Name and post title	Full Year Salary £
Stephen Brown, Chief Officer, 1/4/20 to 9/10/20	115,114
Alison Sutherland, Interim Chief Officer, 6/11/20 to 20/12/20	5,250
Caroline Cameron, Chief Officer, 21/12/20 to 31/3/21	115,114
Caroline Cameron, Chief Finance Officer, 1/4/20 to 20/12/20	88,165
Eleanor Currie, Interim Chief Finance Officer, 21/12/20 to 31/3/21	10,000

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

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

	In Period pension contributions			Accrued pension benefits	
	2019-20 £	2020-21 £		Difference from 2019-20	2020-21
Stephen Brown, Chief Officer	0	0	Pension Lump Sum	0 0	0 0
Alison Sutherland, Chief Officer	0	2,195	Pension Lump Sum	n/a 0	2,425 0
Caroline Cameron, Chief Officer and Chief Finance Officer	16,520	18,486	Pension Lump Sum	2,005 0	4,988 0
Eleanor Currie, Chief Finance Officer	0	4,178	Pension Lump Sum	n/a 0	6,822 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 2019-20	Remuneration band	Number of employees in band 2020-21
<b>1</b>	<b>£110,000-£114,999</b>	0
<b>0</b>	<b>£95,000-£99,999</b>	2
<b>1</b>	<b>£85,000-£89,999</b>	0

### Exit packages

There were no exit packages during 2019-20 and one exit package during 2020-21. The detail of the exit package is shown in the table below.

Number of Employees	Banding	Compulsory Redundancy 2020-21	Other Departures 2020-21	Total Amount 2020-21
1	£80,000 - £100,000	0	95,000	<b>95,000</b>

# Financial statements

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

2019-20		2020-21		
Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
<b>71,919</b>	Community Care and Health	72,477	-	72,477
<b>29,156</b>	Mental Health	28,718	-	28,718
<b>36,665</b>	Children's Services and Criminal Justice	34,968	-	34,968
<b>53,006</b>	Primary Care	48,809	-	48,809
<b>8,323</b>	Management and Support Costs (inc Covid-19 costs)	19,002	-	19,002
<b>1,434</b>	Change Programme	1,026	-	1,026
<b>5,089</b>	Allied Health Professionals	5,722	-	5,722
<b>79,862</b>	Lead Partnership and Set Aside	86,596	-	86,596
285,454	<b>Cost of Services</b>	<b>297,318</b>	-	<b>297,318</b>
<b>(97,973)</b>	North Ayrshire Council Funding	-	(99,897)	(99,897)
<b>(187,257)</b>	NHS Ayrshire and Arran Funding	-	(209,019)	(209,019)
(285,230)	<b>Total Taxation And Non-Specific Grant Income (note 5)</b>	-	<b>(308,916)</b>	<b>(308,916)</b>
224	<b>(Surplus) or Deficit on Provision of Services</b>	<b>297,318</b>	<b>(308,916)</b>	<b>(11,598)</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 2020-21 there were no statutory adjustments.



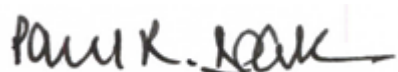
Total Reserves 2019-20	Movement in reserves	General Fund – Debt to NAC 2020-21	General Fund 2020-21	Earmarked Reserves 2020-21	Total Reserves 2020-21
(4,862)	Opening balance as at 1 April	(5,293)	207	0	(5,086)
(224)	Total Comprehensive Income and Expenditure	1,486	3,944	6,168	11,598
0	Adjustments between accounting basis and funding basis under regulations	0	0	0	0
<b>(224)</b>	<b>Increase or (decrease) in period</b>	<b>1,486</b>	<b>3,944</b>	<b>6,168</b>	<b>11,598</b>
(5,086)	Closing Balance as at 31 March	<b>(3,807)</b>	<b>4,151</b>	<b>6,168</b>	<b>6,512</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.

31 March 2020 £000		Notes	31 March 2021 £000
207	Short Term Debtors	6	10,319
(5,293)	Long Term Creditors	7	(3,807)
<b>(5,086)</b>	<b>Net Assets</b>		<b>6,512</b>
(5,086)	Usable Reserve: General Fund	8	6,512
<b>(5,086)</b>	<b>Total Reserves</b>		<b>6,512</b>

The Statement of Accounts present a true and fair view of the financial position of the Integration Joint Board as at 31 March 2021 and its income and expenditure for the period then ended.

The unaudited financial statements were authorised for issue on 25 June 2021 and the audited financial statements will be authorised for issue on 26 August 2021.



Paul Doak  
Chief Finance Officer  
26 August 2021

# Notes to the financial statements

## NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

### General principles

The Financial Statements summarise the authority's transactions for the 2020-21 financial period and its position at the period-end as at 31 March 2021.

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 2020-21, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

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

The historical cost convention has been adopted.

### Accruals of expenditure and income

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

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

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

### Funding

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

health and social care services from the funding partners for the benefit of service recipients in North Ayrshire. Funding from the Scottish Government to offset Covid-19 attributable costs is routed to the IJB via NHS Ayrshire and Arran as part of the Local Mobilisation Planning process.

### Cash and cash equivalents

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

### Employee benefits

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

The IJB has a legal responsibility to appoint a Chief Officer. 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 absence entitlement at 31 March is accrued, for example in relation to annual leave earned but not yet taken.

### Provisions, Contingent Liabilities and Contingent Assets

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

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

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

### Reserves

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

### Indemnity insurance

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

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

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

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

### VAT Status

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

## NOTE 2 – CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

The critical judgements include:

- On behalf of all IJBs within the NHS Ayrshire and Arran area, the IJB acts as the lead partner for Mental Health Services. It commissions services on behalf of the three Ayrshire IJBs and reclaims the costs involved. This arrangement is treated as an agency arrangement. In the absence of an alternative agreement or approach being outlined in the Integration Scheme, the recharges across the partnerships for lead services are based on an NRAC share of costs, this may not reflect the actual cost of delivering services to the population in the three areas.
- In applying the accounting policies, the IJB has had to make a critical judgement relating to the values included for Set Aside services. The Set Aside figure included in the IJB accounts is based upon Information Services Division Scotland (ISD) activity data at historic prices with inflation applied. As such, the Set Aside sum included in the accounts will not reflect actual hospital usage in 2020-21.

There are no material estimation uncertainties included within the Financial Statements. The impact of Covid-19 and associated costs incurred in 2020-21 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 26 August 2021. 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 2020-21.

## NOTE 4 – EXPENDITURE AND INCOME ANALYSIS BY NATURE

2019-20 £000's		2020-21 £000's
122,112	Services commissioned from North Ayrshire Council	127,027
163,315	Services commissioned from NHS Ayrshire and Arran	170,264
27	Auditor Fee: External Audit Work	27
<b>(285,230)</b>	<b>Partners Funding Contributions and Non-Specific Grant Income</b>	<b>(308,916)</b>
<b>224</b>	<b>(Surplus) / deficit on the Provision of Services</b>	<b>(11,598)</b>

## NOTE 5 - TAXATION AND NON-SPECIFIC GRANT INCOME

2019-20 £000's		2020-21 £000's
(97,973)	Funding Contribution from North Ayrshire Council	(99,897)
(187,257)	Funding Contribution from NHS Ayrshire and Arran	(209,019)
<b>(285,230)</b>	<b>Taxation and Non-specific Grant Income</b>	<b>(308,916)</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 2019-20 or 2020-21.

The funding contribution from NHS Ayrshire and Arran shown above includes £33.054m (2019-20 £31.807m) 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 Covid-19 attributable costs. Guidance on Accounting for Coronavirus (Covid-19) 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 Covid-19 funding, as to whether principle or agent accounting applies, which IJBs should consider. This sets out that for all payments underlying the £11.304m 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 2020 £000's		31 March 2021 £000's
0	North Ayrshire Council	7,519
207	NHS Ayrshire and Arran	2,800
<b>207</b>	<b>Total Debtors</b>	<b>10,319</b>

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 2020 £000's		31 March 2021 £000's
(5,293)	North Ayrshire Council	(3,807)
0	NHS Ayrshire and Arran	0
<b>(5,293)</b>	<b>Total Creditors</b>	<b>(3,807)</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 in relation 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 £000's
North Ayrshire Council	(9,005)	1,486	5,009	(2,510)
NHS Ayrshire and Arran	(2,593)	0	952	(1,641)
<b>Total</b>	<b>(11,598)</b>	<b>1,486</b>	<b>5,961</b>	<b>(4,151)</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.

Action 15 and the Primary Care Improvement Fund (PCIF) are Scottish Government allocations which require to be carried forward for use in future years.

Although the IJB has an overall positive reserves position within this there is the balance of payment due to North Ayrshire to repay the debt due for previous year deficits, the movement in this balance represents the decrease to the debt during 2020-21.

The 'free' general fund balance of £4.151m is proposed to be held as a contingency balance, this equates to around 1.6% of the IJB budget for 2021-22 so remains short of the target of 2% but does demonstrate significant progress towards establishing a contingency reserve.

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

2019-20				2020-21		
Transfers Out 2019-20	Transfers In 2019-20	Balance at 31 March 2020		Transfers Out 2020-21	Transfers In 2020-21	Balance at 31 March 2021
<b>Earmarked Funds</b>						
(131)	0	0	: Alcohol & Drug Partnership	0	336	336
(116)	63	63	: Action 15	(63)	224	224
(30)	144	144	: PCIF	(144)	935	935
0	0	0	: 21-22 Budget Gap	0	181	181
0	0	0	: Challenge Fund	0	500	500
0	0	0	: Community Living Change Fund	0	513	513
0	0	0	: Covid-19 Funding	0	3,479	3,479
<b>(277)</b>	<b>207</b>	<b>207</b>	<b>Total Earmarked</b>	<b>(207)</b>	<b>6,168</b>	<b>6,168</b>
0	(154)	(5,293)	Outstanding Debt	0	(3,807)	(3,807)
0	0	0	Unallocated General Fund	<b>0</b>	<b>4,151</b>	<b>4,151</b>
<b>(277)</b>	<b>53</b>	<b>(5,086)</b>	<b>General Fund</b>	<b>(207)</b>	<b>6,512</b>	<b>6,512</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.

2019-20 £000		2020-21 £000
30,493	Expenditure on Agency Service – Lead Partnership	31,583
(30,493)	Reimbursement for Agency Services	(31,583)
<b>0</b>	<b>Net Agency Expenditure Excluded from the CIES</b>	<b>0</b>

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 £0.922m. 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, Covid-19 testing kits valued at £1.238m 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.

Payments in relation to the £500 'thank you' payment from the Scottish Government to eligible North Ayrshire Council staff, private provider care staff and Personal Assistants employed by service users in receipt of Self-Directed Support Option 1 payments will be made in 2021-22. The estimated costs subject to further 'mop up' payments and confirmation of the payment due to Personal Assistants are shown in the table below. The calculation of the amount due to Personal Assistants is being undertaken by a third party (Scotland Excel) on behalf of the Scottish Government and the amount to be paid is not yet known.

Payment	£000
North Ayrshire Council Staff	930
Private Provider Care Staff	1,278
<b>TOTAL</b>	<b>2,208</b>

## 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.

2019-20 £000	Transactions with NHS Ayrshire and Arran	2020-21 £000
(187,257)	Funding Contributions received from NHS Board	(209,019)
0	Service Income received from NHS Board	0
163,273	Expenditure on Services Provided by NHS Board	170,207
56	Key Management Personnel: Non-Voting Board Members	72
0	Support Services	0
<b>(23,928)</b>	<b>Net Transactions with NHS Board</b>	<b>(38,740)</b>

31 March 2020 £000	Balances with NHS Ayrshire and Arran	31 March 2021 £000
207	Debtor Balances: Amounts due from NHS Board	2,800
0	Creditor Balances: Amounts due to NHS Board	0
<b>207</b>	<b>Net Balances with NHS Board</b>	<b>2,800</b>

2019-20 £000	Transactions with North Ayrshire Council	2020-21 £000
(97,973)	Funding Contributions received from the Council	(99,897)
0	Service Income received from the Council	0
122,069	Expenditure on Services Provided by the Council	126,968
56	Key Management Personnel: Non-Voting Board Members	71
0	Support Services	0
<b>24,152</b>	<b>Net Transactions with the Council</b>	<b>27,142</b>

31 March 2020 £000	Balances with North Ayrshire Council	31 March 2021 £000
0	Debtor Balances: Amounts due from the Council	7,519
(5,293)	Creditor Balances: Amounts due to the Council	(3,807)
<b>(5,293)</b>	<b>Net Balances with the Council</b>	<b>3,712</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 has been issued but not yet adopted. The IJB considers that there are no such standards which would have an impact on the 2020-21 financial statements.



# Independent auditor's report

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

### Reporting on the audit of the financial statements

#### Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of North Ayrshire Integration Joint Board for the year ended 31 March 2021 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 a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the 2020/21 Code).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2020/21 Code of the state of affairs of the body as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

#### Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 31 May 2016. The period of total uninterrupted appointment is 5 years. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability

to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

### **Risks of material misstatement**

We report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that we identified and our judgements thereon.

### **Responsibilities of the Chief 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 deemed inappropriate.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This included the Public Bodies (Joint Working) Scotland Act 2014.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the body's ability to operate or to avoid a material penalty. These included the Data Protection Act 2018.

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

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

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

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

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the 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.

## Reporting on other requirements

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

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

### **Statutory other information**

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

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

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

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

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

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

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- there has been a failure to achieve a prescribed financial objective.

We have nothing to report in respect of these matters.

## **Conclusions on wider scope responsibilities**

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

## **Use of our report**

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

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

110 Queen Street

Glasgow

G1 3BX

United Kingdom

26 August 2021

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

Our Ref: PK/CB/NAIJB/2021

Deloitte LLP  
110 Queen Street  
Glasgow  
G1 3BX

Date: 26 August 2021

Dear Pat Kenny,

This representation letter is provided in connection with your audit of the financial statements of the North Ayrshire Integration Joint Board ('the entity') for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the entity as of 31 March 2021 and of the results of its comprehensive net income and expenditure and its cash flows for the year then ended in accordance with the applicable accounting framework as interpreted by the with the Code of Practice on Local Authority Accounting in the United Kingdom.

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

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

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

*Financial statements*

1. We understand and have fulfilled our responsibilities for the preparation of the financial statements in accordance with the applicable financial reporting framework, as set out in the with the Code of Practice on Local Authority Accounting in the United Kingdom, which give a true and fair view, as set out in the terms of the audit engagement letter.
2. Significant assumptions used by us in making accounting estimates, including those measured at fair value and assessing the impact of Covid-19 on the entity are reasonable. We have made sufficient and appropriate disclosure of the general increased estimation uncertainty arising from the impact of Covid-19.
3. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of IAS24 "Related party disclosures".
4. All events subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment of or disclosure have been adjusted or disclosed.
5. There are no uncorrected misstatements and disclosure deficiencies.
6. We confirm that the financial statements have been prepared on the going concern basis and disclose in accordance with IAS 1 all matters of which we are aware that are relevant to the entity's ability to continue as a going concern, including principal conditions or events and our plans. We

do not intend to cease operations as we consider we have realistic alternatives to doing so. We are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. We confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including our plans for future actions.

7. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent.

*Information provided*

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



- (ii) we have disclosed to you all cyber breaches of which we are aware that have resulted in more than inconsequential unauthorised access of data, applications, services, networks and/or devices.
19. All minutes of the Board and Committee meetings during and since the financial year have been made available to you.
20. We have drawn to your attention all correspondence and notes of meetings with regulators.
21. We confirm that all of the disclosures relating to sections of the annual report which are considered 'other information' as set out in the Code of Audit Practice 2016 have been prepared in accordance with relevant legislation and guidance.
22. I confirm that I have appropriately discharged my responsibility for the regularity of transactions.

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

Yours faithfully

Paul Doak  
Head of Service (Finance and Transformation)

Signed as Chief Finance Officer, for and on behalf of North Ayrshire Integration Joint Board