

# Midlothian Integration Joint Board



**Thursday 11 June 2019, 2.00pm**

## **Draft Unaudited Annual Accounts for 2019/20**

**Item number: 4.4**

### **Executive summary**

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*This report presents the draft unaudited annual accounts of the IJB for financial year 2019/2020*

**Board members are asked to:**

*Agree to the publication of these unaudited accounts and presenting them for audit*

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## Draft Unaudited Annual Accounts for 2019/20

### 1 Purpose

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- 1.1 This report presents the Board the IJB's draft (unaudited) Annual Accounts for 2019/20.

### 2 Recommendations

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- 2.1 As a result of this report Members are being asked to:-
- Agree that the draft annual accounts can be published and presented for audit

### 3 Background and main report

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- 3.1 The IJB is constituted under section 106 of the local government (Scotland) Act and as such must prepare a set of annual accounts. These accounts must be presented in draft for approval to either the IJB or a committee of governance of the IJB by 30th June whereupon the accounts will be presented for audit by the IJB's auditors.
- 3.2 The annual accounts contain a range of sections but breakdown into three main areas :-
- The Management Commentary. This provides a statement of the IJB's purpose and its performance against that purpose in the financial year along with a reflection on the challenges facing the IJB in the next financial year.
  - The Annual Governance Statement – which reflect on the governance of the IJB and notes any governance improvements identified by the CIA's Internal Audit Annual Assurance Report
  - A range of financial statements showing the financial position of the IJB.

### 4 Policy Implications

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- 4.1 There are no policy implications from this report.

### 5 Directions

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- 5.1 Directions will be issued for the budgets delegated to back to Midlothian Council and NHS Lothian. Directions for the utilisation of the IJB budget will be issued to NHS Lothian and Midlothian Council by the beginning of the new financial year.

## 6 Equalities Implications

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6.1 There are no equalities implications from this report

## 7 Resource Implications

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7.1 The resource implications are detailed above including best value and following the public £ considerations.

## 8 Risk

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8.1 The risks associated with the above are included within the IJB risk register.

## 9 Involving people

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9.1 The IJB is held in public and its papers publicly available.

## 10 Background Papers

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10.1 None

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<b>DATE</b>	June 2020

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### Appendices:

Draft Unaudited Annual Accounts for 2019/20





## **Midlothian Integration Joint Board Unaudited Annual Accounts 2019/20**

The Unaudited Annual Accounts of Midlothian Integration Joint Board for the period from 1 April 2019 to 31 March 2020, 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 2015/16 and Service Reporting Code of Practice.

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## **Audit Arrangements**

Under arrangement 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 2019 to 31 March 2020 is Ernst and Young LLP, Atria One, 144 Morrison Street, Edinburgh, EH3 8EB.

## **Management Commentary**

### **Introduction**

The management commentary provides an overview of the key messages relating to the role, remit, members, objectives and the strategy of the Midlothian Integration Joint Board (the IJB). It describes the financial performance for the financial year ended 31 March 2020 and considers those issues and risks which may impact upon the IJB's financial position in the future.

### **The Role and Remit of the IJB**

Midlothian 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.

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. Midlothian IJB has approved its second Strategic Plan which covers April 2019 to March 2022. A link to the Strategic Plan is below.

## Membership of Midlothian Integration Joint Board

The IJB met eight times in 2019/20. There have been some changes to the membership of the IJB since the accounts for 2018/19 were published. The members of the IJB at March 2020 were as follows:-

<b>Member</b>	<b>Nominated/Appointed by</b>	<b>Role</b>
Catherine Johnstone ( replaced Angus McCann August 2019)	Nominated by Midlothian Council	Voting Member, Chair
Carolyn Hirst	Nominated by NHS Lothian	Voting Member, Vice Chair
Angus McCann	Nominated by NHS Lothian	Voting Member
Derek Milligan	Nominated by Midlothian Council	Voting Member
Jim Muirhead	Nominated by Midlothian Council	Voting Member, Chair of Audit and Risk Committee
Pauline Winchester	Nominated by Midlothian Council	Voting Member
Alex Joyce	Nominated by NHS Lothian	Voting Member
Tricia Donald	Nominated by NHS Lothian	Voting Member
Morag Barrow (replaced Allister Short in Oct 2019)	Appointed by the IJB	Chief Officer
Claire Flanagan	Appointed by the IJB	Chief Finance Officer
Alison White	Nominated by Midlothian Council	Chief Social Worker
Fiona Huffer	Appointed by the IJB	Allied Health Professionals Lead
Caroline Myles	Nominated by NHS Lothian	Chief Nurse
Hamish Reid	Nominated by NHS Lothian	General Practitioner
James Hill ( replaced Aileen Currie Sept 2019)	Appointed by the IJB	MLC Staff Side Representative
Vacant ( previously Pam Russell until Jan 2020)	Appointed by the IJB	Carer representative
Ewan Aitken	Appointed by the IJB	Voluntary Sector Representative
Keith Chapman	Appointed by the IJB	User Representative
Wanda Fairgrieve	Appointed by the IJB	NHS Staff Representative
Johanne Simpson ( replaced Nik Hirani Sept 2019)	Nominated by NHS Lothian	Medical Practitioner

Note -

The Chief Officer of the IJB was Allister Short until September 2019 where Morag Barrow took on the role.

## **The IJB's Operations for the Year**

The Midlothian IJB has now been operational for four years. The governance systems are now well established and good progress is being made on integrating management arrangements and frontline services. We continue to work towards our long-term objectives through the continuing dedication and skill of our staff; our partners in the voluntary and independent sectors; and all the informal carers and neighbours upon whom the health and care system is entirely dependent.

The planned redesign of Health and Social Care is outlined in the three year Strategic Plan 2019-22. A link to the Strategic Plan is included in the Strategy Section below.

The work of the Health and Social Care Partnership during 2019/20, under the governance of the IJB is summarised below. However it is important to acknowledge that COVID-19 did disrupt service provision during March 2020 as the Partnership responded to the pandemic. A strategic approach to this was taken and the IJB was involved appropriately. The core components and key developments during 2019/20 were as follows. An Annual Performance Report will be published August 2020.

### **New Services and Approaches**

Several new services and approaches have been introduced to improve people's health and wellbeing. We have focused on making sure people are only in hospital when they need to be through helping them get home sooner with the "Discharge to Assess" Team and the "Hospital at Home" Service. We have also improved services for people with mental health needs, substance misuse and offending behaviour in our new premises at Number 11 in Dalkeith.

### **Improving Services for Older People**



Demand for care at home is exceeding supply and resulting in delays in hospital, people at home at higher risk of admission to hospital and family members/informal carers becoming fatigued and stressed. While challenges remain, changes to service delivery have resulted in an additional 1000 hours a week when compared to the previous year and work to develop a future vision for Care at Home has progressed.

**Hospital at Home Team** provides acute care to up to 15 patients in a virtual ward – with an average length of stay of 6 days. Most of the patients are over 65. The majority are referred by their GP through the Flow Centre but around 25% are from the "Front Door" of the acute hospitals. Patients have a range of conditions e.g. infections, musculoskeletal problems, limited functional abilities and delirium and/or dementia

## **Mental Health, Substance Misuse and Community Justice Services**



In order to improve outcomes for people who could benefit from mental health, substance misuse and/or justice services, a multi-agency hub 'Number 11' was opened in Dalkeith. Peer support workers and third sector providers are now based in Number 11 alongside health and social care staff such as social workers, CPNs, substance misuse doctors, nurses and occupational therapists.

### **Frailty**

The increasing prevalence of frailty, as a result of our rapidly ageing population, is contributing to a health and care system that will be unsustainable in its current form. People with severe and moderate frailty (3,500 people) account for 4% of Midlothian's population and 31% of unscheduled activity in the Royal Infirmary of Edinburgh in 2019.

During 2019/20 Midlothian HSCP and Midlothian GP Cluster continued to use the electronic frailty index (eFI) to inform strategic direction and service developments.

New models of care were tested. One involved the British Red Cross Neighbourhood Links service working with three GP practices (Penicuik, Eastfield and Danderhall). All people identified with Mild Frailty were being contacted by the practice and the Red Cross followed up contacts. The Red Cross then supporting people with, for example, simple home adaptations, assessment and repair of walking aids, loneliness and isolation, access to community groups, blue badge applications, access to carer services such as VOCAL, Alzheimer's Scotland and Grassy Riggs, claiming entitled benefits (the service led into additional financial resources for people who can use this for better quality food, heating, home helps, travel and accessing groups.) Evaluation of these new models will continue into 2020.

### **Technology Enabled Care**



The IJB has encouraged the Partnership in its ambitions for digital transformation that will support integration. Work progressed on a Framework in 2019 and there are plans to work with the third sector and digital organisations to progress local programmes. Technological developments as a result to the COVID-19 pandemic have been notable and will be progressed further.

We have been exploring how technology can transform care for frail people. Midlothian HSCP is using a population health management approach to understand who has frailty and how they use health and care services, looking at how emerging technology can work alongside more traditional ways of caring. The main elements of the programme are Living Well in Penicuik (emphasis on extended clinical contact

and care coordinated through a frailty locality MDM), MidMed, a frailty practice within Newbattle General Practice, Winter Frailty team, which showed the HSCP how shifting resource to create multidisciplinary teams anchored to General Practices addressed a gap in services and improved patient experience and outcomes, and the Winter14 sessions which supported all practices to improve anticipatory care for frail people.

### **Developing a Local Approach to Acute Services**

In Midlothian, despite considerable efforts to strengthen community services and prevention, progress in reducing hospital-based activity was inconsistent (with the exception of the pandemic period). The challenge is to design and implement more radical change at a faster pace to ensure that our hospital services are able to provide high quality, timeous treatment when community-based alternatives are neither appropriate nor viable. Midlothian HSCP is committed to working with partners to reduce both attendance at A&E and unplanned admissions whilst also facilitating earlier discharge.



The **Discharge to Assess** consists of occupational therapists, physiotherapists, community care assistants and clinical support workers who support patients after a stay in hospital. They have supported 430 patients since they started in early 2019. They assess a patient's needs once they are back at home so they don't have to wait for their assessment in hospital.

This work is supported by community based service change such as plans around rehabilitation and diabetes prevention and the reduction of crises through, for example, improved identification and support around Frailty (involving the third sector) . In addition, the Partnership recognises that supporting people to stay out of hospital or to be discharged sooner will often be dependent on the ability of family carers to provide support. This means continually strengthening support systems to family carers.

### **Unpaid (Family Carers)**

Work continued to support carers, in partnership with local organisations such as VOCAL and health and social care services. Work progressed on a collaborative approach to developing a Carer Strategy, involving carers and a broad stakeholder group.

### **Learning Disability, Autism and Complex Needs Housing**

A specification was progressed in 2019-20 for further housing for people with Learning Disability, Autism and Complex Needs as part of the Phase 3 Housing Programme, and these should be ready to move into by 2021. This housing will take advantage of significant and recent developments in technology to support people to live safely and independently.

## **Plans for Next Year and beyond**

We will continue to work with colleagues in acute services and other Lothian IJBs to reshape unscheduled care, maximising opportunities to reduce admissions to acute care, to increase rehabilitation opportunities and to offer local services by reshaping Midlothian Community Hospital.

Develop a Home First model for Midlothian by redesigning intermediate care services; continue developing our Care at Home services with our new Care at Home vision and the Frailty work programme

We will work with the Council to develop housing for people with learning disabilities and build extra care housing for older people and disabled people. As part of the European Sirocco Programme we hope to learn how to improve our services from health and care developments in other European countries.

We must acknowledge the huge challenges we face due to the coronavirus pandemic and the impact the virus had on Midlothian. As well as presenting a tremendous challenge to our services, staff and partners, the crisis also creates an opportunity to build on existing and newly forming community connections. Early plans are developing, working with the people in our communities to explore what opportunities for community resilience can be developed during the crisis to ensure strong, sustainable, supportive communities into the future. We look forward to building a stronger Midlothian, whatever the 'new normal' will be.

## **The IJB's Financial Position at 31 March 2020**

### **Summary**

For the year ending 31 March 2020, the IJB was underspent. That is the costs incurred in delivering the IJB's functions by Midlothian Council and NHS Lothian are less than the income that the IJB received from NHS Lothian and Midlothian Council.

In summary, the position is as follows :-

	<b>Income £000's</b>	<b>Expenditure £000's</b>	<b>Surplus £000's</b>
Health Services	107,282	106,473	809
Social Care Services	42,593	42,659	(66)
<b>Total</b>	<b>149,876</b>	<b>149,132</b>	<b>743</b>

This surplus has been transferred to the reserve which is described further below.

Although the IJB has a range of functions delegated to it, these are delivered through a range of services provided by the partners (Midlothian Council and NHS Lothian) and these are further described below in the analysis of the Income and Expenditure position.

## Analysis of the Financial Statements

The financial statements are all presented on a net basis.

### Income and Expenditure

The table below gives details of the IJB's expenditure in 2019/20

	Budget	Budget	Expenditure	Expenditure	Variance	Note
	Health	Social	Health	Social Care		
	£000's	Care	£000's	£000's	£000's	
<b>Direct Midlothian Services</b>						
Community AHPS	2,153		2,021		132	
Community Hospitals	5,556		5,665		(108)	
District Nursing	3,489		3,343		147	
General Medical						
Services	15,750		15,885		(134)	
Health Visiting	1,991		1,699		292	
Mental Health	2,607		2,422		185	
Other	10,718		10,252		466	1
Prescribing	18,368		18,305		63	
Resource Transfer	5,197		5,187		9	2
Older People		18,352		16,646	1,706	
Learning Disabilities		13,598		16,214	(2,617)	
Mental Health		869		845	24	
Physical Disabilities		3,381		3,736	(355)	
Assessment and Care						
Management		3,146		2,806	340	
Other		3,247		2,412	835	3
<b>Midlothian Share of pan-Lothian</b>						
Set Aside	18,705		19,082		(378)	4
Mental Health	2,244		2,352		(108)	
Learning Disabilities	1,350		1,499		(149)	
GP Out of Hours	1,208		1,287		(79)	
Rehabilitation	792		695		97	
Sexual Health	640		643		(3)	
Psychology	761		779		(17)	
Substance Misuse	467		441		26	
Allied Health						
Professions	1,362		1,307		55	
Oral Health	1,738		1,707		31	
Other	2,449		2,166		283	
Dental	5,111		5,111		0	5
Ophthalmology	1,702		1,702		0	5
Pharmacy	2,924		2,924		0	5
	<b>107,282</b>	<b>42,593</b>	<b>106,473</b>	<b>42,659</b>	<b>743</b>	

## 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. 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 2019/20 for hosted services is 10% and, generally, 10% of the Lothian element of the set aside budgets and the non-cash limited budgets.

## Overview of the 2019/20 Position

From the above table, it can be seen that there were a range of financial issues identified.

## Direct Midlothian Services

Within the health budgets, although there were operational overspends within Community Hospitals and GMS, these were offset by vacancies across the system, underspends in Prescribing and slippage of Programmes (Programmes starting later in the year than planned and thus generating an underspend).

Within the social care budgets the pressures at the year-end were a significant overspend within adult services, specifically those for clients with complex needs with learning and physical disabilities. This pressure was offset by an underspend in services for older people. This position supports a shift in the balance of care, keeping older people safe in their homes and community for as long as possible.

## Midlothian Share of pan-Lothian services

The hosted services position shows an overspend within Learning Disability Services due to additional beds and placements being required above funded levels. A similar issue existed with regards to Mental Health services requiring additional capacity in year to cope with high demand. Lothian out of Hours Services also reported a pressure in year related to the high cost of medical staffing required to cover rosters especially around the festive period.

The main pressures in the health set aside budgets are within General Medicine areas and are driven by ongoing staffing issues, where recruitment continues to be a challenge, plus ongoing bed pressures across the all sites. Infectious Diseases financial pressure in year relates to drug costs over budget. Junior Medical pay pressure was driven by additional staffing requested to cover rotas for sickness; maternity and vacancies, causing an over-establishment against funded levels in particular within A&E areas. The position has improved from the previous year but still remains a pressure.

## Reserves

The IJB has reserves at the end of 2019/20 of £4.621m, compared to reserves of £3.878m in March 2019. The movement in can be described as follows:-

	2019/20 Opening £000's	2019/20 Transfers Out £000's	2019/20 Transfers In £000's	2019/20 Closing £000's
<b>Committed Project Funds</b>				
Commitment to Specific Posts	307	(307)	75	75
Primary Care Investment Fund	240	(240)	57	57
MELDAP	196	(196)	205	205
Commitment to GPs	150	(150)	0	0
Integrated Care Fund	145	(145)	187	187
Commitment to Wellbeing Service	121	(121)	0	0
Action 15	96	(96)	55	55
Technology Enabled Care	86	(86)	246	246
Slippage in Local Programmes	85	(85)	333	333
Transformation of Older People's Services	34	(34)	0	0

Smile Project (Big Lottery funding)	16	(16)	0	0
Autism Strategy	12	(12)	12	12
Electronic Frailty Index (Health Foundation)	7	(7)	7	7
School Counselling		0	220	220
Wellbeing Service		0	157	157
EGIERDA Project (Big Lottery funding)		0	63	63
<b>Committed Project Funds</b>	<b>1,493</b>	<b>(1,493)</b>	<b>1,617</b>	<b>1,617</b>
<b>General Reserves</b>	<b>2385</b>	<b>(441)</b>	<b>1060</b>	<b>3004</b>
<b>Total</b>	<b>3,878</b>	<b>(1,934)</b>	<b>2,677</b>	<b>4,621</b>

The IJB similar to last year proposes to use its reserves in 2020/21 as follows:-

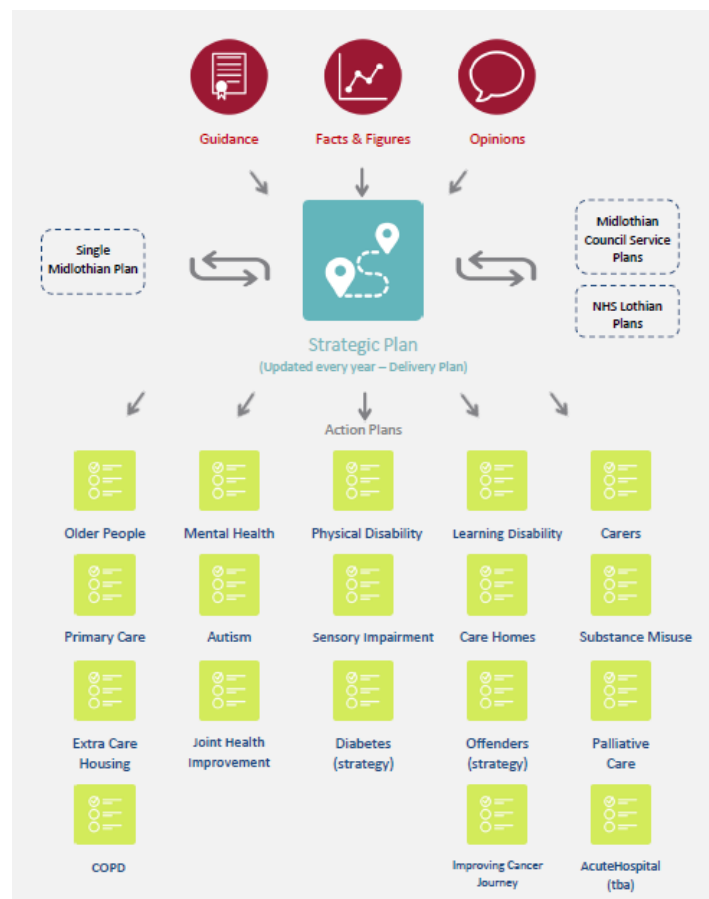
- Reserves earmarked for specific projects will be used to support these projects – for example the continuation of substance misuse services (using the MELDAP reserve) and the further development of the use of Technology Delivered Care (using the TEC reserve)
- Transformation work continues as does the support for this which includes a Programme Manager to work with acute and other service staff to deliver agreed outcomes. The focus continues on the Mental Health plan and on work to support the IJB's ambition to reduce its bed use in the Acute hospital sites, particularly in relation to the respiratory pathway and the frailty model. This development will require investment as part of a 'spend to save' approach
- Waiting Times performance will continue to be supported as there are a number of community services that are reporting significant waiting times (Psychological Therapies, Substance Misuse, occupational therapy assessment), and projects will be developed to reduce these waiting times and to ensure that the service is sustainable thereafter
- Delayed Discharge as previously reported to the IJB continues to require support to allow timely discharge from hospital and resource will be allocated to support the implementation of the delayed discharge action plan
- There will also be proposals put to the IJB during 2020/21 regarding utilising reserves to support addressing care gaps within some services. This will be reported through the IJB business meetings with papers with propositions.

### The IJB's Strategy and Business Model

A link to the Strategic Plan is below:

[https://www.midlothian.gov.uk/info/1347/health\\_and\\_social\\_care/200/health\\_and\\_social\\_care\\_integration](https://www.midlothian.gov.uk/info/1347/health_and_social_care/200/health_and_social_care_integration)

The actions outlined in the strategy form the basis of more detailed plans for client groups and key services. They also form the basis of the Directions we give to NHS and Midlothian Council.



The IJB aims to achieve this vision by changing the emphasis of services, placing more importance and a greater proportion of our resources on the approaches described

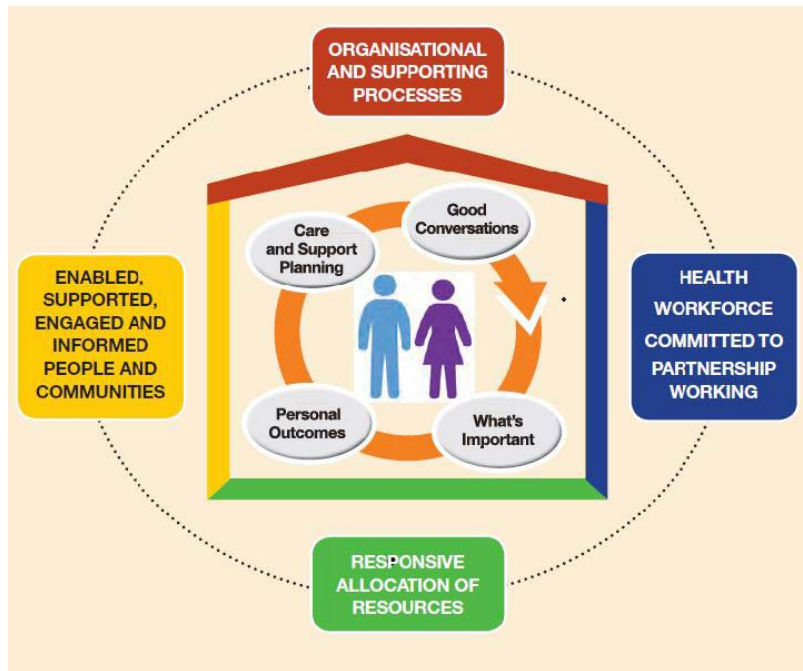


### What matters to you?

We have trained staff to have meaningful conversations with people, families and carers who receive our services to identify achievable goals. Midlothian Council is one of three local authorities to receive Scottish Government funding to train staff to recognise and respond to the signs and impacts of trauma

One of the models we use for delivering person-centred, integrated care is the House of Care. This creates space for people to have 'a good conversation' on what is important to them and helps them recover or live well with their health conditions.

Using the image of a house helps us to appreciate how all the parts need to be in place, equally strong and joined up for this approach to be successful.



The IJB will continue the process of full integration of the services delivery teams, not just between NHS and Council delivered services but also moving pan-Lothian services into the locally managed and locally delivered services. This will generate operational and managerial synergies and should reduce costs, however this will be a step in the redesign of services into the establishment of multi-disciplinary teams delivering care in a community based setting.

### **Key Risks, Challenges and Uncertainties**

The challenge for the IJB is to transform the delivery of its delegated functions whilst supporting the delivery of financial balance within the financial resources available. There remain a series of uncertainties:-

#### **A growing and aging population**

Midlothian is the second smallest Local Authority in mainland Scotland but the fastest growing. 12,000 new houses will be built in the next 3 years. This will pose challenges for all our health and social care services whilst also changing the face of some of the local communities. As people live for longer many more people will be living at home with frailty and/or dementia and/or multiple health conditions. An increasing number of people live on their own, and for some this will bring a risk of isolation.

#### **Higher Rates of Long-Term Conditions**

Managing long-term conditions is one of the biggest challenges facing health care services worldwide, with 60% of all deaths attributable to them. Midlothian has a higher incidence than the national prevalence of cancer, diabetes, depression, hypertension, chronic obstructive pulmonary disease and asthma. Older people are more susceptible to developing long-term conditions; most over 65s have two or more conditions and most over 75s have three or more conditions. People living in areas of multiple deprivation are at particular risk with, for example, a

much greater likelihood of early death from heart failure. They are also likely to develop 2 or more conditions 10-15 years earlier than people living in affluent areas. It is estimated that people with long-term conditions are twice as likely to be admitted to hospital and have a longer length of stay accounting for 80% of all GP visits and for 60% of hospital admissions.

### **High rates of mental health needs**

Many mental health problems are preventable, and almost all are treatable, so people can either fully recover or manage their conditions successfully and live fulfilling healthy lives as far as possible. The incidence of mental health issues in Midlothian, while similar to the rest of Scotland, is a concern. Living in poverty increases the likelihood of mental health problems but also mental health problems can lead to greater social exclusion and higher levels of poverty. People who have life-long mental illness are likely to die 15-20 years prematurely because of physical ill-health.

People place a high value on being able to access effective health services when they need them. People expect to receive high quality care services when these are needed whether as a result of age, disability or long term health conditions. Yet there are a number of pressures on our services.

### **Financial Pressures**

Public Finances face severe challenges. Locally the Council continues to face severe reductions in its overall budget but has sought to protect social care budgets from the level of cuts required in other services. There is no doubt that we need to do things differently: the traditional approach to delivering health and care services is no longer financially sustainable. The financial position for the UK and Scotland remains uncertain and this will provide a challenge to the amount of financial resources available to the IJB.

### **Workforce Pressures**

Two of the main areas of concern to the public in recent times have been difficulties in accessing primary care and not always receiving care at home despite being assessed as in need of the service. Recruitment and retention is a growing problem in health and social care. There is a shortage of GPs; a significant proportion of District Nurses are nearing retirement; while care at home providers find it difficult to attract and keep care at home workers despite measures such as the living wage and guaranteed hours. The aging population means these pressures will almost certainly increase. There is a clear need to plan ahead and find alternative solutions to ensure services are able to meet people's needs.

### **Acute hospitals**

Acute Hospitals are under huge pressure due to unsustainable demand and financial restrictions. We need to invest in community based alternatives that will minimise avoidable and inappropriate admissions and facilitate earlier discharge.

Finally the coronavirus pandemic resulted in a disruption for many services. Partners are actively working on how services can adapt and resume in this new environment following our response to this pandemic.

**Catherine Johnstone**  
IJB Chair

**Morag Barrow**  
Chief Officer

**Claire Flanagan**  
Chief Finance Officer

## **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 at a meeting of the Audit & Risk Committee.

Signed on behalf of Midlothian Integration Joint Board.

**Catherine Johnstone**  
Chair

## **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 2020 and the transactions for the year then ended.

**Claire Flanagan**  
Chief Finance Officer

## **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 Ernst & Young LLP 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.

In 2019/20, there was a rotation of who nominated the Chair and Vice Chair. Catherine Johnstone, nominated by Midlothian Council became Chair, replacing Angus McCann, nominated by NHS Lothian. Carolyn Hirst became Vice Chair, nominated by NHS Lothian, replacing Derek Milligan, nominated by Midlothian Council.

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 2019/20.

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. Angus McCann, as a non-executive member of NHS Lothian Board who was also the Chair of Midlothian IJB until 22<sup>nd</sup> August 2019. He received an additional notional day's remuneration specifically for his role as Chair of the IJB in 2019/20. This remuneration is £3,363 for 2019/20.

### **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. As Morag replaced Allister Short as Chief Officer in October 2019, 6 months of both Allister and Morag's cost are shown for 2019/20.

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 Claire Flanagan. 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 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. Morag Barrow was appointed in October 2019; her costs below are therefore 6/12th's of the annual costs for 2019/20, previous to this Allister Short was in post and is therefore also showing full year for 2018/19 and 6/12ths of annual costs for 2019/20. David King retired in October 2018, his costs are therefore 6/12ths for 2018/19. Claire Flanagan was appointed in October 2018, her costs are therefore 6/12 of the annual costs for 2018/19 and full year for 2019/20.

<b>Total 2018/19</b>	<b>Senior Employees Salary, Fees &amp; Allowances</b>	<b>Total 2019/20</b>
<b>£</b>		<b>£</b>
42,530	Allister Short (to September 2019)	23,182
-	Morag Barrow (from October 2019)	22,658
16,104	David King ( to October 2018)	-
11,030	Claire Flanagan ( from October 2018)	23,812

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		Accrued pension benefits			
	For year to 2020	For year to 2019	As at 31 March 2020		Difference from 31 March 2019	
	£	£	Pension £000's	Lump Sum £000's	Pension £000's	Lump Sum £000's
Morag Barrow	-	-	16	41	n/a	n/a
Allister Short	12,630	11,600	21	39	3	3
Claire Flanagan	8,802	8,167	13	24	2	2
David King	-	6,618	-	-	n/a	n/a

### Disclosure by Pay Bands

Pay band information is not separately disclosed 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 2019/20.

**Catherine Johnstone**  
IJB Chair

**Morag Barrow**  
Chief Officer

## **Annual Governance Statement**

### **Annual Governance Statement 2019/20**

#### **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 (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 MIJB's Local Code of Corporate Governance (MIJB Local Code), which was approved by the Board in June 2019, 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 2019/20 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 approved Scheme of Integration, which serves as the approved constitution, and Standing Orders to make sure that public business is conducted with fairness and integrity. Reliance is placed on the values and standards set out in the codes of conduct within the employer partner organisations, which incorporate "The Seven Principles of Public Life" identified by the Nolan Committee on Standards in Public Life.

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 Plan of the Health and Social Care Partnership and Delivery Plans 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 Partnership's Strategic Plan 2019-2022 which has been updated to reflect on-going assessment of need. Implementation is underpinned by the associated Annual Delivery Plan.

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 partnership has a statutory responsibility to involve patients and members of the public.

The Midlothian Health & Social Care Partnership's Strategic Plan 2019-2022 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.

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.

There is a leadership development programme for the joint management team supported by workforce plans with a key focus on team leader development.

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

The MIJB Chief Officer has overall responsibility for directing and controlling the partnership. 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 Partnership's financial affairs including ensuring appropriate advice is given to the Board on all financial matters.

The MIJB's system of internal financial control is dependent upon on 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 to provide an independent and objective annual opinion on the effectiveness of internal control, 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 Committee is integral to overseeing assurance and monitoring improvements in internal control and governance.

Performance Reports were presented to the Board for monitoring and control of achievement of Local Improvement Goals. An Annual Performance Report for 2019/20 is being prepared to outline progress against strategic objectives over the year.

The Annual Accounts and Report for 2019/20 setting out the financial position in accordance with relevant accounting regulations is also being prepared.

### **Review of Adequacy and Effectiveness**

The MIJB is required to conduct, at least annually, a review of the effectiveness of its governance framework.

The review was informed by: an annual self-assessment against the MIJB's Local Code of Corporate Governance which was updated to ensure it is consistent with the principles of the CIPFA/SOLACE Framework (2016), carried out by MIJB Management; MIJB Internal Audit reports; MIJB External Audit reports; relevant reports by other external scrutiny bodies and inspection agencies; and relevant partners' (NHS Lothian and Midlothian Council) Internal Audit and External Audit reports.

### **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. Continue to demonstrate the linkages within the Strategic Plan to local and national objectives and alignment of Directions.
2. Further develop the Performance Management Framework to align performance measures to key priorities and outcomes of the Strategic Plan and enhance specification within the Annual Delivery Plans of how outcomes are to be measured.

3. Continue to engage in the strategic planning processes of NHS Lothian's Hospitals to promote the actions required to deliver the Midlothian IJB Strategic Plan.

The implementation of these actions to enhance the governance arrangements in 2020/21 will be driven and monitored by the MIJB Chief Officer in order to inform the next annual review. Internal Audit work planned in 2020/21 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 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.

### **Covid-19 Response**

The above assurance reflects the assessment of governance in place during normal operations in 2019/20 prior to the significant coronavirus (Covid-19) outbreak in late March 2020. The Midlothian Health and Social Care Partnership played a strategic role in the emergency response with innovations, new business processes and solutions, and new technology being embraced in order to deliver services to the community. This was achieved using new ways of decision-making, leadership and implementation including virtual meetings and systems remote access.

**Catherine Johnstone**  
IJB Chair

**Morag Barrow**  
Chief Officer

**The Independent Auditors Report**

This will be inserted when this report is completed after audit of these unaudited accounts.

DRAFT

### **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.

#### **Midlothian IJB Comprehensive Income and Expenditure Statement**

<b>2018-19 Net Expenditure £000s</b>		<b>2019-20 Net Expenditure £000s</b>
100,190	Health Care Services - NHS Lothian	106,473
39,081	Social Care Services - Midlothian Council	42,659
<b>139,271</b>	<b>Cost of Services</b>	<b>149,132</b>
(142,249)	Taxation and Non-Specific Grant Income	(149,875)
<b>2,978</b>	<b>Surplus on Provision of Services</b>	<b>743</b>

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 grown during 2019/20, a large proportion of this reserve is earmarked for future projects and commitments.

#### **Movements in Reserves During 2019/20**

	<b>General Fund Balance</b>	<b>Unusable Reserves: Employee Statutory Adjustment Account</b>	<b>Total Reserves</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>Opening Balance at 31 March 2019</b>	<b>3878</b>	<b>0</b>	<b>3878</b>
Total Comprehensive Income and Expenditure	743	0	743
Increase or Decrease in 2019/20	<b>743</b>	<b>0</b>	<b>743</b>
<b>Closing Balance at 31 March 2020</b>	<b>4,621</b>	<b>0</b>	<b>4,621</b>

## **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.

### **Midlothian IJB Balance Sheet**

<b>31 March 2019</b>		<b>31 March 2020</b>
<b>£000s</b>		<b>£000s</b>
	<b>Current Assets</b>	
3,878	Debtors	4,621
000	<b>Creditors: amounts falling due within one year</b>	000
<b>3,878</b>	<b>Total assets less current liabilities</b>	<b>4,621</b>
	<b>Capital and Reserves</b>	
1493	Earmarked Reserve	1,617
2385	General Reserve	3,004
<b>3878</b>	<b>Total Reserves</b>	<b>4,621</b>

**Claire Flanagan**  
Chief Finance Officer

## **Notes to the Financial Statements**

### **1. Significant Accounting Policies**

#### **General Principles**

The Financial Statements summarise the IJB's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020.

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 2017/18, 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.

#### **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.

### 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 £4.621m at 31 March 2020.

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

The IJB's useable reserve is broken down as follows:-

	<b>2019/20 Closing £000's</b>
Committed Project Funds:	
Commitment to specific posts	75
Primary Care Investment Fund	57
MELDAP	205
Integrated Care Fund	187
Action 15	55
Technology Enabled Care	246
Slippage in Local Programmes	334
Autism Strategy	12
Electronic Frailty Index ( Health Foundation)	7
School Counselling	220
Wellbeing Service	157
EGIERDA Project (Big Lottery funding)	63
General Reserves	3,004
<b>Total</b>	<b>4,621</b>

#### 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 2019/20 was £6,000.

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 2020 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. Events After the Reporting Period**

The Annual Accounts were authorised for issue by the IJB. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing as at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

### **4. Expenditure and Funding Analysis**

<b>2018/19</b>		<b>2019/20</b>
<b>£000's</b>	<b>Expenditure</b>	<b>£000's</b>
	Services specifically for Midlothian	
61,069	Health	64,778
39,081	Social Care	42,659
	Midlothian's share of Lothian Health Services	

21,517	Hosted	22,613
17,604	Set Aside	19,082
<b>139,271</b>	<b>Total</b>	<b>149,132</b>

**Funded By:**

39,932	Midlothian Council	42,593
102,317	NHS Lothian	107,282
<b>142,249</b>		<b>149,876</b>

<b>2,978</b>	<b>Surplus</b>	<b>743</b>
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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

**Corporate Service**

Included in the above costs are the following corporate services:-

<b>2018/19</b>		<b>2019/20</b>
<b>£000's</b>		<b>£000's</b>
43	Staff	46
25	Audit Fee	27
<b>68</b>	<b>Total</b>	<b>73</b>

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

**5. Related Party Transactions**

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

There are elements of expenditure which are shown against the NHS Lothian above but where the resources are used by the social care services delivered by Midlothian Council.

<b>2018/19</b>		<b>2019/20</b>
<b>£000's</b>		<b>£000's</b>
100,189	NHS Lothian	106,473
(4,943)	Resource Transfer	(5,187)
(4,816)	Social Care Fund	(4,816)
<b>90,430</b>		<b>96,470</b>
39,081	Midlothian Council	42,659
4,943	Resource Transfer	5,187
4,816	Social Care Fund	4,816
<b>48,840</b>	<b>Total</b>	<b>52,662</b>

Both Resource Transfer and the Social Care Fund are resources which are part of the NHS Lothian budget and are shown as expended therein but these funds are used to deliver social care service supplied by Midlothian Council.

## 6. VAT

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