

Notice of Meeting and Agenda



Midlothian Integration Joint Board - Audit and Risk Committee

Venue: Virtual Meeting,

Date: Thursday, 23 November 2023

Time: 10:00

Morag Barrow
Chief Officer

Contact:

| | |
|------------------|--|
| Clerk Name: | Democratic Services |
| Clerk Telephone: | |
| Clerk Email: | democratic.services@midlothian.gov.uk |

Further Information:

This is a meeting which is open to members of the public.

1 Welcome, Introductions and Apologies

2 Order of Business

Including notice of new business submitted as urgent for consideration at the end of the meeting.

3 Declaration of Interest

Members should declare any financial and non-financial interests they have in the items of business for consideration, identifying the relevant agenda item and the nature of their interest.

4 Minute of Previous Meeting

- | | | |
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| 4.1 | Minute of MIJB Audit and Risk 07 September 2023 - submitted for approval | 3 - 10 |
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5 Public Reports

- | | | |
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| 5.1 | MIJB Annual Audit Report - Year Ended 31 March 2023, report by Audit Scotland | 11 - 42 |
| 5.2 | 2022/23 Audited Annual Accounts, report by Chief Finance Officer | 43 - 92 |

6 Private Reports

No items for discussion

7 Date of Next Meeting

The next meeting will be held on Thursday, 7 December 2023 at 14:00pm.

Midlothian Integration Joint Board



| Meeting | Date | Time | Venue |
|--------------------------|---------------------------|--------|--------------------------------------|
| Audit and Risk Committee | Thursday 7 September 2023 | 2.00pm | Virtual Meeting held using MS Teams. |

Present (voting members):

| | | |
|----------------------|---------------------|------------------|
| Val de Souza (Chair) | Cllr Connor McManus | Cllr Kelly Parry |
| Andrew Fleming | | |

Present (non-voting members):

| | | |
|---|---|------------------------------------|
| Morag Barrow (Chief Officer) | Claire Flanagan (Chief Finance Officer) | Derek Oliver (Chief Officer Place) |
| Duncan Stainbank (Chief Internal Auditor) | | |

In attendance:

| | | |
|---|--|--|
| Gill Main (Integration Manager) | Kay Jenks (Audit Scotland, External Auditor) | Saty Kaur (Chief Officer Corporate Solutions (Acting)) |
| Gary Leadbetter (Democratic Services Officer) | | |

Apologies:

| | | |
|------------|--|--|
| Nadin Akta | | |
|------------|--|--|

Audit and Risk Committee

Thursday 7 September 2023

1. Welcome and Introductions

The Chair welcomed everyone to the meeting.

2. Order of Business

The Order of Business was as detailed in the agenda.

3. Declarations of interest

No declarations of interest were received.

4. Minutes of Meeting

4.1 The Minutes of Meeting of the Audit and Risk Committee held on Wednesday 28 June 2023 was submitted and approved as a correct record.

4.2 Matters Arising: None.

5. Public Reports

5.1 Update on Audited Annual Accounts 2022/23 and External Audit Report 2022/23 Process - CFO Verbal Update

Chief Finance Officer, Claire Flanagan provided a verbal update on Audited Annual Accounts 2022/23 and External Audit Report 2022/23 Process.

Ms Flanagan advised that the Audited Annual Accounts and External Audit Report would normally be presented at the September Midlothian Integration Joint Board (IJB) Audit and Risk Committee. Ms Flanagan explained that the external auditor, Audit Scotland, had been experiencing some resourcing issues leading to potential delays in meeting the September deadline, although work was back on track after both herself and the team had been working with the external auditors to meet this deadline, they had missed the deadline for submission to the Committee. Ms Flanagan explained that, in line with the IGB Standing Orders, the accounts need to be approved by one

Audit and Risk Committee

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of the IGB's Standing Committees, so the plan is that on 21 September 2023, under the Special MIJB Business Meeting and Development Session the accounts and audit report would be presented for approving the former and noting the latter.

The Chair noted the update and opened it up for questions and comments.

External Auditor, Kay Jenks advised that work was on track to be completed by 21 September 2023.

Andrew Fleming queried if the Special IJB Development Session on 21 September 2023 would be virtual. Chief Officer, Morag Barrow confirmed that the meeting would be virtual.

The Chair thanks Ms Flanagan and Ms Jenks for their updates and assurances.

Action:

- **The Members noted the reasons for the non-submission of the Audited Annual Accounts 2022/23 and External Audit Report 2022/23 and agreed to their submission at the Special MIJB Business Meeting and Development Session on 21 September 2023.**

5.2 Risk Register – Chief Office Place, Derek Oliver

The Integrated Joint Board (IJB) Audit and Risk Committee maintains a strategic risk profile which is regularly scrutinised. However, it is important that Midlothian IJB is kept informed of its key risks and the actions undertaken to manage these risks. This report contains the strategic risk profile covering Quarter 1 2023/24, 1 April 2023 – 30 June 2023.

Chief Officer, Place, Derek Oliver presented the Strategic Risk Profile for Quarter 1 2023/24, advising that this was appended to the report and that there had been no new risks or changes to Risk Evaluation into Quarter 1 from previous Quarter 4 2022/23.

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Mr Oliver advised that there remained to be one critical risk, with respect to 'Impact of New Legislation' and two high risks, with respect to 'Financial Sustainability' and 'Workforce Recruitment and Retention.'

The Chair thanked Mr Oliver for the report and opened it up for questions.

Chief Officer, Morag Barrow highlighted that, in relation to the financial situation, it was set to be a difficult year for both elements of the budget in terms of both the Council spend and NHS spend currently projecting overspend. Ms Barrow advised that work was ongoing with teams and recovery actions were being employed where possible and that some recovery had been achieved in comparison to Quarter 1. Ms Barrow noted some of the significant challenges being experienced, such as prescribing and overspend in learning and disability. Ms Barrow provided reassurance that work to address these challenges was ongoing.

Andrew Fleming raised a question as to whether there was a duplication of risks, noting that 'Issuing of Directions' and 'Financial Sustainability' sounded similar in respect of financial resources. Mr Fleming also questioned whether the assurance reporting in relation to the risk 'Category 1 Responder Status' included desktop exercising, particularly as winter is coming and the challenges this can present. Integration Manager, Gill Main, so as to provide context to the Strategic Risk Profile, advised that there had been work to strengthen internal understanding of the difference between strategic and operational work, some of which has involved the Health and Social Care Partnership (HSCP) realising significant change to its governance structure whilst ensuring there is a robust system in place, which in turn has had a knock on effect on recognising strategic risks. Ms Main explained that, in respect of this, there is still realignment work to be completed and this may be some of the reason around potential duplication.

Action:

- **Chief Officer, Place, Derek Oliver to meet with Andrew Fleming to provide insight into the Strategic Risk Profile.**
- **The Members approved the Quarter 1 2023/24 Strategic Risk Profile.**

5.3 Recommissioning in Matter of Focus and Outnav – Integration Manager, Gill Main

This paper describes the work to establish an integrated performance framework across health and social care and details the proposal and identified funding for continuing this work. A high level overview (appendix 1) is provided of work jointly undertaken by Midlothian Health and

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Social Care Partnership (HSCP) and Matter of Focus to deliver the commission from Midlothian Integration Joint Board (IJB) of developing a performance measurement tool that provides strategic assurance, assurance on the organisational progress towards the 6 strategic aims of the Strategic Commissioning Plan 2022/25, and meets national ambitions in relation to understanding of our contribution to improving outcomes for people and communities. This paper also notes the requirement and intention to support and to develop the organisations understanding of service outputs vs personal outcomes and to better maximise the impact of qualitative data in environments where quantitative data is more frequently requested or valued.

Integration Manager, Gill Main introduced the report, advising that the Matter of Focus work has been a historically more expensive contract than what is being proposed, as this has been significantly reduced by over fifty percent for a contract over the next two years. Ms Main highlighted that, as result of this report, Members are asked to:

- Review the performance of the Matter of Focus Outcomes Measurement Project Commissioned in 2020 noting:
 - that performance against this contract has met and exceeded expectation with significant positive impacts,
 - where performance could be improved with integrated working, and the benefits of developing this practice,
 - the integral role outcome measurement has in the Midlothian IJB and both Midlothian HSCP Performance Framework and Integrated Governance Framework.
- Approve the use of £49,986 of identified funding to be enable the ongoing
 - provision of service described in the proposal for 2023/25
 - provision of the strategic governance required for Midlothian IJB
 - provision of the assurance Midlothian IJB requires of Midlothian HSCP in relation to performance measurements and operational governance through this triangulated approach
 - provision of support for services to deliver on Midlothian IJB Directions 3.1 and 3.3.
- Note the requirement to develop the organisation's understanding of
 - service outputs vs personal outcomes
 - the impact of qualitative data in environments where quantitative data is more frequently requested or valued.

The Chair commended the report and opened it for questions and comments.

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Andrew Fleming raised a question on how this work was being received by staff, given that there are inherent challenges such as understanding how to use a new system which is being embedded. Mr Fleming also questioned what the ongoing contractual and commercial relation with Matter of Focus is, particularly if they are the proprietors of the OutNav software.

In response to Mr Fleming's former question, Chief Officer, Morag Barrow advised that reception had been mixed, with some staff groups embracing the new system with its novel opportunity to capture and measure performance in their service in a novel way. Ms Barrow stated that there are other staff groups that are more resistant. Ms Barrow recognised that this is a significant piece of work that will take time, expressing confidence in the ability to successfully complete the work.

In response to Mr Fleming's latter question, Ms Main advised that Matter of Focus were the only organisation able to provide the OutNav software. Ms Main further advised that the threshold for tendering was not being breached, so the relationship is appropriate and well governed financially. Ms Main noted that the relationship with Matter of Focus has been mutually beneficial and that the relationship and governance has been well received.

The Chair raised a question around motivating the staff through making the work more tangible in terms of the impact on their day-to-day job. Ms Main, in response, highlighted and recognised that the change management process is difficult as it is expected that staff will react and adapt to change at different paces and in different ways, whilst some may never fully accept the change. Ms Main advised that every service had recognised that this new system helps them visualise part of their activities in a unique way that they were previously unable to. Ms Main stated that they were working to recognise where people were struggling or fearful, so that they could be supported, which in turn has also produced useful learning.

The Chair raised a question around the existence and use of contribution analysis. Ms Main stated that there is very little work in health and social care that is attributional, yet much of the way that success or activity is recorded for statutory reporting is attributional. Ms Main noted that this can cause difficulties in attributing the work done, as part of a system, to a change in a personal outcome. Ms Main advised that they are working to help services change their thinking about how they capture activity, so contribution is shown, and that services are indeed moving in this direction.

The Chair thanked and complimented Ms Main for the report.

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Action: The Members agreed to and approved the three recommendations contained within the report.

5.4 Additional Meeting Required Oct/Nov 2023 – CFO Verbal Update

Chief Finance Officer, Claire Flanagan advised that the IJB Audit and Risk Committee is required to meet at least four times each financial year as per paragraph 9 in the Scheme of Administration. Ms Flanagan advised that the Committee held in March was not quorate and as such there is a requirement to hold an additional quorate meeting to satisfy the requirement of four times. Ms Flanagan recommended that a Committee meeting be scheduled for October/November 2023.

Action: The Members noted the requirement to hold an additional meeting. Ms Flanagan to coordinate the scheduling of this additional meeting, in October/November 2023, with the Democratic Services team.

6. Private Reports

No private business to be discussed at this meeting.

7. Date of next meeting

The next scheduled meeting will be held on Thursday 7 December, with recognition that a meeting preceding this is to be scheduled for October/November 2023.

The Chair noted that Nadin had offered her apologies.

The Chair noted that it was Chief Finance Officer, Claire Flanagan's final meeting at an IJB Audit & Risk Committee and thanked her for time and contribution.

(Action: All Members to Note)

The meeting terminated at 14:43

Midlothian Integration Joint Board Audit and Risk Committee

23 November 2023

Midlothian Integration Joint Board Audit of 2022/23 annual accounts

Independent auditor's report

Our audit work on the 2022/23 annual accounts is now substantially complete. Subject to receipt of a revised set of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's report on 23 November 2023. (the proposed report is attached at [Appendix A](#)).

Annual audit report

Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We present for the Audit and Risk Committee's consideration our draft annual report on the 2022/23 audit. The section headed "Significant findings and key audit matters" sets out the issues identified in respect of the annual accounts.

The report also sets out conclusions on the wider scope areas that frame public audit as set out in the Code of Audit Practice.

This report will be issued in final form after the annual accounts have been certified.

Unadjusted misstatements

We also report to those charged with governance all unadjusted misstatements which we have identified during our audit, other than those of a trivial nature and request that these misstatements be corrected.

We have no unadjusted misstatements to be corrected.

Fraud, subsequent events and compliance with laws and regulations

In presenting this report to the Audit and Risk Committee we seek confirmation from those charged with governance of any instances of any actual, suspected or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.

Representations from Section 95 Officer

As part of the completion of our audit, we are seeking written representations from the Section 95 Officer on aspects of the annual accounts, including the judgements and estimates made.

A draft letter of representation is attached at [Appendix B](#). This should be signed and returned to us by the Section 95 Officer with the signed annual accounts prior to the independent auditor's report being certified.

Appendix A: Proposed Independent Auditor's Report

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

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Midlothian Integration Joint Board for the year ended 31 March 2023 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the 2022/23 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the body as at 31 March 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 5 June 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

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

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

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

Risks of material misstatement

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

Responsibilities of the Chief Finance Officer and Audit, Risk and Governance Committee for the financial statements

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

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

The Audit and Risk Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

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

Reporting on other requirements

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

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

Other information

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

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

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

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

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

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

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

[Signature will be inserted automatically on date of signing]

Claire Gardiner CPFA
Audit Director
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

[Full date will be inserted automatically of date of signing]

Appendix B: Letter of Representation (ISA 580)

Claire Gardiner, Audit Director
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

Dear Claire

Midlothian Integration Joint Board Annual Accounts 2022/23

1. This representation letter is provided about your audit of the Annual Accounts of Midlothian Integration Joint Board for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the remuneration report, management commentary and annual governance statement.
2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Midlothian Integration Joint Board Audit and Risk Committee and Chief Officer, the following representations given to you in connection with your audit of Midlothian Integration Joint Board's annual accounts for the year ended 31 March 2023.

General

3. Midlothian Integration Joint Board and I have fulfilled our statutory responsibilities for the preparation of the 2022/23 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by Midlothian Integration Joint Board have been recorded in the accounting records and are properly reflected in the financial statements.
4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

Financial Reporting Framework

5. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (2022/23 accounting code), mandatory guidance from LASAAC, and the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and The Local Authority Accounts (Scotland) Regulations 2014.

6. In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the financial position of Midlothian Integration Joint Board at 31 March 2023 and the transactions for 2022/23.

Accounting Policies & Estimates

7. All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2022/23 accounting code where applicable. All accounting policies applied are appropriate to Midlothian Integration Joint Board circumstances and have been consistently applied.

8. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

Going Concern Basis of Accounting

9. I have assessed Midlothian Integration Joint Board's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on Midlothian Integration Joint Board's ability to continue as a going concern.

Liabilities

10. All liabilities at 31 March 2023 of which I am aware have been recognised in the annual accounts.

Fraud

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

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

Laws and Regulations

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

Related Party Transactions

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

Remuneration Report

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

Management commentary

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

Corporate Governance

16. I confirm that Midlothian Integration Joint Board has undertaken a review of the system of internal control during 2022/23 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.

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

Events Subsequent to the Date of the Balance Sheet

18. All events subsequent to 31 March 2023 for which the 2022/23 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

[Signature will be inserted automatically on date of signing]

Claire Flanagan

Chief Finance Officer

[Signature will be inserted automatically on date of signing]

Midlothian Integration Joint Board

2022/23 Annual Audit Report



 **AUDIT SCOTLAND**

Prepared for Midlothian Integration Joint Board and the Controller of Audit
November 2023

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Key messages

2022/23 annual accounts

- 1 Audit opinions on the annual accounts of the Midlothian Integration Joint Board are unmodified.
- 2 The unaudited annual accounts were provided within the agreed timescale and were of a good standard.

Financial management and sustainability

- 3 Midlothian Integration Joint Board has appropriate and effective financial management.
- 4 For the financial year 2022/23 Midlothian IJB reported a deficit of £10.3 million. The deficit resulted from the clawback of £5.8 million Covid-19 funding by Scottish Government and the use of earmarked reserves.
- 5 The IJB is required to appoint a s95 officer and this role was carried out by the Chief Finance Officer in 2022/23. However, the Chief Finance Officer is due to resign from the IJB and a replacement has not yet been identified for the post. The future CFO proposal including interim arrangements is due to be reported to the IJB in December.
- 6 A medium-term financial plan was agreed in December 2022 but needs to be updated to reflect current funding levels and the latest cost pressures. In addition recovery plans have still to be identified to bridge the projected deficit.

Vision, leadership and governance

- 7 Governance arrangements remain appropriate and support effective scrutiny, challenge and informed decision making.

Use of resources to improve outcomes

- 8 Midlothian IJB has effective arrangements for managing and reporting performance.
- 9 There is evidence of best value being demonstrated by Midlothian IJB across a range of areas including partnership working and performance reporting, however the mechanism for reviewing and reporting on the arrangements to secure best value has not been formalised or published.

Introduction

1. This report summarises the findings from the 2022/23 annual audit of Midlothian Integration Joint Board (Midlothian IJB). The scope of the audit was set out in an annual audit plan presented to the 28 June 2023 meeting of the Audit and Risk Committee. This Annual Audit Report comprises:

- significant matters arising from an audit of Midlothian IJB's annual accounts.
- conclusions on the following wider scope areas that frame public audit as set out in the [*Code of Audit Practice 2021*](#):
 - Financial Management
 - Financial Sustainability
 - Vision, Leadership, and Governance
 - Use of Resources to Improve Outcomes.
- conclusions on Midlothian IJB's arrangements for meeting its Best Value duties.

2. This report is addressed to the board of Midlothian IJB and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

Audit appointment from 2022/23

3. I, Claire Gardener (Audit Director), have been appointed by the Accounts Commission as auditor of Midlothian IJB for the period from 2022/23 until 2026/27. The 2022/23 financial year was the first of my five-year appointment. My appointment coincides with the new [*Code of Audit Practice*](#) which was introduced for financial years commencing on or after 1 April 2022.

4. My team and I would like to thank management, particularly those in finance, for their cooperation and assistance in this year and we look forward to working together constructively over the course of the five-year appointment.

Responsibilities and reporting

5. Midlothian IJB has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. Midlothian IJB is also responsible for compliance with legislation and putting arrangements in place for governance and propriety that enable it to successfully deliver its objectives.

6. The responsibilities of the independent auditor are established by the Local Government (Scotland) Act 1973 and the [Code of Audit Practice](#), and supplementary guidance and International Standards on Auditing in the UK.

7. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management of Midlothian IJB from its responsibility to address the issues we raise and to maintain adequate systems of control.

Auditor Independence

8. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2022/23 audit fee of £31,470 as set out in our 2022/23 Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

9. We add value to Midlothian IJB by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations
- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, arrangements to ensure the best use of resources and financial sustainability.
- sharing intelligence and identifying good practice.

1. Audit of 2022/23 annual accounts

Public bodies are required to prepare annual accounts comprising financial statements and other related reports. These are the principal means of accounting for the stewardship of public funds.

Main judgements

Audit opinions on the annual accounts of Midlothian IJB are unmodified.

The unaudited annual accounts were provided within the agreed timescale and were of a good standard.

Audit opinions on the annual accounts are unmodified

10. The Chief Officer in consultation with Chair and Vice-Chair in terms of Standing Order 15.1 approved the Annual Accounts for Midlothian IJB for the year ended 31 March 2023 on 23 November 2023. As reported in the independent auditor's report, in my opinion as the appointed auditor:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework.
- the audited part of the remuneration report was prepared in accordance with the financial reporting framework.
- the management commentary and annual governance statement were consistent with the financial statements and properly prepared in accordance with the applicable requirements.

Overall materiality was assessed as £3.7million

11. The concept of materiality is applied by auditors to determine whether misstatements identified during the audit could reasonably be expected to influence the economic decisions of users of the financial statements, and hence impact their opinion set out in the independent auditor's report. Auditors set a monetary threshold when considering materiality, although some issues may be considered material by their nature. It is ultimately a matter of the auditor's professional judgement.

12. Our initial assessment of materiality was carried out during the risk assessment and planning phase of the audit. This was reviewed and revised on receipt of the unaudited annual accounts and is summarised in [Exhibit 1](#).

Exhibit 1

Materiality values

| Materiality level | Amount |
|-------------------------|--------------|
| Overall materiality | £3.7 million |
| Performance materiality | £2.7 million |
| Reporting threshold | £0.2 million |

Source: Audit Scotland

13. The overall materiality threshold for the audit of the annual accounts of Midlothian IJB was set with reference to gross expenditure, which we judged as the figure most relevant to the users of the financial statements.

14. Performance materiality is used by auditors when undertaking work on individual areas of the financial statements. It is a lower materiality threshold, set to reduce the probability of aggregated misstatements exceeding overall materiality. Performance materiality was set at 75% of overall materiality, reflecting a history of no significant matters arising, audit recommendations, adjusted or unadjusted errors.

15. It is our responsibility to request that all misstatements, other than those below our reporting threshold, are corrected, although the final decision on making the correction lies with those charged with governance.

Significant findings and key audit matters

16. Under International Standard on Auditing (UK) 260 we communicate significant findings from the audit to the board, including our view about the qualitative aspects of the body's accounting practices.

17. The Code of Audit Practice also requires all audits to communicate key audit matters within the annual audit report under International Standard on Auditing (UK) 701. These are matters that we judged to be of most significance in our audit of the financial statements. Significant findings and key audit matters are summarised in [Exhibit 2](#).

Exhibit 2

Significant findings and key audit matters from the audit of the annual accounts

| Issue | Resolution |
|--|--|
| 1. Disclosures in the Management Commentary | We are satisfied that management have addressed the disclosure issues. |

| Issue | Resolution |
|---|------------|
| <p>The Management Commentary provides contextual information and detail which will help the reader understand the primary statements.</p> <p>Our audit work identified an error in the social care expenditure figure in the unaudited accounts. We also considered that further detail was required in the financial analysis table to reconcile funding and expenditure totals for health and social care services.</p> | |

Source: Audit Scotland

18. Our audit work responded to the risks of material misstatement we identified in the annual accounts.

19. We have obtained audit assurances over the identified significant risks of material misstatement in the annual accounts. [Exhibit 2](#) sets out the significant risks of material misstatement to the financial statements we identified in our 2022/23 Annual Audit Plan. It also summarises the further audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

Exhibit 2

Significant risks of material misstatement in the annual accounts

| Audit risk | Assurance procedure | Results and conclusions |
|---|--|---|
| <p>1. Risk of material misstatement due to fraud caused by management override of controls</p> <p>As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p> | <ul style="list-style-type: none"> • Agreement of balances and transactions to Midlothian Council and NHS Lothian financial reports/ledger and correspondence. • Constituent body auditor assurances will be obtained over the completeness, accuracy and allocation of income and expenditure to Midlothian Integration Joint Board activities included in the Annual Accounts. • Review of year-end adjustments and journals. | <p>Assurances received from Midlothian Council did not support the figures in the council ledger or the IJB unaudited accounts.</p> <p>Following agreement of the correct figures, the Council provided revised assurances which have been assessed as satisfactory.</p> <p>We obtained satisfactory assurances from the external auditors of NHS Lothian and Midlothian Council.</p> <p>No significant weaknesses in the systems of internal control</p> |

| Audit risk | Assurance procedure | Results and conclusions |
|------------|---------------------|--|
| | | <p>have been identified that impact on Midlothian IJB.</p> <p>We reviewed adjustments at year end and financial monitoring reports.</p> <p>Conclusion</p> <p>No incidents of management override of controls were identified.</p> |

Source: Audit Scotland

There were no identified misstatements in the audited annual accounts

20. It is our responsibility to request that all misstatements, other than those below the reporting threshold, are corrected. However, the final decision on making the correction lies with those charged with governance considering advice from senior officers and materiality. Our audit identified no misstatements above our reporting threshold.

The unaudited annual accounts were received in line with the agreed audit timetable

21. The unaudited annual accounts were received in line with our agreed audit timetable on 30 June 2023. However, the working papers provided to support the audit process were amended to show greater clarity on figures presented in the financial statements regarding movements in reserves. This led to the delay in concluding the audit. Notwithstanding this difficulty, officers provided good support to the audit team.

There were no objections to the annual accounts

22. The Local Authority Accounts (Scotland) Regulations 2014 require local government bodies to publish a public notice on their website that includes details of the period for inspecting and objecting to the annual accounts. This must remain on the website throughout the inspection period. Midlothian IJB complied with this requirement and there were no objections to the 2022/23 annual accounts.

2. Financial management and sustainability

Financial management means having sound budgetary processes, and the ability to understand the financial environment and whether internal controls are operating effectively.

Financial Sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

Conclusion

Midlothian Integration Joint Board has appropriate and effective financial management.

For the financial year 2022/23 Midlothian IJB reported a deficit of £10.3 million. The deficit resulted from the clawback of £5.8 million Covid-19 funding by Scottish Government and the use of earmarked reserves.

The Chief Finance Officer is due to resign from the IJB and a replacement has not been identified for the post.

A medium-term financial plan was agreed in December 2022 but has not been updated to reflect current funding levels or the latest cost pressures. In addition recovery plans have still to be identified to bridge the projected deficit.

We carried out audit work in response to risks relating to financial management and sustainability identified in our 2022/23 Annual Audit Plan

23. [Exhibit 4](#) sets out the wider scope risks relating Financial Sustainability we identified in our 2022/23 audit. It summarises the audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

Exhibit 4

Risks identified from the auditor's wider responsibility under the Code of Audit Practice

| Audit risk | Assurance procedure | Results and conclusions |
|---|--|---|
| <p>Financial Sustainability</p> <p>Midlothian Integration Joint board (the IJB) has developed a 5-year financial plan for the period 2022/23 to 2026/27. The latest plan is forecasting a cumulative funding gap of £12 million to 2026/27.</p> <p>The latest cost pressures and inflation figures have been applied in the financial plan but these pressures will continue to present significant challenges to financial planning and the ability of the IJB to deliver quality services.</p> | <p>Perform a review of the five-year financial plan, providing comment in our Annual Audit Report.</p> | <p>Reviewed the 5-year financial plan. We have concluded our work in this area at paragraph 37.</p> <p>Conclusion: The 5-year financial plan is out of date as it has not been updated since December 2022 and does not reflect current funding levels or the financial recovery plan for 2023/24.</p> |

Financial management and reporting arrangements are effective and allow members and officers to scrutinise the budget effectively

24. Senior management and Midlothian IJB members regularly receive and monitor financial information on the financial position. Finance updates were submitted to Midlothian IJB Board throughout the year. These clearly stated the outturn to date, latest budget information and the projected year-end outturn position. These reports also made clear the impact of ongoing Covid-19 costs and the additional funding as it was being received. We have concluded that Midlothian IJB has good budget monitoring arrangements that support effective scrutiny.

The IJB returned a deficit on the provision of services of £10.3 million in 2022/23, largely due to the clawback of £5.8 million Covid-19 funding by Scottish Government and the use of earmarked reserves

25. [Exhibit 3](#) provides a summary of the financial position. Midlothian IJB returned a deficit of £10.3 million which reduced reserves to £13.2 million as at 31 March 2023.

26. The majority of this deficit relates to the timing of Covid-19 funding received late in 2021/22 from the Scottish Government for use in 2022/23. This resulted in a Covid-19 reserve balance of £9.7 million as at 31 March 2022 which was used by the IJB in 2022/23. In September 2022 the Scottish Government indicated that it would reclaim unspent IJB Covid-19 reserves for use elsewhere in the NHS. Midlothian IJB returned £5.8 million to the Scottish Government via

reduced NHS funding allocations to the IJB in 2022/23. Going forward, the expectation is that any Covid-19 expenditure is funded by IJB baseline budgets.

27. The “in year” health services budget was overspent by £1.5 million but a break-even position was achieved due to an additional funding contribution of £1.5 million from NHS Lothian to cover the overspend.

Exhibit 3

Financial Position

| | Actual Outturn £m |
|---|----------------------|
| Cost of Services | 183.18 |
| NHS Lothian Health Care Services | 122.66 |
| Midlothian Council Social Care Services | 60.52 |
| Taxation and Non-Specific Grant Income | (172.83) |
| Deficit on Provision of Services | (10.35) |
| Reserves brought forward | 23.51 |
| Total Reserves as at 31 March 2023 | 13.16 |
| Earmarked Reserves | 6.98 |
| Uncommitted General Fund Reserve | 6.18 |

Source: Midlothian IJB annual accounts

Budget monitoring arrangements were appropriate

28. Budget monitoring reports were submitted to the Midlothian IJB Board throughout the year. The outturn to date and projected year-end outturn position were clearly stated in these reports. The actual year-end outturn position was broadly in line with expectations with Set Aside functions experiencing the most significant overspend of £1.1 million.

29. Through attending committee meetings, we observed that senior management and members receive regular and accurate financial information on the IJB’s financial position and have concluded that Midlothian IJB has appropriate budget monitoring arrangements.

Financial systems of internal control operated effectively

30. Midlothian IJB does not have any assets, nor does it directly incur expenditure or employ staff, other than the Chief Officer and Chief Finance Officer. All funding and expenditure are incurred by constituent bodies and

processed in their accounting records. Midlothian IJB does not have its own financial systems and instead relies on the financial systems of its constituent bodies, NHS Lothian and Midlothian Council.

31. As part of our audit approach, we obtained assurances from the external auditors of NHS Lothian and Midlothian Council. The assurances confirmed that there were no significant weaknesses in the systems of internal control for either body which would impact on the IJB.

Standards of conduct and arrangements for the prevention and detection of fraud and error were appropriate

32. Midlothian IJB does not maintain its own policies relating to the prevention and detection of fraud and error but instead depends on those in place at its constituent bodies. The IJB has a Code of Conduct for members but could improve transparency by making Members' Registers of Interest publicly available on the IJB's website. This can only be currently viewed physically at Midlothian Council.

33. As part of our audit approach, we obtained assurances from the external auditors of NHS Lothian and Midlothian Council. The assurances confirmed that there were no significant weaknesses in the arrangements for the prevention and detection of fraud at either body.

Recommendation 1

To improve transparency, the Members' Registers of Interest should be published on the Midlothian IJB website.

Changes in the Chief Finance Officer post

34. The IJB is required to appoint a s95 officer and this role was carried out by the Chief Finance Officer in 2022/23. However, the Chief Finance Officer is due to resign from the IJB and a replacement has not yet been identified for the post. Active discussions have taken place with partners and an update on interim and future arrangements for the IJBs CFO post will be reported to the Board in December.

Recommendation 2

It is crucial that a replacement s95 Officer is appointed to ensure effective financial management arrangements are in place and the IJB can demonstrate compliance with the Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014.

Midlothian IJB agreed a 5-year financial plan in December 2022

35. Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

36. Midlothian IJB agreed a 5-year financial plan in December 2022. This plan is projecting a budget gap for the IJB of £12.3 million over the five year period to 2026/27. By February 2023 financial recovery plans were in place to bridge £4 million of the £6 million forecast deficit for 2023/24. Since February, further increases in funding have been agreed by Midlothian Council for 2023/24 but the 5 year financial plan has not been updated to reflect this additional funding or the latest cost pressures. Furthermore, no financial recovery plans have been reported to bridge the remaining £8.3 million funding gap.

37. The 5-year financial plan does not reflect the current funding levels and cost of living pressures and there is a risk that board members make ineffective decisions for the period 2023/24-2026/27.

Recommendation 3

To support effective decision making it is crucial that the 5-year financial plan is updated to reflect current funding levels, and the latest cost pressures. Financial recovery plans also need to be identified to bridge any projected budget gap.

4. Vision, leadership and governance

Public sector bodies must have a clear vision and strategy and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation.

Conclusion

Governance arrangements are appropriate and support effective scrutiny, challenge and informed decision making though there is scope to further enhance arrangements.

Governance arrangements are generally appropriate and support scrutiny

38. The Midlothian IJB Board met eight times during 2022/23 and the Audit, Risk and Governance Committee met three times in the same period, with one planned meeting unable to proceed as it was not quorate. The meetings were held virtually. Our observations at committee meetings have found that these are conducted in a professional manner and there is a reasonable level of scrutiny and challenge by members.

39. An annual review of the effectiveness of the governance framework, informed by the work of Internal Audit identified three areas where further improvements could be made within the IJB to enhance compliance with the Local Code of Governance. These relate to further developing the medium-term financial plan and making a more explicit link to the Midlothian IJB Strategic Commissioning Plan; ensuring governance arrangements are in place for monitoring against financial recovery plans; and further developing the risk register in relation to the financial challenge currently being faced by the IJB. The Annual Governance Statement includes information on these issues to be addressed going forward.

40. We consider that governance arrangements are generally appropriate and support effective scrutiny, challenge and decision making.

Midlothian IJB published the Strategic Plan for 2022-25 in June 2022 setting out how available resources will be managed to

design services that contribute to people in Midlothian living longer and healthier lives

41. In 2022/23 Midlothian IJB approved a new Strategic Plan covering the period 2022-2025. The focus of the plan is on achieving a sustainable health and social care system. The new plan recognises that to achieve this, the way in which health and social care is provided must be transformed, shifting resource away from traditional models of care to new models. The plan outlines how Midlothian IJB plans to improve the quality of health and social care services to deliver the nine national health and wellbeing outcomes against the background of demographic, workforce and financial challenges identified.

42. The Plan shares the overarching strategic vision of the Lothian Strategic Development Framework, the Midlothian Council 5-year plan and the ambitions of the Midlothian Community Planning Partnership to ensure an integrated approach to improving the outcomes that matter most to the people and communities of Midlothian.

43. Over the course of our 5-year appointment, we will monitor the IJB's progress in the delivery of the strategic plan objectives to ensure achievement of the nine national health and wellbeing outcomes. Progress for year one is discussed briefly at paragraphs 47-49 below.

Revisions to the Integration Scheme have been concluded

44. Legislation requires that the Integration Scheme be reviewed by the council and the health board at least every five years. This has been completed and Scottish Ministers approved the scheme in May 2023.

5. Use of resources to improve outcomes

Public sector bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities.

Conclusion

Midlothian IJB has effective arrangements for managing and reporting performance.

To demonstrate full compliance with the duty of best value an annual assessment of the board's Best Value arrangements should be completed with the outcome of each assessment reported to the board.

Midlothian IJB has effective arrangements for managing and reporting performance

45. The Public Bodies (Joint Working) (Scotland) Act 2014 requires the IJB to produce an annual performance report covering areas such as assessing performance in relation to national health and wellbeing outcomes, financial performance, and best value, reporting on localities, and the inspection of services. The Ministerial Strategic Group for Health and Community Care has agreed a core suite of integration indicators against which all IJBs should report in their annual performance reports.

46. The IJB Board has continued to monitor key performance throughout the year. The 2022/23 Annual Performance Report was progressed through the Strategic Planning Group and discussed and scrutinised by the Performance, Assurance and Governance Group and the Senior Management Team prior to being further scrutinised and agreed by the Board on 24 August 2023. The Public Health Scotland data was not available until mid-July and as no IJB meeting was planned in that month, partly because of the Council recess, the IJB informed the Scottish Government that the 31 July deadline for publication of the Annual Performance Report would not be met. The final report was approved once the data was available and published before the end of August.

47. Underneath the nine National Health and Wellbeing Outcomes sit integration indicators which all Health and Social Care Partnerships use to report their performance. Of the 18 currently reported national indicators, the Midlothian IJB is at or better than the Scottish national average in 10 indicators.

48. The National Indicators 1-9 are taken from the Health and Care Experience Survey (HACE) which is conducted every 2 years. 2022/23 is not a reporting year for the HACE Survey so there is no available update or change in the data from the Annual Performance Report 2021/22. These indicators can be compared to the Scottish national averages but cannot be compared with previous years data because of changes in the way the Experience Survey commissioned by the Scottish Government was designed.

49. For indicators 11-19, performance is the same or better for five indicators when compared to the Scottish national averages. In comparison to the prior year data, the IJB improved in three indicators with five showing a declining performance and one remaining the same.

50. Midlothian IJB developed a new Performance Framework in 2022/23 and are building on this through work on an innovative integrated performance framework across health and social care which is expected to create meaningful outcome focused performance reporting and align strategic aims, national outcomes, operational planning and governance and assurance. Work to date on the integrated framework has been recognised by a number of bodies, including the Scottish Government and Healthcare Improvement Scotland, as sector leading and pioneering.

Arrangements for securing Best Value

51. The Local Government (Scotland) Act 2003 places a duty on Local Government bodies to secure Best Value. As a Section 106 body under the 2003 Act, Integration Joint Boards have the same statutory duty to secure best value. Compliance with the duty of best value requires public bodies to take a systematic approach to self-evaluation and continuous improvement.

52. There is evidence of best value being demonstrated by Midlothian IJB across a range of areas including partnership working and performance reporting, however the mechanism for reviewing and reporting on the arrangements to secure best value has not been formalised or published.

Recommendation 4 (refer [Appendix 1](#), action plan)

To demonstrate full compliance with the duty of best value, an annual assessment of the board's Best Value arrangements should be completed with the outcome of each assessment reported to the board.

Appendix 1: Action plan 2022/23

2022/23 recommendations

| Issue/risk | Recommendation | Agreed management action / timing |
|--|--|--|
| 1. Governance - Transparency The Members' Register of Interests is not accessible to local citizens as it is not published on the Midlothian IJB website. There is a lack of transparency in governance arrangements. | The Members Register of interests should be available from the Midlothian IJB website. | Agreed. Integration Manager March 2024 |
| 2. Changes in Chief Finance Officer The IJB is required to appoint a s95 officer and this role was carried out by the Chief Finance Officer in 2022/23. However, the Chief Finance Officer is due to resign from the IJB and a replacement has not yet been identified for the post. | It is crucial that a replacement s95 Officer is appointed to ensure continued financial management arrangements and compliance with the Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014 | Agree, interim and future Chief Finance Officer post arrangements for the IJB will be presented to the next IJB Board meeting. Chief Officer December 2023 |
| 3. Financial Sustainability Midlothian IJB agreed a 5-year financial plan in December 2022. This plan is projecting a budget gap for the IJB of £12.3 million over the five year period to 2026/27. By February 2023 financial recovery plans were in place to bridge £4 million of | To support effective decision making it is crucial that the 5-year financial plan is updated to reflect current funding levels, and the latest cost pressures. Financial recovery plans also need to be identified to bridge any projected budget gap. | Agree, the IJBs financial plan will be updated in line with both Partners financial planning processes and presented to the next IJB meeting. Chief Finance Officer December 2023 |

| Issue/risk | Recommendation | Agreed management action / timing |
|--|---|--|
| <p>the £6 million forecast deficit for 2023/24.</p> <p>Since February, further increases in funding have been agreed by Midlothian Council for 2023/24 but the 5 year financial plan has not been updated to reflect this additional funding or the latest cost pressures. Furthermore, no financial recovery plans have been reported to bridge the remaining £8.3 million funding gap.</p> | | |
| 4. Best Value | | |
| <p>There is evidence of best value being demonstrated by Midlothian IJB across a range of areas including partnership working and performance reporting, however the mechanism for reviewing and reporting on the arrangements to secure best value has not been formalised or published.</p> | <p>To demonstrate full compliance with the duty of best value an annual assessment of the board's Best Value arrangements should be completed with the outcome of each assessment reported to the board</p> | <p>Agreed, an annual assessment on Best Value in relation to the IJB will be reported.</p> <p>Chief Finance Officer March 2024</p> |

Midlothian Integration Joint Board

2022/23 Annual Audit Report

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23rd November 2023 – 10am

2022/23 Audited Annual Accounts

| Item number: | Agenda number |
|--------------|---------------|
|--------------|---------------|

Executive summary

As a statutory body, the IJB is required to produce a set of annual accounts at the end of its financial year (31 March). These accounts are then reviewed by the IJB's external auditors who report their opinion of the IJB's annual accounts to the IJB's Audit and Risk Committee. This report having been agreed by the committee and presuming no outstanding issues, the IJBs annual accounts can then be approved.

The accounts will then be signed by the Chair of the IJB, the Chief Officer of the IJB and the Chief Finance Officer of the IJB.

Board members are asked to:

- 1. Note the report of the independent auditor*
- 2. Consider the 2022/23 annual accounts of the IJB.*
- 3. Recommend approval of the accounts by Chief Officer in consultation with Chair and Vice-Chair in terms of Standing Order 15.1*

2022/23 Audited Annual Accounts

1 Purpose

- 1.1 The IJB has prepared annual accounts for the financial year 2022/23; these have now been audited by the IJB's Independent Auditors. Their report has been presented to committee at a previous agenda item.

2 Recommendations

- 2.1 As a result of this report Members are being asked to:-
- Note the report of the independent auditor
 - Consider the 2022/23 annual accounts of the IJB.
 - Recommend approval of the accounts by Chief Officer in consultation with Chair and Vice-Chair in terms of Standing Order 15.1

3 Background and main report

- 3.1 As a body governed by section 110 of the Local Government Scotland Act (1973) and the appropriate regulations and subsequent Acts, the IJB must prepare a set of annual accounts. The accounts must fulfil the requirements of the Act and the regulations and must give a true and fair view of the IJB's financial position.
- 3.2 The accounts must then be reviewed by an Independent Auditor who will report their findings to this committee which will allow the auditors to bring any matters to the committee's attention. If there are no issues arising from the auditors' report, then the committee can recommend acceptance and the annual accounts can be approved.
- 3.3 After approval the Annual Accounts of the IJB, these will be signed by the Chair of the IJB, the Chief Officer of the IJB and the Chief Finance Officer of the IJB.
- 3.4 The Annual Accounts (unsigned) are attached to this report.

4 Policy Implications

- 4.1 There are no policy implications from this report.

5 Directions

5.1 There are no implications on directions from this report.

6 Equalities Implications

6.1 There are no equalities implications from this report

7 Resource Implications

7.1 There are no resource implications from this report.

8 Risk

8.1 The risks raised by this report are already included within the IJB risk register.

9 Involving people

9.1 The IJB's annual accounts will be published on the IJB website.

10 Background Papers

10.1 None.

| | |
|----------------------|--|
| AUTHOR'S NAME | Claire Flanagan |
| DESIGNATION | Chief Finance Officer |
| CONTACT INFO | claire.flanagan@nhslothian.scot.nhs.uk |
| DATE | November 2023 |

Appendices:

Appendix 1 – 2022/23 Annual Accounts



Midlothian
Health & Social Care

Midlothian Integration Joint Board (IJB)

Audited Annual Accounts 2022/23

The Annual Accounts of Midlothian Integration Joint Board for the period from 1 April 2022 to 31 March 2023, prepared pursuant to Section 105 of the Local Government (Scotland) Act 1973 and in accordance with the terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

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Audit Arrangements

Under arrangements approved by the Accounts Commission of Local Authority Accounts in Scotland, the auditor with responsibility for the audit of the accounts of Midlothian Integration Joint Board for the period 1 April 2022 to 31 March 2023 is Audit Scotland, 102 West Port, Edinburgh EH3 9DN.

Management Commentary

Introduction

The management commentary considers the work that the IJB has undertaken during the financial year 2022/23, and then describes the financial performance for the financial year ended 31 March 2023. It provides an overview of the key messages relating to the role, remit, members, objectives, and the strategy of the Midlothian Integration Joint Board (IJB).

The IJB's Operations for the Year 2022/23

The Role and Remit of the IJB

The IJB is an Integration Authority set up under the Public Bodies (Joint Working) Act (2014). It is a 'body corporate', that is a separate legal entity. The IJB is constituted through its Integration Scheme which was prepared by Midlothian Council and NHS Lothian and presented to Scottish Ministers in March 2015. The Integration Scheme was approved by the Scottish Parliament in June 2015 and the first meeting of the IJB took place on 20 August 2015. A review of the integration scheme was undertaken during 2022 and approved by Midlothian Council and NHS Lothian in June 2022. The scheme was approved by Scottish Ministers formally in May 2023.

The IJB's role and responsibility is to plan for the delivery of the functions that have been delegated to the IJB by Midlothian Council and NHS Lothian. These functions are -

- Adult Social Care
- Primary Care Services (GP Practices, Community Dentists, Community Pharmacies and Community Opticians)
- Mental Health Services
- Physical and Learning Disabilities Services
- Community Health Services
- Community Hospital Services
- Unscheduled Care Services (services that are generally delivered from the Royal Infirmary of Edinburgh, the Western General Hospital and St. John's Hospital).

The IJB assumed formal responsibility for these functions in April 2016 including the budgets for the delivery of these functions. The strategic plan of each IJB must be reviewed and approved by the IJB every 3 years. The IJB, during March and April 2022 considered and approved its third Strategic Plan which covers April 2022 to March 2025.

Membership of Integration Joint Board

The IJB met virtually 8 times in 2022/23 for formal business meetings, there were two virtual workshops. The members of the IJB as of March 2023 were:

| Member | Nominated/Appointed by | Role |
|--|---------------------------------|---|
| Val de Souza | Nominated by NHS Lothian | Voting Member, Chair |
| Colin Cassidy | Nominated by Midlothian Council | Voting Member, Vice Chair and Chair of Audit and Risk Committee |
| Pauline Winchester | Nominated by Midlothian Council | Voting Member |
| Derek Milligan | Nominated by Midlothian Council | Voting Member |
| Kelly Parry | Nominated by Midlothian Council | Voting Member |
| Angus McCann | Nominated by NHS Lothian | Voting Member |
| Andrew Fleming | Nominated by NHS Lothian | Voting Member |
| Nadin Akta (currently Peter Knight acting as substitute) | Nominated by NHS Lothian | Voting Member |
| Morag Barrow | Appointed by the IJB | Chief Officer |
| Claire Flanagan | Appointed by the IJB | Chief Finance Officer |
| Joan Tranent | Nominated by Midlothian Council | Chief Social Worker |
| Fiona Stratton | Nominated by NHS Lothian | Chief Nurse |
| Johanne Simpson | Nominated by NHS Lothian | Medical Practitioner |
| Rebecca Green | Nominated by NHS Lothian | General Practitioner |
| Grace Chalmers | Appointed by the IJB | MLC Staff Side Representative |
| Hannah Cairns | Appointed by the IJB | Head Allied Health Professional |
| Miriam Leighton | Appointed by the IJB | Voluntary Sector Representative |
| Keith Chapman | Appointed by the IJB | User Representative/Carer Representative |
| Marlene Gill | Appointed by the IJB | User Representative |
| Wanda Fairgrieve / Jordan Miller | Appointed by the IJB | NHS Staff Side Representative |

COVID-19

During the pandemic, Midlothian, in line with Scottish Government guidance, stepped up a range of services to support the continued system wide response to Covid.

The cost projections associated with these services, through the Scottish Government Local Mobilisation Plan (LMP), were funded by designated Covid funding and reported to the IJB during the financial year. After utilising the funding required by Midlothian during 2022/23 the Scottish Government reclaimed the unrequired balance of £5,840,000.

The Scottish Government confirmed the funding would not be available in the 2023/24 financial year. In response, a Covid decommissioning assessment and reprioritisation of funding exercise was undertaken. The result of this exercise has allowed funding streams to be assessed and reprioritised to ensure both clinical and financial sustainability of these services.

IJB's Vision and Objectives

The IJB's vision and objectives are laid out in the IJB's Strategic Plan, and these reflect the national agreed Health and Wellbeing outcomes. These are:

1. People are able to look after and improve their own health and wellbeing and live in good health for longer.
2. People, including those with disabilities or long-term conditions or who are frail are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community.
3. People who use health and social care services have positive experiences of those services, and have their dignity respected.
4. Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.
5. Health and social care services contribute to reducing health inequalities.
6. People who provide unpaid care are supported to look after their own health and wellbeing, including to reduce any negative impact of their caring role on their own health and wellbeing.
7. People using health and social care services are safe from harm.
8. People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide.
9. Resources are used effectively and efficiently in the provision of health and social care services.

The IJB also contributes to the achievement of the national criminal justice outcomes because the Parties have elected to delegate criminal justice social work.

Delivery of the IJB's current Strategic plan

The Strategic Plan is delivered through the IJB's directions to the partners (Midlothian Council and NHS Lothian) and the IJB considered the delivery of these directions in detail at its April 2022 meeting and approved the directions in June 2022. The IJB's Strategic Planning Group has met regularly during the financial year to reflect on and develop the IJB's Strategic Plan and this is discussed further below in the IJB's plan for future years.

The IJB categorises its services into three broad areas:

Core Services

These are the local Health and Social Care services within Midlothian and are operationally managed by the Health and Social Care Partnership which is a joint arrangement between Midlothian Council and NHS Lothian.

Hosted Services

These being delegated functions that are operationally managed by other parts of NHS Lothian – for example in-patient mental health services provided at the Royal Edinburgh Hospital in Edinburgh

Set Aside Services

These being delegated functions operationally managed by NHS Lothian in its Acute Division.

Details of all the functions delegated to the IJB by NHS Lothian and Midlothian Council are laid out under the Role of the IJB below.

Within each of these areas the following developments have been driven forward during the year.

Core Services

Primary Care

The IJB is ongoing in supporting the delivery of the Primary Care Implementation Plan in the twelve GP Practices within Midlothian. The HSCP and the GP Practices continue to work closely together to deliver an integrated local care service and the work to progress the memorandums of understanding (MOU) between the Scottish Government and the GP Practices is key in delivering the IJB's Primary Care Strategy. Examples of this are:

Pharmacotherapy:

Ongoing implementation of the Primary Care Improvement Plan (via the Scottish Government Primary Care Improvement Fund) now delivers access to Pharmacy services for all GP practices in Midlothian. A wide range of pharmacotherapy is provided, dependent on current need in each practice.

A Pharmacy Medicines Reconciliation Hub has been established and scaled up to provide access to all practices. In addition, Pharmacy-led clinics have been established for cardiology, respiratory, and mental health. The aim is to extend the service as more Pharmacists complete their training.

Community Treatment and Care (CTAC)

Community Treatment and Care Services are now established and embedded in all GP Practices across Midlothian. Additionally, the service has been extended to 7-day cover. This year's increased investment from the Primary Care Improvement Fund has increased workforce capacity in the team, with all practices now been offered Phlebotomy, and most practices with chronic disease, wound care, and ear irrigation.

MSK-APP (First contact physiotherapy)

Musculoskeletal (MSK) Advanced Practitioner Physiotherapy (APP) service is now fully established across all Midlothian GP Practices. The service has demonstrated a significant impact in reducing GP workload, with 93% of cases requiring no GP input once seen by an APP.

Mental Health**Mental Health and Resilience service (MHARS)**

The Mental Health and Resilience Service (MHARS) is a joint collaborative approach between Midlothian HSCP and Penumbra. The service is open to anyone aged 18 to 65 across Midlothian, 7 days a week, 8am-10pm.

MHARS has been designed to be a self-referral service which aims to reduce barriers, offer support around an individual's specific needs and tailor support around what matters most to them.

The service offers a single point of access to support adult residents of Midlothian who are experiencing mental health crisis and distress offering an adaptive approach that provides both Distress Brief Intervention (DBI) and intensive home treatment. This allows MHARS to provide a range of person-centred support options that are customised to each person's needs. DBI has been shown to be a highly effective tool for reducing distress for individuals experiencing a mental health crisis providing immediate support to those in crisis, helping them to develop coping strategies and promote long term resilience. The intensive home treatment offers a more specialist mental health assessment for those at higher risk which includes using assertive outreach to provide support in the person's own home.

There has been a positive impact of the new service in Midlothian, since launching on the 1st of August 2022.

Midlothian Medicated Assisted Treatment (MAT) Implementation Plan

Scottish Government's MAT standards aim to ensure safe, effective, acceptable, accessible, and person-centred care by improving access, choice and care for people affected by problematic substance use across Scotland. Midlothian achieved MAT standards 1-5 (which focus on access, choice, and support) and are on target to achieve MAT standards 6-10 by the March 2024 deadline.

Justice

The Justice Team have continued to deliver a range of interventions that fulfil Midlothian's statutory requirements throughout the financial year. This has included making progress to implement the national outcomes outlined in the Scottish Government's Vision for Justice in Scotland.

To ensure the provision of early interventions at the Court stage the service continue to liaise with colleagues locally and nationally to offer and provide a range of bail services to people in Midlothian. As evidenced by the updated performance measures Midlothian have made good progress against the performance indicators, this has been supported by close partnership working to ensure that positive outcomes are achieved for service users.

Home First

Midlothian have had a continued focus on Home First throughout the year, embedding a continuous improvement approach to help balance capacity and demand. Home first encompasses services such as Discharge to Assess, Rapid Response, Community Respiratory Team, Flow Team, and In-reach Social Work. The services work in close collaboration with Midlothian Community Hospital, Highbank, District Nursing, Care at Home, Primary and Secondary Care.

The teams have linked closely with the Scottish Government Discharge Without Delay workstream, using the tools available to embed its' principles system wide. This includes training, developing staff and services, embedding new systems and processes, building relationships across the system, collaborating, and having clear points of escalation.

Midlothian are now beginning to see the benefits of their sustained efforts, with performance improving.

Learning Disabilities

Within Learning Disability Services one of the key areas of success has been the promotion of Positive Behaviour Support where integrated working between staff in health and social care and with external care providers has enhanced the support for people with complex needs. In addition, wider planning activities continue to be driven by the aspiration that all

Midlothian learning-disabled citizens feel confident to take part in our community life free from fear, harassment, and abuse. The work is supported and implemented by Expert Panels designed to give people with lived experience of a learning disability direct participation as drivers of our work and implementing a series of measures to promote people's human rights.

In 2022/23, the IJB agreed a strategic review of the learning disabilities service, the review is set to be completed in 2023/24 and will involve a review of the full model of care including day services, commissioned services, and transport.

Avoiding patient falls

Significant scoping work has been undertaken by the Falls Project Team to map the current processes for falls. This has resulted in a comprehensive programme of work with short, medium, and long-term goals to implement a more preventative approach to falls in Midlothian. This work is underway and will be undertaken by a Falls Implementation Team in the next 6-9 months. Given the high personal and financial cost of falls across the health and social care system, it is anticipated this work results in a reduction in falls and a consequential reduction in demand for services and improved outcomes for people living in Midlothian.

Self-Management Approach

In the last year, the partnership has tested, developed, and scaled -up a variety of early intervention and self-management approaches for people living with a range of long-term conditions including:

- The approach to Long-Covid which is a digital pathway that has been developed in collaboration with partners in NHS Lothian, Chest Heart and Stroke Scotland (CHSS) and POGO Digital Healthcare Partnership.
- The approach to the management of Chronic Obstructive Pulmonary Disease (COPD) which has been tested and there has been a scale-up of a digital self-management platform in collaboration with NHS Greater Glasgow & Clyde and National Services Scotland; and
- The Neurological Pathway which is an early intervention approach in collaboration with the Thistle Wellbeing Service, ArtLink, Cerebral Palsy Scotland and Queen Margaret University.

It is anticipated that in 2023/24, the partnership will bring all these approaches together to scope and develop a cohesive approach to all long-term conditions involving a single digital platform embedded within a robust pathway.

Hosted Services

Dietetics

Dietetics is a pan Lothian service hosted by Midlothian HSCP, the service provides both inpatient and community support. During the year there have been several developments:

Enteral Feeding – The service explored ways to support the Royal Edinburgh Hospital (REH) wards to manage the dietetic intervention of enteral feeding. The dietetic team have worked with the nursing staff to support training in all aspects of enteral feeding to support the ongoing care of a patient. This has facilitated the right care in the right place for that patient and has meant that an acute hospital admission has been avoided.

Community - Prescribing Support Dietitians have worked on the development of information videos to support patients on the use of Food First advice and appropriate use of Oral Nutritional Supplements (ONS) as part of the Dietetics Malnutrition care pathway. Care Home training has also been delivered to support delivery of nutritional care within the care home setting and on appropriate use of ONS in care homes.

Inpatient Mental Health

The IJB continues to support phase II of the Royal Edinburgh Hospital (REH) business case. The Royal Edinburgh Hospital is an in-patient facility for Mental Health patients in Edinburgh. NHS Lothian have been working on rebuilding this hospital and providing modern fit-for purpose accommodation and services for patients.

As part of the overall IJB's Mental Health Strategy, the IJB has been successful in reducing the in-patient bed usage at the REH and now requires fewer beds than it used previously.

Set Aside Services

As in previous years, there are significant pressures on the Acute Hospitals which support Midlothian patients (the Royal Infirmary of Edinburgh and the Western General Hospital). During the year, work has been undertaken to review the use of acute beds, identify the drivers influencing the system and reduce attendances at the Emergency Department.

In response to the system pressures NHS Lothian's Unscheduled Care programme board established the Same Day Emergency Care (SDEC) service, following a successful pilot, at the Western General Hospital (WGH).

The service is designed to maximise the flow and throughput of patients who can be seen and treated without the need for hospital admission. Using scheduled appointment slots, the care is provided by a combination of Advanced Nurse Practitioner (ANP) and medical staff, supported by Clinical Support Workers (CSW) and admin staff.

A full, detailed examination of the work of the IJB in 2022/23 will be published in August 2023 as part of the IJB's Annual Performance Report. This will be on the IJB's website; <https://www.midlothian.gov.uk/mid-hscp/>

IJB's Financial Performance in 2022/23

For the financial year ending 31st March 2023, the IJB had a deficit of £10,355,000 as reported in the accounting statements on page 14. This position was driven by a significant use of earmarked reserves in 2022/23. This includes £9,703,000 of Covid funding being utilised to offset Covid costs during the year with the unrequired balance being reclaimed by the Scottish Government. The use of these funds is detailed in the analysis of reserves below.

The IJB's financial performance against its in year delegated budgets (excluding earmarked reserves) reported a surplus of £404,000. This is further detailed below in the section describing the IJB's financial performance in 2022/23.

Plans for Next Year and beyond

Strategic Commissioning Plan 2022-2025: Year One

In June 2022, the IJB published a new Strategic Commissioning Plan for 2022-25. This plan provides the direction for managing available resources and designing services that contribute to people in Midlothian living longer and healthier lives.

To do this we know we will need to provide more support, treatment, and care for people in their homes, communities, or a homely setting rather than in hospital and work with people as partners in their health and social care.

Midlothian IJB looks to ensure services contribute to building a healthier future and continue to meet people's needs. This will require us to design more service offers and supports that help people take action to prevent ill or worsening health while still provide care, treatment and support when required. The three areas of focus in the Strategic Commissioning Plan for 2022-25 are:

- early intervention and prevention,
- support and treatment, and
- crisis and emergency

Our Strategic Aims

The Strategic Commissioning Plan for 2022-25 has 6 strategic aims

1. Increase people's support and opportunities to stay well, prevent ill or worsening health, and plan ahead.
2. Enable more people to get support, treatment and care in community and home-based settings.
3. Increase people's choice and control over their support and services.
4. Support more people with rehabilitation and recovery.
5. Improve our ability to promote and protect people's human rights, including social and economic rights and meet our duties under human rights law through our services and support.
6. Expand our joint working, integration of services, and partnership work with primary care, third sector organisations, providers, unpaid carers, and communities to better meet people's needs.

During the first year of this plan, IJB services have made significant progress in improving how services are planned and delivered, found opportunities to work together in new ways, and strengthened our community connections. Midlothian IJB's Annual Performance Report for 2022/23 will be available on the HSCP website in late August 2023.

Directions

Directions are the mechanism by which Midlothian IJB sets out the main priorities for the services delegated to the IJB, directs NHS Lothian and Midlothian Council on how to approach this, and allocates financial resources. Midlothian IJB has continued to actively improve how progress is measured and recognises the individual and collective contribution made by our partners to see better outcomes for people in Midlothian.

A log of Directions was created in 2022/23 to ensure compliance with the Statutory Guidance on Directions from Scottish Government. The log has ensured that all issued Directions continue to be monitored and allowed for more effective reporting of progress. In 2022/23, Midlothian IJB used this log to review progress against the delivery of Directions issued from 2020 and help inform strategic planning.

In 2022/23, Midlothian IJB also reviewed how to set Directions for its NHS Lothian and Midlothian Council partners to ensure grip and control around strategic planning, financial allocation, performance monitoring and review of priority actions. This work allowed the Board to reappraise the value of issuing high numbers of operational Directions and resulted in a decision to move towards a more strategic approach for 2023/24.

The Planning and Performance Teams conducted a series of workshops with the Officers of the HSCP and Board Members. This process supported the development of a strategic set of Directions that reflected the Boards best hopes for the people and communities of Midlothian, and gave operational services to explore, design, and catalyse the transformation required.

A new Midlothian IJB Performance Framework developed in 2022/23 and progress towards Directions continues to be reported to the IJB every six months within this. The Midlothian Performance Framework sits alongside the Midlothian HSCP Performance Framework and brings together the strategic ambitions of the organisation with operational activity captured in the Midlothian HSCP Governance and Assurance Framework.

Looking forward, Midlothian IJB Directions for 2023/24 are aligned to the nine National Health and Wellbeing Outcomes and share the overarching strategic vision of the Lothian Strategic Development Framework, the Midlothian Council 5-Year Plan, and the ambitions of the Midlothian Community Planning Partnership. This integrated approach is designed achieve the greatest change in the shortest time possible to improve the outcomes that matter most to people and communities. Directions for 2023/24 were issued on 30th March to the Chief Executives of NHS Lothian and Midlothian Council.

The IJB's Financial Position: 31 March 2023

Summary

For the year ending 31 March 2023, the IJB recorded a deficit of £10,355,000. The costs incurred in delivering the IJB's functions, by Midlothian Council and NHS Lothian, were more than the income that the IJB received from NHS Lothian and Midlothian Council.

| | Income £000's | Expenditure £000's | Variance £000's |
|----------------|------------------|-----------------------|--------------------|
| Midlothian IJB | £172,830 | £183,185 | (£10,355) |

This position should be seen in the context of:

- The IJB generated a surplus in 2021/22. The surplus was the result of funding being allocated by the Scottish Government during 2021/22 for use in 2022/23. A significant proportion of this equated to the Covid funding allocation. Therefore, the deficit is a result of the IJB incurring expenditure against its earmarked reserve.
- The IJB's financial performance against its "in year" delegated budgets (excluding earmarked reserves) resulted in a surplus of £404,000 within Social Care.
- The health budgets of the IJB generated an overspend of £1,480,000 and as a result non-recurring financial support was provided by NHS Lothian to ensure a balanced financial position.

Reserves

The movement in the IJB's reserves and the makeup of that reserve is detailed below.

| | Opening £000's | Movement £000's | Closing £000's |
|-----------------|-------------------|--------------------|-------------------|
| Covid | £9,703 | (£9,703) | £0 |
| Other Earmarked | £7,939 | (£964) | £6,975 |
| General | £5,870 | £312 | £6,182 |
| Total | £23,512 | (£10,355) | £13,157 |

In summary the balance in the IJB's reserves on 31st March 2023 is £13,157,000. This is made up of £6,975,000 for earmarked reserves and £6,182,000 of general reserves. The IJB no longer holds any COVID reserves.

The earmarked reserves are for very specific projects and the IJB will be encouraging the partners to progress these projects, however some elements will support broader work and the IJB is committed to ensuring that the earmarked funds which can be appropriately used

to develop the IJB's services are used in that way. More detail on the earmarked reserves is shared below and within the notes to the accounts.

2023/24 Financial Outlook

The IJB did not have a balanced budget for 2023/24 at its March and April 2023 meetings. This was due to a reduced budget offer from Partner Midlothian Council, as such the IJB voted to not accept this offer from the Council. The IJB with Midlothian Council are looking at other methods of financial support to the IJB and the IJB is considering options to mitigate the £1,333,000 budget reduction. There are clearly a significant range of financial pressures impacting on the IJB's partners and the IJB is committed to working with the partners in so far as the Integration Scheme allows.

Analysis of the Financial Statements

The financial statements are all presented on a net basis. Therefore, budget and expenditure values below include both income and expenditure.

| | Health Budget £000's | Social Care Budget £000's | Health Expenditure £000's | Social Care Expenditure £000's | Variance £000's | Note |
|--|----------------------------|------------------------------------|---------------------------------|--------------------------------------|--------------------|----------|
| Direct Midlothian Services | | | | | | |
| Community AHPs | 2,234 | | 2,101 | | 133 | |
| Community Hospitals | 6,205 | | 6,563 | | (358) | |
| District Nursing | 6,085 | | 5,858 | | 227 | |
| General Medical Services | 17,276 | | 17,512 | | (236) | |
| Health Visiting | 2,398 | | 2,506 | | (108) | |
| Mental Health | 3,031 | | 2,849 | | 182 | |
| Other | 1,381 | | 1,165 | | 216 | 1 |
| Prescribing | 19,660 | | 20,328 | | (668) | |
| Resource Transfer | 7,112 | | 7,109 | | 3 | 2 |
| Older People | | 26,304 | | 24,705 | 1,599 | |
| Learning Disabilities | | 18,229 | | 18,976 | (747) | |
| Mental Health | | 1,134 | | 1,189 | (55) | |
| Physical Disabilities | | 3,829 | | 3,847 | (18) | |
| Assessment & Care Management | | 3,616 | | 3,469 | 147 | |
| Social Care Other | | 3,500 | | 3,122 | 378 | 3 |
| Midlothian Share of Pan Lothian | | | | | | |
| Set Aside | 21,495 | | 22,586 | | (1,091) | 4 |
| Mental Health | 2,802 | | 3,051 | | (249) | |
| Learning Disabilities | 1,338 | | 1,353 | | (15) | |
| GP Out of Hours | 1,328 | | 1,397 | | (69) | |

| | | | | | | |
|--|----------------|---------------|----------------|---------------|-----------------|---|
| Rehabilitation | 948 | | 783 | | 165 | |
| Sexual Health | 759 | | 774 | | (15) | |
| Psychology | 1,283 | | 1,184 | | 99 | |
| Substance Misuse | 518 | | 497 | | 21 | |
| Allied Health Professions | 1,781 | | 1,658 | | 123 | |
| Oral Health | 1,356 | | 1,305 | | 51 | |
| Hosted Other | 3,826 | | 3,717 | | 109 | |
| Dental | 6,348 | | 6,348 | | 0 | 5 |
| Ophthalmology | 1,744 | | 1,744 | | 0 | 5 |
| Pharmacy | 3,830 | | 3,830 | | 0 | 5 |
| Sub Totals | 114,738 | 56,612 | 116,218 | 55,308 | (176) | |
| Non recurring funding support from NHS Lothian | 1,480 | | | | 1,480 | |
| Transfer from/to reserves in year | | | | 1,304 | (1,304) | |
| Grand Total | 116,218 | 56,612 | 116,218 | 56,612 | 0 | |
| Transfer from/to ear-marked reserves in year | | | 6,445 | 3,910 | (10,355) | |
| Total per Accounts | 116,218 | 56,612 | 122,663 | 60,522 | (10,355) | |

Notes

1. Other includes £4.816m for the Social Care Fund. These are resources which the Scottish Government has directed to the IJB through NHS Lothian and are shown as health; however, these funds are then transferred to the Council and used to support the delivery of social care services.
2. Resource Transfer are funds for specific purposes which are transferred from health to social care. However, these remain part of the health budget and are reported there.
3. Social Care Other includes care for non-specific groups, substance misuse services and other management and performance costs.
4. Set Aside are the budgets for those functions delegated to the IJB which are managed by the Acute Services management teams within NHS Lothian. These services are:

- Accident and Emergency
- Cardiology
- Diabetes
- Endocrinology
- Gastroenterology
- General Medicine
- Geriatric Medicine
- Rehabilitation Medicine
- Respiratory Medicine
- Various ancillary support services for the above

These services are delivered at the Royal Infirmary of Edinburgh, the Western General Hospital and St. John's Hospital.

5. In the Health system, expenditure to support the delivery of community dentistry, community opticians and community pharmacists is termed as 'non-cash limited' (NCL) but is clearly part of the delivery of primary care services and these functions are delegated to the IJB. However, being NCL there is no budget as such, but any expenditure incurred is supported in its entirety by the Scottish Government. The NCL values are not part of the budget setting process, there being no budget, but NHS Lothian has matched the NCL expenditure with income to cover this expenditure.

The charges (shown as expenditure above) made by Midlothian Council to the IJB are the net direct costs incurred in the delivery of social care services in Midlothian. The charges from NHS Lothian are based on the health budget setting model as agreed by the IJB. That is, charges for the core services (those services specifically for and delivered by the Midlothian partnership) are based on the net direct actual costs incurred in Midlothian. However, charges for hosted and set aside services (those services which are not generally managed by the Midlothian Partnership and are delivered on a pan-Lothian basis) are based on the total actual costs for these service shared across four IJBs per the budget setting model. The IJB share of the total actual costs incurred in 2022/23 for hosted services is 10% and, generally, 10% of the Lothian element of the set aside budgets and the non-cash limited budgets.

Reserves

The IJB has reserves at the end of 2022/23 of £13,157,000, compared to reserves of £23,512,000 in March 2022. The movement can be described as follows:

| | Opening Balance £000's | Movement £000's | Closing Balance £000's |
|-------------------------------------|------------------------------|--------------------|------------------------------|
| Earmarked Reserves | | | |
| COVID-19 Funding | 9,703 | (9,703) | 0 |
| Local Programmes | 2,274 | (1,663) | 611 |
| Primary Care Investment Fund | 889 | (677) | 212 |
| Alcohol and Drug Strategy | 619 | (529) | 90 |
| Community Support Fund | 312 | (3) | 309 |
| Technology Enabled Care | 208 | 124 | 332 |
| Integrated Care Fund | 399 | 7 | 406 |
| Wellbeing Service | 248 | 42 | 290 |
| Action 15 | 140 | (100) | 40 |
| Unscheduled Care | 0 | 1,313 | 1,313 |
| Mental Health Recovery & Renewal | 0 | 242 | 242 |
| Unpaid Carers PPE | 0 | 2 | 2 |
| EGIERDA Project | 49 | 0 | 49 |
| Autism Strategy | 12 | 0 | 12 |
| Interim Care | 603 | (145) | 458 |
| Care at Home | 934 | 91 | 1,025 |
| Multi-disciplinary Teams | 302 | (302) | 0 |
| Older People's Transformation Board | 22 | 0 | 22 |

| | | | |
|---------------------------------|---------------|-----------------|---------------|
| Carers Act | 679 | 558 | 1,237 |
| Equally Safe Fund | 29 | (14) | 15 |
| Trauma Informed Practice | 50 | 40 | 90 |
| Additional MHO Capacity | 80 | 0 | 80 |
| DBI/Penumbra Funding | 90 | 50 | 140 |
| Total Earmarked Reserves | 17,642 | (10,667) | 6,975 |
| General/Contingency Reserve | 5,870 | 312 | 6,182 |
| Total Reserves | 23,512 | (10,355) | 13,157 |

It should be noted that of the total reserve of £13,157,000 at the end of the 2022/23 financial year, the earmarked funds within the total reserves of £6,975,000 will be used in 2023/24 and will not be available to the IJB for any other purpose.

Key risks, challenges, and uncertainties

The three main pressures faced by Midlothian are:

- The growing demand for services, both locally and in Acute sites, driven by population growth and the changing needs of the population.
- the lack of available workforce; and
- the challenging financial landscape.

Health and Social Care will regularly update the IJB with detailed transformations plans on reshaping services to meet the needs of the population. The challenge for the IJB is to transform the delivery of its delegated functions to ensure both clinical and financial sustainability.

A growing and ageing population

Midlothian's population is one of the fast growing in Scotland, this was evidenced by the population estimates released by the National Records of Scotland (NRS). The published findings projected that between 2018 and 2028, the population of Midlothian is to increase from 91,340 to 103,945. This is an increase of 13.8%, which compares to a projected increase of 1.8% for Scotland as a whole. Midlothian is projected to have the highest percentage change in population size out of the 32 council areas in Scotland.

The average age of the population of Midlothian is projected to increase. The 75 and over age group is projected to see the largest percentage increase (+40.9%). As people live longer many more people will be living at home with frailty and/or dementia and/or multiple health conditions. This will pose challenges for all our health and social care services whilst also changing the face of some of the local communities.

Source Information - [Link to NRS](#).

Higher rates of long-term conditions

Managing long-term conditions is one of the biggest challenges facing health care services worldwide, with approximately 60% of all deaths attributable to them.

There are a range of long-term conditions that impact the population of Midlothian, but a particular challenge for Midlothian is the prevalence chronic obstructive pulmonary disease (COPD). The number and prevalence of COPD has been increasing over the last decade. Midlothian ranks 10th highest out of the 31 HSCPs for COPD prevalence, has the highest prevalence rate among the Lothian HSCPs, and a higher prevalence rate than the Scotland average.

Workforce pressures

Both the NHS and the Local Authority are experiencing a shortage of care professionals. The pressure spans over various disciplines, including medical staff, nurses, allied health professionals, social workers, and carers. The demand for services often exceeds the available workforce, leading to increased workloads and potential strains on the system.

Addressing these challenges requires a multifaceted approach, including robust workforce planning, recruitment, and retention strategies. In response, Midlothian is piloting new approaches and has held recruitment days to provide a better understanding of services and promote working in Midlothian.

Acute hospitals

The Acute hospitals that support the population of Midlothian (The Royal Infirmary of Edinburgh and the Western General Hospital) remain under significant demand pressures as do other social care and health services, in a financially challenging environment. The IJB will continue to support community-based alternatives that will minimise avoidable admissions and facilitate discharges to help improve system flow.

The challenging financial landscape

The Scottish Government, in setting its budget, highlighted that there is significant financial challenge ahead with limited resources available. The challenge impacts across the whole of the Public Sector and the IJB understands the pressures faced by NHS Lothian and Midlothian Council with increasing costs and constrained funding. The IJB must ensure its own financial sustainability, reported through the IJB's medium term financial plan. The plan shows significant financial gaps therefore a focus will need to be put on financial recovery to ensure the sustainability of services – tough decisions, service redesign and transformation will be critical.

Mitigation and management of the risks, challenges, and uncertainties

Midlothian will continue to pursue innovative solutions to mitigate risk and maximise the opportunities available. Midlothian will manage this through its risk management system, it's Directions and the Strategic Plan.

As stated, the population is increasing however the Scottish Government's distribution model of resource allocation to both Councils and the NHS does take account of changes in population. There is a lag between the distribution model changing and the movement in population, but this is not a new issue and both Midlothian Council and NHS Lothian continue to escalate this issue.

The other uncertainties have been and will continue to be managed through the IJB's Strategic Plan (and the supporting Medium Term Financial Plan) and the IJB's Strategic Planning Group discusses and develops transformational change and new integrated models of delivery of both social and health care.

Connor McManus, IJB Chair.

Date:

Morag Barrow, Chief Officer.

Date:

Claire Flanagan, Chief Finance Officer.

Date:

Statement of Responsibilities

Responsibilities of the Integration Joint Board

The Integration Joint Board 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 Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far, as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003)
- Approve the Annual Accounts

I confirm that these Annual Accounts were approved for signature.

Signed on behalf of Midlothian Integration Joint Board.

Connor McManus, IJB Chair.

Date:

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 has also: -

- Kept proper accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Midlothian Integration Joint Board as at 31 March 2023 and the transactions for the year then ended.

Claire Flanagan, Chief Finance Officer

Date:

Remuneration Report

Introduction

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 other sections of this report will be reviewed by Audit Scotland and any apparent material inconsistencies with the audited financial statements will be considered as part of their audit report.

Remuneration: IJB Chair and Vice Chair

The voting members of the IJB are appointed through nomination by Midlothian Council and NHS Lothian Board. Nomination of the IJB Chair and Vice Chair post holders alternates between a Councillor and a Health Board representative.

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. Neither the Chair nor the Vice Chair appointments had any taxable expenses paid by the IJB in 2022/23 (PY: nil).

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.

NHS Lothian remunerates its non-executive members on a notional day basis. Those non-executive members of the NHS Lothian Board who are also Chairs or Vice Chairs of IJBs are given an additional notional day's remuneration in recognition of the additional time required to undertake those roles. This remuneration is £9,030 per annum (PY £8,842). Val de Souza took the Chair of the IJB from 01 September 2022, replacing Carolyn Hirst who was the Chair of the IJB until 31 August 2022. The Vice Chair during 2022/23 was Councillor Colin Cassidy with no additional remuneration.

Remuneration: Officers of the IJB

The IJB does not directly employ any staff; however specific post-holding officers are non-voting members of the Board.

Chief Officer

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014 a 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 will adhere 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.

The Chief Officer of the IJB is Morag Barrow, who is also the Director of Health and Social Care for Midlothian Council and the Joint Director of the Midlothian Partnership. It has been agreed that 50% of her total remuneration is to be shown in the accounts of the IJB as her remuneration as the Chief Officer of the IJB.

Chief Finance Officer

Although the costs of the Chief Finance Officer are not included in the charges made to the IJB by either partner, given the S95 role of the Chief Finance Officer and in the interests of transparency, the remuneration of the Chief Finance Officer is included below. The Chief Finance Officer is employed by NHS Lothian and has three roles – the IJB's Chief Finance Officer, the Chief Finance Officer of East Lothian IJB and an operational role in the NHS Lothian finance team as a Finance Business Partner. On that basis, one third of the total remuneration for Claire Flanagan is shown below.

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.

Senior Employees: Salary, Fees & Allowances:

| Name | 2021/22 £ | 2022/23 £ |
|--------------------------|--------------|--------------|
| Morag Barrow | 53,805 | 52,699 |
| Claire Flanagan (Note 1) | 22,640 | 25,901 |
| David King (Note 2) | 14,047 | 4,308 |

Note 1: Chief Finance Officer (Claire Flanagan) returned from maternity leave in May 2022, while off her role was fulfilled on an interim basis by David King.

Note 2: David King is retired but was paid on the NHS Lothian Staff bank (by NHS Lothian) on an ad hoc basis. David King also undertook the role of CFO in East Lothian IJB but did not undertake any duties as a finance business partner. NHS Lothian have provided the total costs of having employed David King during this time and half of these costs will be shown here (the other half shown in East Lothian IJB). David King is no longer an active member of the SPPA.

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 year 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 year to support officers' pension benefits.

The tables 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 year Pension Contributions:

| | For Year to 2022 £ | For year to 2023 £ |
|-----------------|-----------------------|-----------------------|
| Morag Barrow | £0 | £3,097 |
| Claire Flanagan | £5,504 | £5,873 |

Accrued Pension Benefits:

| | Pension (Difference from 31 March 2022) £000's | Lump Sum (Difference from 31 March 2022) £000's | Pension (as at 31 March 2023) £000's | Lump Sum (as at 31 March 2023) £000's |
|-----------------|--|---|---|--|
| Morag Barrow | 21 | 54 | 9 | 19 |
| Claire Flanagan | 18 | 27 | 21 | 29 |

Disclosure by Pay Bands

Pay band information is not separately provided as all staff pay information has been disclosed in the information above.

Exit Packages

The IJB did not support nor did it direct to be supported by its partners, any exit packages during 2022/23 (2021/22: nil).

Connor McManus, IJB Chair.

Date:

Morag Barrow, Chief Officer.

Date:

Annual Governance Statement 2022/23

Introduction

The Annual Governance Statement explains the MIJB's governance arrangements and system of internal control and reports on their effectiveness.

Scope of Responsibility

The MIJB 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.

To meet this responsibility, the MIJB has established arrangements for governance which includes a system of internal control. The system is intended to manage risk to support the achievement of the MIJB's policies, aims and objectives. Reliance is also placed on NHS Lothian and Midlothian Council's (the partners) systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the MIJB. The system can only provide reasonable and not absolute assurance of effectiveness.

The Governance Framework and Internal Control System

The Board of the MIJB comprises voting members, nominated by either NHS Lothian or Midlothian Council, as well as non-voting members including a Chief Officer appointed by the Board.

The current MIJB Local Code of Corporate Governance (MIJB Local Code), which was approved by the Board on 8 April 2021, sets out the framework and key principles, which require to be complied with, to demonstrate effective governance. The MIJB Local Code reflects the changing context of integration and is consistent with the principles and recommendations of the new CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016) and the supporting guidance notes for Scottish authorities. The overall aim of the Framework is to ensure that: resources are directed in accordance with agreed policy and according to priorities; there is sound and inclusive decision making; and there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

The main features of the governance framework and internal control system associated with the seven core principles of good governance defined in the MIJB Local Code in existence during 2022/23 included:

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting rule of law

The roles and responsibilities of Board members and statutory officers and the processes to govern the conduct of the Board's business are defined in the Scheme of Integration which

was approved by the Board and NHS Lothian in June 2022, which serves as the approved constitution, and Standing Orders, a revision of which was approved by the Board in February 2023, to make sure that public business is conducted with fairness and integrity.

The Ethical Standards in Public Life (Scotland) Act 2000 provides for Codes of Conduct for local authority councillors and members of relevant public bodies. As a Public Body listed in schedule 3 of the Act, the MIJB is required to produce a Code of Conduct, which was approved by the Board in April 2022.

The MIJB is dependent upon arrangements within the partner organisations for areas such as:

- ensuring legal compliance in the operation of services;
- handling complaints;
- ethical awareness training and whistleblowing policies and procedures;
- staff appointment and appraisal processes which take account of values and ethical behaviour;
- identifying, mitigating and recording conflicts of interest, hospitality and gifts; and
- procurement of goods and services which are sustainable, represent value of money and which reinforce ethical values.

Other areas where the MIJB places significant reliance on arrangements in place within the partner organisations are set out in the remainder of the statement.

The Chief Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

Professional advice on the discharge of duties is provided to the Board by the MIJB Chief Officer supported by Chief Financial Officer, Chief Internal Auditor and Board Clerk as appropriate.

B. Ensuring openness and comprehensive stakeholder engagement

Board meetings are held in public unless there are good reasons for not doing so on the grounds of confidentiality.

Unless confidential, decisions made by the Board are documented in the public domain.

Community engagement was encouraged as part of the development of the Scheme of Integration and the Strategic Plans of the Health and Social Care Integration Joint Board were developed following consultations with interested parties including members of the public.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

The vision, strategic objectives and outcomes are reflected in the Midlothian Health & Social Care Integration Joint Board third Strategic Plan 2022-25 which was approved in April 2022 and has been updated to reflect on-going assessment of need and priorities following public consultation. Implementation is underpinned by the associated Directions, on which progress reports are presented to the Board.

Implications are considered during the decision making process within the standard report template covering Policy, Equalities, Resources, Risk, and Involving People.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

In determining how services and other courses of action should be planned and delivered, the MIJB has a statutory responsibility to involve patients and members of the public.

The MIJB Strategic Plan is based on consultation during its review and update.

The MIJB has issued Directions to the partners for service delivery and for service redesign and recommissioning in line with the transformation programme.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

The MIJB Chief Officer is responsible and accountable to the Board for all aspects of management including promoting sound governance and providing quality information/support to inform decision-making and scrutiny.

Regular meetings are held between the Chief Officer and the Chair and Vice Chair of the MIJB. The MIJB Chief Officer also meets regularly with representatives from the partner organisations.

Members of the MIJB Board are provided with the opportunity to attend Development Sessions relevant to their role as part of their development programme. The MIJB has also undertaken a Self-Assessment in May 2023 with a draft improvement plan being created.

A 3 year Workforce Plan 2022-25 has been created, approved and published to help ensure it has the right people, with the right skills, in the right place, at the right time to support the delivery of its strategic objectives and priorities.

F. Managing risks & performance through robust internal control & strong public financial management

The MIJB Chief Officer has overall responsibility for directing and controlling the partnership to deliver health and social care services. The MIJB Board is responsible for key decision-making.

The MIJB has approved a Risk Management Strategy which includes: the reporting structure; types of risks to be reported; risk management framework and process; roles and responsibilities; and monitoring risk management activity and performance.

The MIJB Chief Financial Officer is responsible for the proper administration of all aspects of the MIJB's financial affairs including ensuring advice is given to the Board on all financial matters.

The MIJB's system of internal financial control is dependent upon the framework of financial regulations, regular management information (including Revenue Budget Monitoring reports to the Board), administrative procedures (including segregation of duties), management supervision and systems of delegation and accountability within the partner organisations.

The MIJB also relies upon the partners for:

- Counter fraud and anti-corruption arrangements; and
- Management of data in accordance with applicable legislation.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

The Shared Chief Internal Auditor of Midlothian Council is the MIJB's Chief Internal Auditor (which remained unfilled between July 2022 and December 2022) whose role is to provide an independent and objective annual opinion on the effectiveness of the MIJB's internal controls, risk management and governance. This is carried out in conformance with the Public Sector Internal Audit Standards.

The MIJB responds to the findings and recommendations of Internal Audit, External Audit, Scrutiny and Inspection bodies. The MIJB Audit and Risk Committee is integral to overseeing assurance and monitoring improvements in internal controls, risk management and governance.

Performance Reports were presented to the Board for monitoring and control of achievement of Local Improvement Goals. An Annual Performance Report for 2022/23 is being prepared to outline progress against strategic objectives over the year.

Review of Adequacy and Effectiveness

The MIJB is required to conduct an annual review of the effectiveness of its governance framework.

The review was informed by: an annual self-assessment carried out by Internal Audit against the MIJB's Local Code of Corporate Governance; Internal Audit reports for the MIJB; External Audit reports for the MIJB; relevant reports by other external scrutiny bodies and inspection agencies; and relevant partners' (NHS Lothian and Midlothian Council) Internal Audit and External Audit reports.

In respect of the four areas of governance improvement identified by the MIJB in 2021/22, there have been developments during the year in all of these. Specifically, the work and consultation undertaken to prepare the updated Strategic Plan 2022-2025 (which was approved by the Board in April 2022). There was also progress on the Performance Management Framework, the development of the Workforce Strategic Plan 2022-2025 by the Workforce Strategic Planning Group to ensure alignment with the updated Strategic Plan. Finally the development of the Medium Term Financial Plan for 2022/23 – 2026/27 in December 2022 and further work against this plan is required as highlighted in the continued improvement areas for governance.

Improvement Areas of Governance

The review activity outlined above has identified the following areas where further improvement in governance arrangements can be made to enhance compliance with the Local Code:

- 1 The Medium term financial plan should be further developed to include a more explicit link to the Midlothian IJB Strategic Plan.
- 2 Given the significant challenges in developing financial recovery plans of approximately £6million for 2023/24 confirmation of the governance process of monitoring against the

achievement of these recovery plans should be agreed following approval of the recovery plans that have now been developed.

- 3 The Risk Register for the IJB should be developed further to include an additional risk specific to the Board's financial challenge. The risk should be scored appropriately considering the criticality of the risk and the impact on the delivery of the Board's strategic priorities.

The implementation of these actions to enhance the governance arrangements in 2023/24 will be driven and monitored by the MIJB Chief Officer in order to inform the next annual review. Internal Audit work planned in 2023/24 is designed to test improvements and compliance in governance.

Conclusion and Opinion on Assurance

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the MIJB's governance arrangements and system of internal control, while recognising that further improvements are required to fully demonstrate compliance with the Local Code in order for the MIJB to fully meet its principal objectives. Systems are in place to regularly review and improve governance arrangements and the system of internal control.

Connor McManus, IJB Chair.

Date:

Morag Barrow, Chief Officer.

Date:

Independent Auditor's Report

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

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Midlothian Integration Joint Board for the year ended 31 March 2023 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the 2022/23 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the body as at 31 March 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 5 June 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

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

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

Risks of material misstatement

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

Responsibilities of the Chief Finance Officer and Audit, Risk and Governance Committee for the financial statements

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

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

The Audit and Risk Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- using my understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the body;
- inquiring of the Chief Finance Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;

- inquiring of the Chief Finance Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

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

Reporting on other requirements

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

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

Other information

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

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

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

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

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

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

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

[Signature will be inserted automatically on date of signing]

Claire Gardiner CPFA
Audit Director

Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

[Full date will be inserted automatically of date of signing]

Comprehensive Income and Expenditure Statement

This statement shows the cost of providing services for the year according to accepted accounting practices. Where the impact on the General Fund is amended by statutory adjustments, this is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

IJB Comprehensive Income and Expenditure Statement

| | 2021/22 Net Expenditure £000's | 2022/23 Net Expenditure £000's |
|--|--------------------------------------|--------------------------------------|
| Health Care Services - NHS Lothian | £121,552 | £122,663 |
| Social Care Services - Midlothian Council | £46,352 | £60,522 |
| Cost of Services | £167,904 | £183,185 |
| Taxation and Non-Specific Grant Income | (£178,423) | (£172,830) |
| Surplus/(Deficit) on Provision of Services | £10,519 | (£10,355) |

The Integration scheme lays out that the partners will provide corporate and other support to the IJB as required and will not charge for these services. These costs are not, therefore, included above.

Movement in Reserves Statement

The movement in reserves statement shows the value of the IJBs reserve and how this has decreased during 2022/23, a large proportion of this reserve is earmarked for future projects and commitments.

Movements in Reserves during 2022/23

| | General Fund Balance £000's | Total Reserves £000's |
|--|-----------------------------------|-----------------------------|
| Opening Balance at 1 April 2022 | £23,512 | £23,512 |
| Total Comprehensive Income and Expenditure | (£10,355) | (£10,355) |
| Increase or decrease in 2022/23 | (£10,355) | (£10,355) |
| Closing Balance at 31 March 2023 | £13,157 | £13,157 |

Balance Sheet

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

IJB Balance Sheet

| | 31 March 2022 £000's | 31 March 2023 £000's | Note |
|--|-------------------------|-------------------------|------|
| Current Assets | | | |
| Debtors | £23,512 | £13,157 | 7 |
| Creditors: amounts falling due within one year | 0 | 0 | 8 |
| Total assets less current liabilities | £23,512 | £13,157 | |
| Capital and Reserves | | | |
| Earmarked Reserve | £17,642 | £6,975 | 1 |
| General Reserve | £5,870 | £6,182 | 1 |
| Total Reserves | £23,512 | £13,157 | |

See Notes 7 and 8 at end of document in Notes to the Financial Statements.

See within Note 1 at end of document in Notes to the Financial Statements IJB useable reserves.

The unaudited financial statements were issued on 28 June 2023 and the audited financial statements were approved and authorised for issue by Chief Finance Officer on 23 November 2023.

Claire Flanagan, Chief Finance Officer.

Date:

Notes to the Financial Statements

1 Significant Accounting Policies

General Principles

The Financial Statements summarise the IJB's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023.

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

The Financial Statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

The accounts are prepared on a going concern basis, which assumes that the IJB will continue in operational existence for the foreseeable future. The historical cost convention has been adopted.

Basis of Preparation

The IJB financial statements for 2022/23 have been prepared on a going concern basis. The 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. In accordance with the CIPFA Code of Local Government Accounting (2022/23), the IJB is required to prepare its financial statements on a going concern basis unless informed by the relevant national body of the intention for dissolution without transfer of services or function to another entity. The accounts are prepared on the assumption that the IJB will continue in operational existence for the foreseeable future.

The IJB's funding from and commissioning of services to partners has been confirmed for 2023/24, and a medium-term financial plan has been prepared through to 2026. The Scottish Government allocation has met all costs associated with the pandemic in 2022/23. Therefore, the IJB considers there are no material uncertainties around its going concern status.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when settlement in cash occurs. 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

Funding

The IJB is wholly funded through funding contributions from the statutory funding partners, Midlothian Council and NHS Lothian. Expenditure is incurred in the form of net charges by the partners to the IJB.

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.

Debtors and Creditors

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. 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.

Employee Benefits

The IJB does not directly employ staff. Staff are formally employed by the 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.

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.

The IJB has none of the above.

Reserves

The IJB'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. As noted above, the IJB has reserves of £13,157,000 at 31 March 2023.

The IJB's only Unusable Reserve is the Employee Statutory Adjustment Account. This is required by legislation.

IJB's useable reserve

| 2022/23 Closing Balance | |
|-------------------------------------|---------------|
| | £000's |
| COVID-19 Funding | 0 |
| Local Programmes | 611 |
| Primary Care Investment Fund | 212 |
| Alcohol and Drug Strategy | 90 |
| Community Support Fund | 309 |
| Technology Enabled Care | 332 |
| Integrated Care Fund | 406 |
| Wellbeing Service | 290 |
| Action 15 | 40 |
| Unscheduled Care | 1,313 |
| Mental Health Recovery & Renewal | 242 |
| Unpaid Carers PPE | 2 |
| EGIERDA Project | 49 |
| Autism Strategy | 12 |
| Interim Care | 458 |
| Care at Home | 1,025 |
| Multi-disciplinary Teams | 0 |
| Older People's Transformation Board | 22 |
| Carers Act | 1,237 |
| Equally Safe Fund | 15 |
| Trauma Informed Practice | 90 |
| Additional MHO Capacity | 80 |
| DBI/Penumbra Funding | 140 |
| General Reserves | 6,182 |
| Total | 13,157 |

Indemnity Insurance

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. NHS Lothian and Midlothian Council have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide. The IJB holds separate indemnity insurance through its membership of the CNORIS scheme, the charge for this in 2022/23 was £3,000 (PY £3,000).

Unlike NHS Boards, the IJB does not have any 'shared risk' exposure from participation in CNORIS. The IJB participation in the CNORIS scheme is therefore analogous 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.

There are no outstanding claims or any indications that any claims are to be made against the IJB.

2 Critical Judgements and Estimation Uncertainty

The critical judgements made in the Financial Statements relating to complex transactions are:

- The partner organisations have considered their exposure to possible losses and made adequate provision where it is probable that an outflow of resources will be required, and the amount of the obligation can be measured reliably. Where it has not been possible to measure the obligation, or it is not probable in the partner organisations' options that a transfer of economic benefits will be required, material contingent liabilities have been disclosed (there are none).
- The Annual Accounts contains estimated figures that are based on assumptions made by the IJB about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.
- There are no items in the IJB's Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year.

Provisions

The IJB has not created any provisions in respect of compensation claims. It is not certain that all claims have been identified or that the historic level of settlement payments is a reliable guide for future settlements.

3 Subsequent Events

In accordance with the requirements of International Accounting Standards 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date that the accounts were certified by the Chief Financial Officer following approval by the Audit and Risk Committee.

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.

- Adjusting events: Those that provide evidence of conditions that existed at the end of the reporting period. The Annual Accounts is adjusted to reflect such events.
- Non-adjusting events: Those that are indicative of conditions that arose after the reporting period and the Statements are not adjusted to reflect such events. Where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

4 Expenditure and Funding Analysis

| Services specifically for Midlothian | 2021/22 £000's | 2022/23 £000's |
|---|-------------------|-------------------|
| Health | 75,000 | 72,439 |
| Social Care | 46,352 | 60,522 |
| Midlothian's share of Lothian Health Services (Hosted) | 25,853 | 27,638 |
| Midlothian's share of Lothian Health Services (Set Aside) | 20,698 | 22,586 |
| Total | 167,903 | 183,185 |
| Funded by: Midlothian Council | 50,598 | 56,612 |
| Funded by: NHS Lothian | 127,825 | 116,218 |
| Total Funding | 178,423 | 172,830 |
| Surplus/(Deficit) | 10,519 | (10,355) |

Expenditure above has been split into three main areas:

- Expenditure on those services delivered specifically for the population of Midlothian. These services are managed locally by the Midlothian Partnership
- Hosted Services – these are health services managed either by the Edinburgh, East Lothian and West Lothian Partnerships or managed by NHS Lothian on a pan-Lothian basis. These services included Mental Health Services, Learning Disability Services, Substance Misuse Services, Rehabilitation services, General Dental Services, General Pharmaceutical Services and General Ophthalmic Services. This is the IJB's agreed share of these services
- Set Aside Services – these are services delivered in the main acute hospitals (Royal Infirmary of Edinburgh, Western General Hospital and St. John's Hospital) and managed by NHS Lothian. This is the IJB's agreed share of these services.

5 Corporate Service

Included in the above costs are the following corporate services:

| | 2021/22 £000's | 2022/23 £000's |
|-----------------------|-------------------|-------------------|
| Staff (Chief Officer) | 54 | 53 |
| CNORIS | 3 | 3 |
| Audit Fee | 28 | 32 |
| Total | 85 | 88 |

As noted above, the Chief Finance Officer is not charged to the IJB.

6 Related Party Transactions

As partners with the Integration Joint Board, both Midlothian Council and NHS Lothian are related parties and the material transactions with these bodies are disclosed in these accounts.

| | 2021/22 Income £000's | 2022/23 Income £000's |
|--------------------|----------------------------------|----------------------------------|
| NHS Lothian | 127,825 | 116,218 |
| Midlothian Council | 50,598 | 56,612 |
| Total | 178,423 | 172,830 |
| | | |
| | 2021/22 Expenditure £000's | 2022/23 Expenditure £000's |
| NHS Lothian | 121,552 | 122,663 |
| Midlothian Council | 46,352 | 60,522 |
| Total | 167,904 | 183,185 |

Details of debtor balances with partner bodies are set out in Note 7 to the accounts.

7 Short Term Debtors

| | 2021/22 £000's | 2022/23 £000's |
|-------------------------------------|-------------------|-------------------|
| Funding due from NHS Lothian | 11,899 | 5,454 |
| Funding due from Midlothian Council | 11,613 | 7,703 |
| Total | 23,512 | 13,157 |

8 Short Term Creditors

| | 2021/22 £000's | 2022/23 £000's |
|-----------------------------------|-------------------|-------------------|
| Funding due to NHS Lothian | 0 | 0 |
| Funding due to Midlothian Council | 0 | 0 |
| Total | 0 | 0 |

9 VAT

The IJB is not VAT registered. The VAT treatment of expenditure in the IJB's accounts 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 excluded any amounts related to VAT, as all VAT collected is payable to H.M. Revenue & 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.