

# Notice of Meeting and Agenda



## Midlothian Integration Joint Board - Audit and Risk Committee

**Venue:** Virtual Meeting,

**Date:** Thursday, 02 September 2021

**Time:** 14:00

**Morag Barrow**  
**Chief Officer**

**Contact:**

**Further Information:**

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

## **1 Welcome, Introductions and Apologies**

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## **2 Order of Business**

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

## **3 Declaration of Interest**

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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 Meeting held on 10th June 2021 – For Approval. 3 - 10

## **5 Public Reports**

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- 5.1** New CIPFA Financial Management Code 2021/22 & Best Value, Audit Scotland Questionnaire – Update by Chief Finance Officer.
- 5.2** MIJB Annual Audit Report to Members and the Controller of Audit – year ended 31 March 2021 - Report by EY, External Auditors. 11 - 46
- 5.3** 2020/21 Audited Annual Accounts – Report by Chief Finance Officer. 47 - 98
- 5.4** Risk Register – Report by Chief Officer - Place. 99 - 130

## **6 Private Reports**

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No private reports to be discussed at this meeting.

## **7 Date of Next Meeting**

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The next meeting of the Midlothian Integration Joint Board Audit and Risk Committee will be held on **Thursday 2 December 2021 at 2.00 pm.**

Clerk Name:	Democratic Services Team
Clerk Telephone:	0131 271 3160
Clerk Email:	democratic.services@midlothian.gov.uk

# Midlothian Integration Joint Board



Meeting	Date	Time	Venue
Audit and Risk Committee	Thursday 10 June 2021	2.00pm	Virtual Meeting held using MS Teams.

## Present (voting members):

Cllr Jim Muirhead (Chair)	Carolyn Hirst	Councillor Derek Milligan
Pam Russell (Independent Member)		

## Present (non-voting members):

Claire Flanagan (Chief Finance Officer)	Jill Stacey (Chief Internal Auditor)	

## In attendance:

Grace Scanlin (EY, External Auditor)	Derek Oliver (Chief Officer - Place)	Mairi Simpson (Integration Manager)
Mike Broadway (Clerk)		

## Apologies:

Morag Barrow (Chief Officer)	Stephen Reid (EY, External Auditor)	

## Audit and Risk Committee

Thursday 10 June 2021

### 1. Welcome and introductions

The Chair, Councillor Jim Muirhead, welcomed everyone to this virtual meeting of the Audit and Risk Committee.

### 2. Order of Business

The order of business was as set out 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 4 March 2021 was submitted and approved as a correct record.

### 5. Public Reports

Report Title/Summary	Decision	Action Owner	Date to be Completed/Comments
<b>5.1 Midlothian IJB Internal Audit Annual Assurance Report 2020/21 – Report by Chief Internal Auditor.</b>  The purpose of this report was to present the Internal Audit Annual Assurance Report 2020/21 for the Midlothian Integration Joint Board (MIJB) which included the Chief Internal Auditor's independent assurance opinion on the adequacy of the arrangements for governance, risk management and internal control by the MIJB of the delegated resources.	(a) Noted the assurances contained within the Report; and  (b) Approve the Midlothian Integration Joint Board Internal Audit Annual Assurance Report 2018/19.		

## Audit and Risk Committee

Thursday 10 June 2021

Report Title/Summary	Decision	Action Owner	Date to be Completed/Comments
<p>The report explained that the Public Sector Internal Audit Standards (PSIAS) required the MIJB's Chief Internal Auditor to prepare an annual report that incorporated the annual opinion on the adequacy and effectiveness of MIJB's framework of governance, risk management and control, a summary of the work that supports the opinion, and a statement on conformance with the PSIAS.</p> <p>Chief Internal Auditor, Jill Stacey, in presenting the report confirmed that based on their reviews, risk assessments and knowledge, the MIJB's governance arrangements, risk management and systems of internal control were operating satisfactorily, and that the work and opinion of Internal Audit had been used to inform the Chief Officer's Annual Governance Statement 2020/21.</p> <p>The Committee, in considering the Report, discussed the need for clarity and consistency in some of the terminology used, and also clarity regarding under whose governance certain matters fell and where it was one of the partners responsibilities how the MIJB satisfied itself on this particular issue.</p>			
<p><b>5.2 Midlothian IJB Annual Governance Statement 2020/21 – Report by Chief Officer.</b></p> <p>The purpose of this report was to present the draft Annual Governance Statement 2020/21 of the Midlothian Integration Joint Board by the Chief</p>	<p>(a) Agreed that the Annual Governance Statement 2020/21 reflected the risk environment and governance in place to achieve objectives, and acknowledged the actions identified by Management to improve internal controls and governance arrangements; and</p>		

## Audit and Risk Committee

Thursday 10 June 2021

Report Title/Summary	Decision	Action Owner	Date to be Completed/Comments
<p>Officer that would be published as part of the Annual Report and Accounts 2020/21.</p> <p>The report explained that the CIPFA/SOLACE Framework urged authorities to review the effectiveness of their existing governance arrangements against their Local Code, and prepare a governance statement and report compliance on an annual basis. A revised Local Code of Corporate Governance, had been approved by the MIJB on recommendation by the Audit and Risk Committee, in April 2021.</p> <p>In terms of overall corporate governance it was the Chief Officer's opinion that, although there are a few areas of work to be completed for full compliance with the Local Code, the overall governance arrangements of the MIJB were operating satisfactorily.</p> <p>The Committee, having heard from Chief Internal Auditor, Jill Stacey, who responded to Members' questions and comments, discussed the Annual Governance Statement 2020/21.</p>	<p>(b) Agreed to recommend to the Board that it be published as part of the Annual Report and Accounts 2020/21.</p>		
<p><b>5.3 MIJB Draft Unaudited Annual Accounts 2020/21 – Report by Chief Finance Officer.</b></p> <p>The purpose of the report was to present the draft (unaudited) Annual Accounts of the MIJB for the year ending 31 March 2021 for consideration and approval.</p>	<p>Agreed to recommend to the Board approval of the unaudited draft Annual Accounts 2020/21 for publication and submission to the external auditors for audit purposes.</p>	<p>Chief Finance Officer</p>	

## Audit and Risk Committee

Thursday 10 June 2021

Report Title/Summary	Decision	Action Owner	Date to be Completed/Comments
<p>The report explained that MIJB was required to prepare a set of annual accounts for the financial year 2020/21. A draft of these accounts must be agreed by the MIJB before 30 June whereupon the draft must be published on the MIJB's website and presented to the MIJB's auditors for review.</p> <p>Having heard from Chief Finance Officer, Claire Flanagan, who responded to Members' questions and comments, the Committee discussed the unaudited Annual Accounts. It was felt that if elements, such as the PPE Hubs, which were not within the control of the MIJB and the position relating to committed reserves could be better articulated this would be beneficial in assisting understanding of the position regarding these and other similar matters.</p>			
<p><b>5.4 MIJB Audit and Risk Committee Annual Report 2020/21 and self-assessments - Report by Chair.</b></p> <p>The purpose of this report was to provide Members with the MIJB Audit and Risk Committee Annual Report 2020/21 which set out how it was performing against its remit and incorporated its annual self-assessment using the CIPFA Audit Committees Guidance.</p> <p>The report explained that the MIJB Audit and Risk Committee Annual Report 2020/21 was designed</p>	<p>(a) Approved the MIJB Audit and Risk Committee Annual Report 2020/21; and;</p> <p>(b) Agreed that the MIJB Audit and Risk Committee Annual Report 2020/21 should be presented to the MIJB to set out how it was performing against its remit.</p>		

## Audit and Risk Committee

Thursday 10 June 2021

Report Title/Summary	Decision	Action Owner	Date to be Completed/Comments
<p>both to provide assurance to the members of the MIJB's Board and to identify actions for the Committee to help improve its effectiveness.</p> <p>Having heard from both the Chair and the Chief Internal Auditor, the Committee discussed the Annual Report.</p>			
<p><b>5.5 Risk Register – Report by Chief Officer - Place</b></p> <p>The purpose of this report was to provide the Audit &amp; Risk Committee with an update on the MIJB Strategic Risk Profile and the actions being taken to identify and manage risk in order to ensure the successful delivery of the MIJB's key objectives, as detailed in the Strategic Plan. The report also provided the Committee with an overview of the MIJB's operating context taking account of current issues, future risks and opportunities.</p> <p>The Committee, having heard from Derek Oliver (Chief Officer – Place), who responded to Members' question and comments, discussed issues arising from the current strategic risk profile, in particular the most significant issues and risks highlighted in the report. It was suggested that if in future details of any movements in any issues, risks or opportunities could be highlighting this would be a welcome addition as it would assist the Committee in their consideration of the Strategic Risk Profile.</p>	<p>(a) Noted the current Strategic Risk Profile;</p> <p>(b) Noted the updates provided on the risk control measures and the progress being made to address all risks; and</p> <p>(c) Confirmed that, otherwise, the risks contained in the Strategic Risk Profile reflected the current risks/opportunities facing the MIJB.</p>	Chief Officer - Place	Next update report on MIJB Strategic Risk Profile scheduled for September 2021



## Audit and Risk Committee

Thursday 10 June 2021

Report Title/Summary	Decision	Action Owner	Date to be Completed/Comments
<p><b>5.6 Midlothian IJB Recommendations Internal Audit Follow-Up Review Completed Actions – Report by Chief Internal Auditor.</b></p> <p>The purpose of this report was to provide information on Internal Audit actions flagged as completed during 2020/21 and confirm the adequacy of the new internal controls, risk management and governance of the Midlothian Integration Joint Board (MIJB).</p> <p>The Committee, having heard from Chief Internal Auditor, Jill Stacey who provided a brief update on the work being carried out by the internal audit team on the completed audit actions to ensure there was evidence on the ongoing improvement of internal control, risk management and governance arrangements, discussed the progress made in implementing the recommendations of Internal Audit.</p>	<p>Noted the progress made in implementing Internal Audit recommendations to improve internal controls, risk management and governance arrangements of the Midlothian Integration Joint Board.</p>		

### 6. Private Reports

No private business to be discussed at this meeting.

### 7. Any other business

Report Title/Summary	Decision	Action Owner	Date to be Completed/Comments
<p><b>7.1 Membership</b></p> <p>The Committee, having noted that Chief Finance Officer, Claire Flanagan would shortly be going on</p>	<p>Noted that the necessary steps where being taken to secure suitable maternity cover.</p>		

## Audit and Risk Committee

Thursday 10 June 2021

Report Title/Summary	Decision	Action Owner	Date to be Completed/Comments
maternity leave, joined with the Chair in congratulating Claire and wishing her all the best.			

### 8. Date of next meeting

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The next meeting of the Midlothian Integration Joint Board Audit and Risk Committee would be held on Thursday 2 September 2021 at 2 pm.

**(Action: All Members to Note)**

The meeting terminated at 3.28 pm.

# Midlothian Integration Joint Board

**Annual Audit Report to Members  
and the Controller of Audit - year  
ended 31 March 2021**

**September 2021**

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<b>Wider scope dimensions</b>	Demonstrate compliance with the wider public audit scope by reviewing and providing judgements and conclusions on the audited body's: <ul style="list-style-type: none"> <li>▶ financial position and arrangements for securing financial sustainability</li> <li>▶ suitability and effectiveness of corporate governance arrangements</li> <li>▶ effectiveness of performance management arrangements in driving economy, efficiency and effectiveness in the use of public money and assets</li> </ul> We also conclude on the IJB's ability to demonstrate that it meets Best Value responsibilities to the Board	<b>14</b>
<b>Appendices</b>	Undertake statutory duties, and comply with professional engagement and ethical standards: <ul style="list-style-type: none"> <li>Appendix A: audited body's responsibilities</li> <li>Appendix B: required auditor communications</li> <li>Appendix C: independence and audit quality</li> <li>Appendix D: Follow up of prior year recommendations</li> <li>Appendix E: Timing and deliverables of the audit</li> </ul>	<b>26</b>

## About this report

This report has been prepared in accordance with Terms of Appointment Letter from Audit Scotland dated 31 May 2016 through which the Accounts Commission has appointed us as external auditor of Midlothian Integration Joint Board (the IJB) for financial years 2016/17 to 2021/22. As a result of the impact of Covid-19 our appointment was extended by a further 12 months to include the financial year 2021/22. We undertake our audit in accordance with the Local Government (Scotland) Act 1973 and our responsibilities as set out within Audit Scotland's Code of Audit Practice. This report is for the benefit of the IJB and is made available to the Accounts Commission, the Controller of Audit and Audit Scotland. This report has not been designed to be of benefit to anyone except the recipients. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the recipients, even though we may have been aware that others might read this report.

Any party other than the Recipients that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Recipient's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, Ernst & Young LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Recipients

## Complaints

If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with Stephen Reid who is our partner responsible for services under appointment by Audit Scotland, telephone 0131 777 2839, email sreid2@uk.ey.com. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, or with how your complaint has been handled, you can refer the matter to Diane McGiffen, Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN. Alternatively, you can refer the matter to the Auditor General for Scotland. We can provide further information on how you may contact our professional institute.

# Executive Summary: Key Conclusions from our 2020/21 audit

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**We expect to issue an unqualified audit opinion on the IJB's 2020/21 financial statements**

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**We continued to review and update our risk assessment throughout the audit, including the materiality level applied. No changes were required as a result of this review.**

## **Financial Statements**

We have concluded our audit of the financial statements of Midlothian Integration Joint Board (IJB or the Board) for the year ended 31 March 2021. No audit adjustments were required to be made and there are no unadjusted differences that we are required to communicate. The draft financial statements and supporting working papers were of a good quality, which is in line with previous years. We concluded that the other information subject to audit, including the applicable parts of the Remuneration Report and the Annual Governance Statement were appropriate.

We worked with the Interim Chief Finance Officer to update and make improvements to the implementation of the CIPFA Financial Management Code and progress to agree the revised Integration Scheme. Overall, we were satisfied that the Annual Governance Statement, reflects the requirements of the *Delivering Good Governance Framework*, and the key changes in governance arrangements that were required as a result of changes to working practices due to Covid-19.

## **Scope update**

In our audit planning report considered at the 4 March 2021 Audit Committee meeting, we provided an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan.

In our Annual Audit Plan we communicated that our audit procedures would be performed using a overall materiality of £1.5 million. We have assessed that this level of materiality remains appropriate for the actual outturn for the 2020/21 financial year. Performance materiality remains at 75% of overall materiality at £1.13 million.

## **Going Concern**

In accordance with the CIPFA Code of Practice on Local Government Accounting, the IJB prepares its financial statements on a going concern basis unless informed by the Scottish Government of the intention for dissolution without transfer of services or function to another entity.

Under a revised auditing standard, ISA 570, we are required to undertake greater challenge of management's assessment of going concern, including testing of the adequacy of the supporting evidence we obtained.

We have drawn upon our wider scope work to conclude on the IJB's approach to Best Value.

The IJB has established a significant programme of self-evaluation to inform the development of a revised Strategic Plan. Full consideration of compliance against Best Value criteria will be facilitated in October 2021.

As a result of the planned improvements to self evaluation and learning from others, we are satisfied that the IJB has established effective arrangements to allow it to demonstrate that it meets its Best Value responsibilities.

## Wider Scope and Best Value

We summarise the conclusion we reached in response to our work on the wider scope dimensions below.

### Financial Management

The core financial management arrangements established by the IJB remain appropriate.

Significant uncertainty about funding was eased when the IJB received confirmation that the Scottish Government would fund all of the additional costs related to the pandemic. The level of general fund reserves has significantly increased as a result of additional allocations. These reserves have mostly been earmarked to meet the future costs of Covid-19, however the general uncommitted reserve has also increased significantly at the year end to £4.7 million (2020: £3 million).

GREEN

### Financial Sustainability

While work has continued to develop a robust Medium Term Financial Plan, current planning continues to identify a significant budget gap in the medium term. Reporting to the Board on savings programmes should be reinstated to ensure that members have early visibility of financial pressures.

Work is underway to support the development of the updated Strategic Plan. An Interim Workforce Plan notes national concerns relating to recruitment and retention of staff in health and social care, and local difficulties in relation to a shortage of GPs and age profile of District Nurses.

RED

### Governance and Transparency

The key features of good governance at the IJB are in place and operating effectively, and remained so throughout 2020/21 despite the impact of lockdown arrangements. A self-assessment of the effectiveness of the Audit Committee highlighted minor development areas, which will be addressed in 2021/22. The IJB has disclosed areas for further improvement within the Annual Governance Statement.

Work to update the Integration Scheme remains ongoing following delays to the initial timetable due to Covid-19.

GREEN

### Value for Money

The IJB exercised powers granted by the Coronavirus (Scotland) Act 2020 regarding the delayed publishing of the Annual Performance Report for 2020/21.

Work is underway to improve the quality of performance reporting, and the IJB has recently agreed to establish a performance sub-group to support improved scrutiny arrangements.

The IJB has highlighted good progress within its analysis of performance against key improvement targets. Revised targets have been established.

AMBER



# Introduction

As a result of the impact of Covid-19, Audit Scotland and the Accounts Commission agreed to extend our appointment as external auditor of the IJB to 2021/22.

## Purpose of this report

In accordance with the Local Government (Scotland) Act 1973, the Accounts Commission appointed EY as the external auditor of Midlothian Integration Joint Board (the IJB or Board). Our appointment term has been extended by a further 12 months, to financial year 2021/22. We undertake our audit in accordance with the Code of Audit Practice (the Code), issued by Audit Scotland in May 2016; Auditing Standards and guidance issued by the Financial Reporting Council; relevant legislation; and other guidance issued by Audit Scotland.

This Annual Audit Report is designed to summarise the key findings and conclusions from our audit work. It is addressed to both members of the IJB and the Controller of Audit, and presented to those charged with governance. This report is provided to Audit Scotland and is published on their website.

We draw your attention to the fact that our audit was not designed to identify all matters that may be relevant to the IJB. Our views on internal control and governance arrangements have been based solely on the audit procedures performed in respect of the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

A key objective of our audit reporting is to add value by supporting the improvement of the use of public money. We aim to achieve this through sharing our insights from our audit work, our observations around where the IJB employs best practice and where practices can be improved. We use these insights to form our audit recommendations to support the IJB in improving its practices around financial management and control, as well as around key aspects of the wider scope dimensions of audit. Such areas we have identified are highlighted throughout this report together with our judgements and conclusions regarding arrangements, and where relevant recommendations and actions agreed with management.

## Our independence

We confirm that we have undertaken client and engagement continuance procedures, which include our assessment of our continuing independence to act as external auditor. Further information is available in Appendix B.

Scope and Responsibilities

The Code sets out the responsibilities of both the IJB and the auditor (summarised in Appendix A).

Financial statements audit

We are responsible for conducting an audit of the IJB’s financial statements. We provide an opinion as to:

- ▶ whether they give a true and fair view of the financial position of the IJB as at 31 March 2021 and its expenditure and income for the year then ended; and
- ▶ whether they have been properly prepared in accordance with the Local Government (Scotland) Act 1973 and the 2020/21 Code of Practice on Local Authority Accounting in the United Kingdom.

We also review and report on the consistency of the other information prepared and published along with the financial statements. We outlined the significant risks and other focus areas for the 2020/21 audit in our Annual Audit Plan, which was presented to the audit committee on 4 March 2021.

One significant risk was identified in relation to the risk of fraud in expenditure recognition, which includes the risk of management override of controls. We continued to monitor the impact of additional costs as a result of the pandemic. The Scottish Government has met the costs incurred to date, along with an allocation carried forward for the financial year 2021/22. As a result, we have not identified any new financial risks but additional focus was given to significant disclosures, including how the annual governance statement captured key changes. In addition, we continued to place increased focus on management’s assertion regarding the going concern basis of preparation in the financial statements. Our findings are summarised in Section 2 of this report.

We remain satisfied that the values reported in our Annual Audit Plan for planning materiality, performance materiality and our audit threshold for reporting differences remain appropriate.

Application of materiality

Our Annual Audit Plan explained that our audit procedures would be performed using a materiality of £1.5 million. We have considered whether any change to our materiality was required in light of the financial impact of the response to Covid-19 and we remain satisfied that the materiality values reported within our Annual Audit Plan remain appropriate.

Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations. Factors which we consider include the perspectives and expectations of users of the financial statements as well as our risk assessment as to the likelihood of material misstatements arising in the financial statements.

Overall Materiality	Performance Materiality	Reporting Threshold
£1.5 million	£1.13 million	£120,000
1% of the IJB’s net expenditure	Materiality at an individual account level	Level that we will report to committee

As we outline in our Annual Audit Plan, based on considerations around the expectations of financial statement users and qualitative factors, we apply lower materiality levels to the audit of the Remuneration Report and Related Party Transactions.





Our wider scope work was informed by the Midlothian LAN. The LAN concluded that no additional scrutiny requirements were identified and that no local scrutiny plan was required.

### Wider Scope audit

Our responsibilities extend beyond the audit of the financial statements. Our plan was informed by a shared risk assessment undertaken by a local area network (LAN), comprising representatives of all the scrutiny bodies who engage with the various councils. The LAN met on 1 March 2021 to discuss the 2021/22 shared risk assessment. The LAN concluded that no additional scrutiny requirements were identified and that no local scrutiny plan was required.

As a result of the nature of the IJB, our wider scope work requires significant allocation of resources in the audit. The Code requires auditors to provide judgements and conclusions on the four dimensions of wider scope public audit:

- ▶ Financial management;
- ▶ Financial sustainability;
- ▶ Governance and transparency; and
- ▶ Value for money.

Our Annual Audit Plan identified three areas of risk in relation to the wider scope dimensions:

- ▶ Continuing financial pressures, including the uncertainty about the longer term impact on the IJB and its partners as a result of Covid19;
- ▶ The need to demonstrate improvements in the pace of integration; and
- ▶ Demonstrating the achievement of value for money.

Our findings are summarised in Section 3 of this report.

### Best Value

Our Annual Audit Plan outlined a requirement to comment on how effectively the IJB demonstrates that it meets its Best Value responsibilities. We continue to consider the IJB's arrangements against guidance issued by Audit Scotland, *Auditing Best Value - Integration Joint Boards (March 2018)*. We outline our assessment for 2020/21 in Section 3 of this report.

## Looking ahead

### Independent Review of Adult Social Care

The delivery of social care support is currently the statutory responsibility of local government under the 1968 Social Work (Scotland) Act. The Scottish Government has a key role in setting policies and legislation on social care and therefore has a role in supporting improvement and ensuring positive outcomes for people across the country by having the right policy and legislation in place.

In February 2021 the *Independent Review of Adult Social Care* report (“the Feeley Review”) was published. It concluded that whilst there were strengths of Scotland’s social care system it needed revision and redesign to enable a step change in the outcomes for the people in receipt of care. The review provided a number of high level areas of focus:

- ▶ Ensuring that care is person-centred, human rights based, and is seen as an investment in society;
- ▶ Making Scottish Ministers responsible for the delivery of social care support, with the establishment of a National Care Service to deliver and oversee integration, improvement and best practices across health and social care services;
- ▶ Changing local IJBs to be the delivery arm of the National Care Service, funded directly from the Scottish Government;
- ▶ Nurturing and strengthening of the workforce; and
- ▶ Greater recognition and support for unpaid carers.

The Scottish Government launched a consultation on the review findings in August 2021. The outcomes of the review could have a significant impact on the work of the IJB, including accountability and funding arrangements.

### CIPFA Financial Management Code

In 2019, CIPFA launched the Financial Management Code (the FM Code) to provide guidance for good and sustainable financial management in local authorities. Strong financial management is an essential part of ensuring public sector finances are sustainable. The FM Code provides guidance for good and sustainable financial management and will provide assurance that authorities are managing resources effectively. It requires organisations to demonstrate that the processes they have in place satisfy the principles of good financial management. Complying with the standards set out in the FM Code is the collective responsibility of elected members, the chief finance officer and their professional colleagues in the leadership team.

By complying with the principles and standards within the FM Code authorities will be able to demonstrate their financial sustainability. The Code came into effect from April 2020, in recognition of the pressures facing local authorities, 2021/22 will be the first full compliance year. This allows authorities a shadow year to work towards full implementation.



# Financial Statements audit

## Introduction

The annual financial statements provide the IJB with an opportunity to demonstrate accountability for the resources that it has the power to direct, and report on its overall performance in the application of those resources during the year.

This section of our report summarises the audit work undertaken to support our audit opinion, including our conclusions in response to the significant and other risks identified in our Annual Audit Plan.

The plan highlighted one area that we identified as a fraud risk relating to the presumed risk of fraud in revenue and expenditure recognition, including through management override of controls. For the IJB, we consider this risk to manifest itself as an expenditure recognition risk.

## Compliance with Regulation

The Regulations were amended to allow the IJB to delay preparation of the financial statements. However, the draft financial statements were submitted for audit in line with planned timescales. The inspection notice was published in accordance with requirements.

The Local Authority Accounts (Scotland) Regulations 2014 set out the statutory requirements on the IJB to prepare financial statements, ensure their availability for public inspection and consideration by the board or a committee with an audit or governance remit. Schedule 6 of the Coronavirus (Scotland) Act 2020 allowed the IJB to postpone submitting the unaudited financial statements to auditors and publishing the audited financial statements until it was reasonably practicable to do so. Despite the pandemic, the Board complied with the regulations and the normal timescale concerning preparation, publication and approval of its annual financial statements. We received the unaudited financial statements on 18 June 2021, in line with planned timescales.

The inspection notice was published by Midlothian Council, on the IJB's behalf, on 22 June 2021, in line with the requirements of the Regulations. No objections were received in relation to the financial statements.

## Audit Outcomes

We have identified no adjusted audit differences arising from the audit. Our overall audit opinion is summarised on the following page.

# Our audit opinion

## Element of opinion

## Basis of our opinion

## Conclusions

### Financial statements

- ▶ Truth and fairness of the state of affairs of the IJB at 31 March 2021 and its income and expenditure for the year then ended
- ▶ Financial statements in accordance with the relevant financial reporting framework and 2020/21 Code

We report on the outcomes of our audit procedures to respond to the most significant assessed risks of material misstatement that we have identified, including our judgements within this section of our report. We did not identify any areas of material misstatement.

We are satisfied that accounting policies are appropriate and estimates are reasonable

We have considered the financial statements against Code requirements, and additional guidance issued by CIPFA and Audit Scotland.

We have issued an unqualified audit opinion on the 2020/21 financial statements of the IJB.

### Going concern

- ▶ We are required to conclude and report on the appropriateness of the use of the going concern basis of accounting

We conduct core financial statements audit work, including review and challenge of management's assessment of the appropriateness of the going concern basis

Wider scope procedures including the forecasts are considered as part of our work on financial sustainability.

In accordance with the work reported on page 13, we have not identified any material uncertainties.

### Other information

- ▶ We are required to consider whether the other information in the financial statements is materially inconsistent with other knowledge obtained during the audit

The Chief Finance Officer is responsible for other information, included in the financial statements.

We conduct a range of substantive procedures on the financial statements and our conclusion draws upon Review of committee and board minutes and papers, regular discussions with management, our understanding of the IJB and the wider sector.

We are satisfied that the Annual Report meets the core requirements set out in the Code of Practice on Local Authority Accounting.

### Matters prescribed by the Accounts Commission

- ▶ Audited part of remuneration report has been properly prepared.
- ▶ Management commentary / annual governance statement are consistent with the financial statements and have been properly prepared.

- ▶ Reviewing the content of narrative disclosures to information known to us.
- ▶ Our assessment of the Annual Governance Statement against the Delivering Good Governance Code.

We have issued an unqualified opinion.

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

We are required to report on whether:

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

We have no matters to report.

# Significant and fraud audit risks

## Risk of Fraud in expenditure recognition, including through management override of controls

What is the risk?	<p>As we outlined in our Annual Audit Plan, ISA (UK) 240 requires us to assume that fraud risk from income recognition is a significant risk. In the public sector, we extend our consideration to the risk of material misstatement by manipulation of expenditure.</p> <p>As there is no material judgement associated with the recognition of the IJB's funding from Midlothian Council and NHS Lothian, we have determined that the risk of revenue recognition does not materialise within this area.</p>
What judgements are we focused on?	<p>For expenditure we focus on the risk in relation to the existence and occurrence of expenditure incurred by the IJB in commissioning services from the partners. There may be judgement in the timing of the recognition of expenditure.</p>
What did we do?	<p>We undertake specific, additional procedures for income and expenditure streams where we identified a fraud risk. For 2020/21 our work included:</p> <ul style="list-style-type: none"> <li>▶ We challenged management on how the IJB gains assurance over the expenditure it incurs and the basis of payments it makes to its partner bodies to deliver commissioned services. Management present financial information to the IJB that clarifies the source of information provided by each of the IJB partners. Reports to the IJB at the year end also made clear that the year end outturn represented the approval by the IJB of the final expenditure incurred in commissioning services from Midlothian Council and NHS Lothian.</li> <li>▶ Review of additional revenue streams and cut-off testing for additional income received as a result of the Covid-19 outbreak.</li> <li>▶ As part of the year end process, the IJB obtained written confirmation statements from the Director of Finance at NHS Lothian and Section 95 Officer at Midlothian Council of the spend by the respective bodies on delivering services, and hence their request for payment from the IJB to cover those costs. We obtained a copy of those confirmations and agreed figures within the financial statement to source documentation.</li> <li>▶ We obtained independent confirmation from the appointed auditor at both Midlothian Council and NHS Lothian of the income and expenditure transactions recorded at their respective audited bodies. The confirmations agreed the income and expenditure amounts transacted in the year.</li> </ul>

### Our conclusions

Our testing has not identified any material misstatements relating to revenue and expenditure recognition. We did not identify any areas of significant estimation or judgement as part of our audit work in these areas.

### **Risk of management override**

Our Annual Audit Plan recognises that under ISA (UK) 240, management is considered to be in a unique position to perpetrate fraud in financial reporting because of its ability to manipulate accounting records directly or indirectly by overriding controls that otherwise appear to be operating effectively. We respond to this risk on every engagement.

### **Risk of Fraud**

- ▶ We considered the risk of fraud, enquired with management about their assessment of the risks of fraud and the controls to address those risks. We also updated and developed our understanding of the oversight of those charged with governance over management's processes over fraud.

### **Testing on Journal Entries**

- ▶ We tested the appropriateness of manual journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. We obtained all journals posted by management to record the transactions of the IJB, which are hosted on the Midlothian Council financial ledger. All of the journals for the IJB's transactions were posted at the year end and we reviewed all transactions in the course of our work.

### **Judgements and Estimates**

- ▶ We agreed with management's assessment that there are no material accounting estimates included in the financial statements. We confirmed the process for ensuring that there were no claims applicable to the IJB which required provision to be made as part of its participation in CNORIS (Clinical Negligence & Other Risks Indemnity Scheme).

### **Accounting Policies**

- ▶ We considered the consistency and application of accounting policies, and the overall presentation of financial information. We consider the accounting policies adopted by the IJB to be appropriate. There were no significant accounting practices which materially depart from what is acceptable under IFRS or the Code.

### **Our conclusions**

- ▶ We have not identified any material weaknesses in the design and implementation of controls around journal processing. We did not identify any instances of evidence of management override of controls.
- ▶ There was no disagreement during the course of the audit over any accounting treatment or disclosure and we encountered no significant difficulties in the audit.



# Going concern

Under the revised auditing standard, ISA 570, we are required to undertake greater challenge of management's assessment of going concern, including testing of the adequacy of the supporting evidence we obtained.

In accordance with the CIPFA Code of Practice on Local Government Accounting, the IJB prepares its financial statements on a going concern basis unless informed by the Scottish Government of the intention for dissolution without transfer of services or function to another entity. CIPFA bulletin 05 (issued at closure of the 2019/20 financial statements) states that while there is likely to be a significant impact of Covid-19 on local authority financial sustainability, the rationale for the going concern basis of reporting has not changed.

However, under the revised auditing standard, ISA 570, we are required to undertake greater challenge of management's assessment of going concern, including testing of the adequacy of the supporting evidence we obtained. In light of the unprecedented nature of Covid-19, its impact on the funding of public sector entities and uncertainty over the form and extent of government support, we placed increased focus on management's assertion regarding the going concern basis of preparation in the financial statements, and particularly the need to report on the impact of financial pressures on the IJB and its financial sustainability. Management's going concern assessment and associated disclosures cover the 12 month period from the date of approval of the financial statements, including the expected impact on the Five Year Financial Plan.

The IJB received confirmation that the Scottish Government would meet all additional costs and unachieved savings associated with the pandemic. Further funding was also confirmed in February 2021 to provide additional support for winter pressures and ongoing costs. As a result, the funding exceeded the additional costs of Covid-19, and the balance has therefore been transferred to the IJB's reserves. This financial support has reduced the financial risk and uncertainty during the going concern period.

The IJB continues to prepare and submit mobilisation plans to the Scottish Government to reflect the expected impact on the financial position in 2021/22. The Integration Scheme sets out the process to be followed should the IJB overspend in any financial year. Where an unexpected overspend is likely, the Chief Officer should agree corrective action to mitigate the overspend. Where this does not resolve the gap, agreement must be made between the partners, to agree a recovery plan to balance the budget. Where this is unsuccessful and the IJB overspends at the year end, partners provide a voluntary additional one-off payment to reflect the level of overspend.

The IJB has therefore concluded that there are no material uncertainties around its going concern status and ultimately any costs will be met by the IJB's partners in line with the terms of the Integration Scheme.

## Our conclusions

- ▶ We are satisfied that the IJB remains a going concern.
- ▶ We have worked with management to enhance the going concern disclosures within the financial statements.

# Best Value and Wider Scope dimensions

Our wider scope audit work, and the judgements and conclusions reached in these areas, contribute to the overall assessment and assurance on the achievement of Best Value on page 25.

## Introduction

We are required to reach conclusions in relation to the effectiveness and appropriateness of the IJB's arrangements for the four wider scope audit dimensions, and draw upon these assessments to form conclusions on the IJB's ability to demonstrate Best Value in its activities. During 2021/22 we worked with the IJB to self-assess arrangements against Audit Scotland's guidance on Best Value for IJBs. While this work is ongoing as part of a wider programme of self-evaluation, we have drawn upon this work to form a view on how effectively the IJB can demonstrate that it meets its Best Value responsibilities. The results of this assessment are outlined on page 25.

We apply our professional judgement to risk assess and focus our work on each of the wider scope dimensions. In doing so, we draw upon conclusions expressed by other bodies including the IJB's internal auditors and the Care Inspectorate, along with national reports and guidance from regulators and Audit Scotland. For each of the dimensions, we have applied a RAG rating, which represents our assessment on the adequacy of the IJB's arrangements throughout the year, as well as the overall pace of improvement and future risk associated with each dimension.

## The Wider Scope dimensions

### Financial Management:

- Considers the effectiveness of financial management arrangements, including financial capacity and resources, sound budgetary processes and whether the control environment and internal controls are operating effectively.

### Financial Sustainability:

- Considers the medium and longer term outlook to determine if financial planning is effective in supporting service delivery.

### Governance and Transparency:

- Considers the effectiveness of scrutiny and governance arrangements and the transparent reporting of financial and performance information.

### Value for Money

- Considers whether value for money can be demonstrated in the use of resources and the focus on continuous improvement.



# Financial Management

We are satisfied that the core financial management arrangements established by the IJB are appropriate, including the financial monitoring reporting to the Board. The IJB has recognised a requirement to demonstrate compliance with the CIPFA Financial Management code by 1 April 2021.

Significant uncertainty about funding was eased when the IJB received confirmation that the Scottish Government would fund all of the additional costs related to the pandemic. The level of general fund reserves has significantly increased as a result of additional allocations from the Scottish Government related to anticipated Covid-19 costs. These reserves have mostly been earmarked to meet the future costs of Covid-19, however the general uncommitted reserve has also increased significantly at the yearend to £4.7 million (2020: £3 million).

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## Financial Outturn

The IJB's financial outturn has been significantly impacted by the global pandemic. The IJB has continued to work with partners to submit mobilisation returns to the Scottish Government. Additional costs related to financial sustainability payments to social care providers and the staffing implications of sickness, shielding and requirements to self-isolate. Scottish Government has provided funding of £10 million for Covid-19 costs, which allowed £5.5 million of funding to be carried forward to meet additional costs in 2021/22.

The IJB's financial monitoring reports (Exhibit 1) note that as a result of the additional funding, an underspend in the provision of services of £8.372 million was recorded (2019/20: £0.743 million). Underspends were recorded against all areas of the budget, with the exception of set aside services, and were transferred to reserves.

**Exhibit 1: As a result of allocations from the Scottish Government, the IJB recorded a significant underspend against budget in 2020/21**

	Budget £'000	Expenditure £'000	(Underspend) / Overspend £'000
Local Health Services	76,001	69,132	(6,869)
Hosted Health Services	25,387	25,105	(282)
Set Aside	19,000	19,029	29
Social Care	44,985	43,735	(1,250)
<b>TOTAL</b>	<b>165,373</b>	<b>157,001</b>	<b>8,372</b>

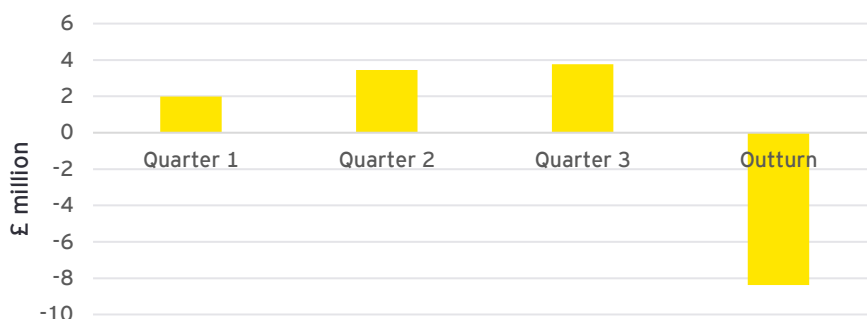
Source: Midlothian IJB 2020/21 Financial Statements

### Financial Monitoring throughout the pandemic

The IJB worked closely with partners to set an indicative budget in March 2020, which was subsequently formalised in April 2020. The budget setting process recognised the challenging financial climate facing both partners before the impact of Covid-19 was known and the resulting financial gap. As a result, the delivery of a balanced budget relied upon significant savings to be delivered in 2020/21, estimated at £1.8 million.

The IJB prepares its financial statement and budget monitoring reports by consolidating financial data from its partners, Midlothian Council and NHS Lothian. The IJB receives quarterly financial update reports through the year. High level financial performance information is provided with supporting commentary on key areas of movement. As Exhibit 2 notes, the financial forecasts presented to the Board reflected the level of uncertainty facing the IJB prior to confirmation of Scottish Government funding to support Covid costs.

**Exhibit 2: The IJB predicted significant overspends throughout the financial year until additional funding from the Scottish Government was confirmed**



Source: Financial Monitoring Reports to the IJB 2020/21

Additional costs identified throughout the year included staffing costs associated with sickness or self-isolation absence, extra beds within the Midlothian Community Hospital, additional community nursing and higher supplies costs. The IJB continued to work with partners to submit mobilisation plans to the Scottish Government, which included estimates of the financial impact of the pandemic. These reflected the difficulty in delivering planned financial recovery actions and the costs of non-achievement of savings were therefore met by the Scottish Government. There remains uncertainty about the extent of any future governmental support.

## IJB Reserves Policy

Like other IJB's, general reserves have increased significantly in 2021/22. Unearmarked balances held as contingency for the future totalled £3 million.

During 2019/20, the IJB reviewed its Reserves Strategy to ensure that it continues to reflect the risk profile and priorities of the organisation. The IJB considered that a Reserves Strategy of 2% of expenditure (around £2.8 million) continued to be appropriate. The IJB was able to achieve the target level in 2019/20, but recognised that uncertainty remained in relation to funding for the response to Covid-19.

Like other IJBs, the level of general fund reserves has significantly increased as a result of additional allocations from the Scottish Government related to anticipated Covid-19 and winter planning costs. The IJB reserves increased to £12.993 million in 2020/21 (2020: £4.621 million). These reserves have mostly been earmarked to meet the future costs of Covid-19, however the general uncommitted reserve has also increased significantly at the yearend to £4.721 million (2020: £3.004 million). The value of reserves is subject to annual review as part of the IJB's budget and strategic planning.

## CIPFA financial management code

In 2019, CIPFA launched the Financial Management Code ("the FM Code") to provide guidance for good and sustainable financial management in local authorities. The FM Code provides guidance for good and sustainable financial management and will provide assurance that authorities are managing resources effectively. It requires organisations to demonstrate that the processes they have in place satisfy the principles of good financial management.

The FM Code came into effect from April 2020, however 2021/22 will be the first full compliance year. The IJB has not yet adopted or self assessed compliance against the FM Code and there is therefore a risk that the IJB will not be able to demonstrate full compliance by the deadline. This has been identified as an area for improvement within the IJB's Annual Governance Statement.

# Financial Sustainability

While work has continued to develop a robust Medium Term Financial Plan, current planning continues to identify a significant budget gap in the medium term. Reporting to the Board on savings programmes should be reinstated to ensure that members have early visibility of financial pressures.

Work is underway to support the development of the updated Strategic Plan. An Interim Workforce Plan notes national concerns relating to recruitment and retention of staff in health and social care, and local difficulties in relation to a shortage of GPs and age profile of District Nurses.

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## Medium Term Financial Plan

The IJB considered the annual update of the Medium Term Financial Plan (MTFP) in December 2020. As we noted in 2019/20, further work is required to prepare a MTFP which demonstrates a balanced budget over the life of the Strategic Plan.

Refer to Appendix D, Recommendations 1 and 2: The process to update the MTFP is underway but in our view, reporting on the progress of savings programmes should be reinstated to ensure that the Board has early visibility of financial pressures.

As Exhibit 2 highlights, significant budget gaps were identified for each year of the plan, rising to £11.1 million in 2023/24. The quarterly monitoring reports stopped reporting on the progress of savings as a result of the impact of the pandemic in 2020/21. However, this reporting would allow the board to have visibility over areas which are behind expectations and the resulting financial pressures.

**Exhibit 2: The current MTFP projects a shortfall in funding for the 5-year period 2020/21 to 2024/25 estimated at over £29 million**

Projections	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
Expenditure	137.429	140,526	144,300	148.185	152.183
Funding	(137,429)	(136,682)	(138.122)	(139.597)	(141.108)
Shortfall	-	3.844	6.178	8.588	11.075

Source: Midlothian IJB MTFP, December 2020

## Mobilisation Plans

As part of the Scottish Government's response to Covid-19, the IJB worked with partners to submit mobilisation plans, outlining the immediate and medium-term financial impact. The most recent mobilisation plan was submitted by the IJB in July 2021 and forecast additional costs of £6.2 million, including costs incurred during 2020/21 of £4.5 million.

The Scottish Government provided £10 million of funding in 2020/21. This reflected the funding requested within the IJB's Local Mobilisation Plan submission and a further £3.8 million in respect of winter planning and ongoing Covid related cost pressures.

## Strategic Planning

Under the Public Bodies (Joint Working) (Scotland) Act 2014, the Health and Social Care Partnership is required to publish a new Strategic Plan in 2022. The IJB commenced its review of the current Strategic Plan late in 2020. A series of key steps have been undertaken to date, including approval of the proposed vision and values, and updated strategic objectives for 2022-25. This allowed the Strategic Planning Group and local Planning Groups to begin consultation and engagement with stakeholders to inform the drafting of the updated plan. An updated Joint Needs Assessment is scheduled to be complete by end August 2021.

The first draft of the revised plan is expected to be considered by the IJB in December 2021, to allow public consultation to inform the final version, due in April 2022. The IJB has also continued to work with partners, including contributing to the Lothian Strategic Development Framework, to learn lessons from the global pandemic, and ensure that they plan for the longer term impact of Covid-19.

## Workforce Planning

The IJB has considered an interim Workforce Plan 2021/22 to support service delivery and financial planning. The plan was submitted to the Scottish Government in April 2021 and reflects the significant participation and engagement with staff groups. The plan focuses on:

- ▶ National concerns in relation to the recruitment and retention of health and social care staff;
- ▶ The expected workforce impact of Covid-19 in the short term, including the vaccination programme and managing sickness absence/self-isolation rates particularly in social care staffing;
- ▶ The need to respond to requirements of long Covid, including additional staffing in rehabilitation services such as occupational therapy and physiotherapy; and
- ▶ The need to reflect local concerns in relation to low GP numbers and the age profile of specific groups, including District Nurses.

All Health and Social Care Partnerships are required to submit 3-year Workforce Plans to the Scottish Government by 31 March 2022. Work is underway to map out the medium-term needs of the workforce, including rebalancing a lack of professional social work support caused by recruitment difficulties.

# Governance and Transparency

The key features of good governance at the IJB are in place and operating effectively, and remained so throughout 2020/21 despite the impact of lockdown arrangements. A self-assessment of the effectiveness of the Audit Committee highlighted minor development areas, which will be addressed in 2021/22. The IJB has disclosed areas for further improvement within the Annual Governance Statement.

Work to update the Integration Scheme remains ongoing and is scheduled to be completed by the end of the calendar year following delays to the initial review timetable due to Covid-19.

## Local Code of Corporate Governance

The IJB complies with the CIPFA framework for *Delivering Good Governance in Local Government*, in the preparation of its Annual Governance Statement (AGS). The AGS reports on the effectiveness of the governance framework throughout the financial year, and key areas of improvement for 2021/22 including:

The AGS demonstrates good practice in reporting on progress against priority improvement actions for the IJB.

- ▶ Demonstrating links within the updated Strategic Plan to local and national objectives and alignment of Directions and Action Plans;
- ▶ Updating the Financial Strategy to address significant deficits indicated in the Medium Term Financial Plan 2020/21 - 2024/25;
- ▶ Demonstrating compliance with the CIPFA Financial Management Code by 1 April 2022;
- ▶ Further developing the Performance Management Framework to define and align performance measures to key priorities and outcomes of the Strategic Plan; and
- ▶ Developing a 3 year Workforce Plan which is aligned to the updated Strategic Plan.

We reviewed the AGS against the required guidance and we were satisfied that it was consistent with both the governance framework and key findings from relevant audit activity. As part of the audit process we did, however, work with management to ensure that disclosures met the requirements of *CIPFA Bulletin 06: Annual Governance Statements 2020/21*.

## Covid-19 governance arrangements

Like all other public bodies in Scotland, the IJB moved to revised governance arrangements at the beginning of the UK lockdown period. The IJB met virtually throughout the financial year. We noted that the Chief Officer reports on any decisions taken under delegation of powers. We were satisfied that the board maintained its schedule of business and attendance well throughout the pandemic.

The IJB's internal audit assurance report provides substantial assurance in respect of risk management, governance and internal control.

## Annual Assurance Report

The annual internal audit assurance report opinion and conclusion notes that Midlothian Health and Social Care Integration Joint Board's governance arrangements, risk management and systems of internal control are operating satisfactorily. Improvements made by management during the year have been hindered by the effects of dealing with the significant ongoing challenges presented by the Covid-19 pandemic.

Work conducted by internal audit to follow up previous recommendations found that a number of actions had been delayed as a result of the focus on the pandemic. An updated report will be provided to the Audit Committee in December 2021.

The IJB's own assessment of the effectiveness of governance arrangements acknowledges the ongoing work to address governance development areas, but concludes that the internal control environment provides reasonable and objective assurance that significant risks would be identified and mitigated. We were satisfied that the statement met the requirements and was materially consistent with both the governance framework and key findings from relevant audit activity.

## Audit Committee arrangements

In June 2021, the Audit and Risk Committee considered its annual assurance report. The report notes that the work of the Audit and Risk Committee provides assurance to the IJB in relation to a range of governance issues, including risk management and the effectiveness of internal control. Members of the Audit and Risk Committee conducted a self-assessment against CIPFA's 'Good Practice Principles Checklist' and 'Evaluation of Effectiveness Toolkit' in April 2021.

The self-assessment identified a number of areas of improvement to fulfil its remit more effectively, including:

- ▶ Using the Knowledge and Skills Framework to inform Committee Members' learning and development needs;
- ▶ Obtaining feedback on its performance from those who interact with the Committee; and
- ▶ The publication of an annual report (prepared in June 2021) to account for its performance and explain its work.

Partners have arrangements in place to update the IJBs integration scheme and submit to the Scottish Government for approval.

### Integration scheme review

Legislation requires that the Integration Scheme which governs the operations of the IJB is reviewed by the partners at least every five years. A review was scheduled to have been concluded by June 2020, and had begun at March 2020. Due to the impact of Covid-19 the review was not completed with Council and NHS resources prioritised for addressing the pandemic.

The current Integration Scheme will remain in place until the review process is completed and changes are approved by Scottish Ministers. An Integration Scheme oversight group has been established across the partners in Lothian with a timetable for review targeting draft proposals to the partner bodies in October and formal submission of the updated scheme to the Scottish Government by the end of 2021.

In the longer term, the Integration Scheme will have to be reconsidered to reflect the likely requirements of the Independent Review of Adult Social Care, and in particular the support services that the IJB will require from its partners.



# Value for Money

The IJB exercised powers granted by the Coronavirus (Scotland) Act 2020 regarding the delayed publishing of the Annual Performance Report for 2020/21.

Work is underway to improve the quality of performance reporting, and the IJB has recently agreed to establish a performance sub-group to support improved scrutiny arrangements.

The IJB has highlighted good progress within its analysis of performance against key improvement targets. Revised targets have been established.

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## Annual Performance Report

The IJB expected to be able to produce the Annual Performance Report by the normal statutory deadline of July 2021. However, as a result of concerns about the accuracy of data provided externally, the IJB exercised the powers granted to public authorities under the Coronavirus (Scotland) Act 2020 regarding the delayed publishing of the Annual Performance Report for 2020/21. The report is now expected to be published in September 2021.

## Performance Monitoring

In February 2019, the IJB established improvement goals to allow it to monitor key indicators against the progress of the Strategic Plan. The improvement goals focus on reducing unscheduled hospital activity and shifting the balance of care, including use of institutional care. They are based on goals recommended by the Scottish Government Ministerial Strategic Group for Health and Community Care.

A number of the IJB performance goals milestone target dates fell within the pandemic period. As a result, the IJB reviewed the improvement goals in April 2021. The review highlighted that a number of key indicators were achieved, including:

- ▶ The target to reduce Mental Health Long Stay Occupied Bed Days by 10% by April 2020 compared with 2017/18;
- ▶ Achieving a reduction in Delayed Discharge Occupied Bed Days by 20% by April 2020 (actual reduction was 44%); and
- ▶ Increasing the proportion of people over the age of 65 who are living in the community. Performance against this goal improved to 96.6%.

For a range of other indicators, the impact of the pandemic is not yet known, for example a short term reduction in Emergency Department attendances.

The IJB has also outlined planned improvements to performance reporting, including the introduction of dashboard visual reporting of performance against target.

The IJB has invested in improvements in performance reporting and analysis in 2021/22.

### Performance Management

In August 2021, the IJB agreed to allocate additional resource to improve the quality of performance reporting and analysis available to the board. The IJB approved the recruitment of a Programme Manager and Data Analyst to allow greater focus to be given to evaluate the impact of the Strategic Plan and Directions. We consider this to be a key step to allow the IJB to demonstrate that it is achieving Best Value.

The IJB has also agreed to the establishment of a Performance sub-group to allow additional scrutiny of current operational performance and inform the IJB's future strategic planning.

# Best Value: Our assessment

The IJB has established a significant programme of self-evaluation to inform the development of a revised Strategic Plan. A full consideration against Best Value criteria will be facilitated in October 2021.

We have drawn upon our wider scope work to conclude on the IJB's approach to Best Value. We note that the Board has continued to demonstrate strong partnership working and improved performance throughout the pandemic. As a result of the planned improvements to self evaluation and learning from others, we are satisfied that the IJB has established effective arrangements to allow it to demonstrate that it meets its Best Value responsibilities.

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## Best Value Self Assessment

As auditors to the IJB, we are required to comment on how effectively, in our view, the IJB demonstrates that it meets its Best Value responsibilities to the Board. As part of our annual audit plan, we indicated that we would support the IJB's work to conduct a self-assessment against guidance issued by Audit Scotland in March 2018, *Auditing Best Value - Integration Joint Boards*. The self-assessment includes consideration of:

- ▶ How the IJB is demonstrating the impact of integration;
- ▶ The effectiveness of plans in improving the outcomes for local people;
- ▶ How the integration partners are working together to deliver integration reform; and
- ▶ The overall pace and scale of change.

The IJB has, however, established a programme of self-evaluation, *Matter of Focus*. This recognises that the partnership oversees very complex systems, and is responsible for the care of individuals with very complex needs. As a result, work is underway to enhance the data and analysis that is currently possible to achieve from performance monitoring systems, by bringing together data from NHS Lothian and Midlothian Council. The Improvement Service has been engaged to support the self-evaluation at board level, although work is underway to tailor their approach to the IJB and its needs.

Eight workshops will be held with board members in October 2021 to analyse performance against the Strategic Plan in greater detail, which will include consideration of value for money. The IJB has therefore elected to use these sessions to conduct a facilitated self-assessment against the questions in the Best Value guidance.

### Forming our judgement

In forming this judgement, we have drawn upon the work conducted in response to our wider scope responsibilities, and specifically:

- ▶ Our consideration of the IJB's financial planning processes;
- ▶ Governance arrangements, including monitoring reports on the use of resources and scrutiny arrangements;
- ▶ Our assessment of performance reporting to the board, and to the public via the Annual Performance Report 2020/21;
- ▶ The IJB's self-assessment arrangements, including its arrangements to learn from others, and planned work to review strategic objectives against current performance; and
- ▶ The ability of the IJB to direct change to deliver its Strategic Plan through the level of integration and the effectiveness of Directions.



# Appendices

A - Code of Audit Practice: responsibilities

B - Independence and audit quality

C - Required communications with the audit committee

D - Follow up of prior year recommendations

E - Timing and deliverables of the audit

# Appendix A: Code of Audit Practice Responsibilities

## Audited Body's Responsibilities

### Corporate Governance

Each body, through its chief executive or accountable officer, is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies should involve those charged with governance (including audit committees or equivalent) in monitoring these arrangements.

### Financial Statements and related reports

Audited bodies must prepare an annual report and accounts containing financial statements and other related reports. They have responsibility for:

- ▶ preparing financial statements which give a true and fair view of their financial position and their expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation.
- ▶ maintaining accounting records and working papers that have been prepared to an acceptable professional standard and support their financial statements and related reports disclosures.
- ▶ ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority.
- ▶ maintaining proper accounting records.
- ▶ preparing and publishing, along with their financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report that are consistent with the disclosures made in the financial statements. Management commentary should be fair, balanced and understandable and also clearly address the longer-term financial sustainability of the body.
- ▶ Management, with the oversight of those charged with governance, should communicate clearly and concisely relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework.

Audited bodies are responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of their objectives and safeguard and secure value for money from the public funds at their disposal. They are also responsible for establishing effective and appropriate internal audit and risk-management functions.

### Standards of conduct / prevention and detection of fraud and error

Audited bodies are responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption and also to ensure that their affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.

### Standards of conduct / prevention and detection of fraud and error

Audited bodies are responsible for putting in place proper arrangements to ensure that their financial position is soundly based having regard to:

- ▶ such financial monitoring and reporting arrangements as may be specified
- ▶ compliance with any statutory financial requirements and achievement of financial targets
- ▶ balances and reserves, including strategies about levels and their future use
- ▶ how they plan to deal with uncertainty in the medium and longer term
- ▶ the impact of planned future policies and foreseeable developments on their financial position.

### Best Value

Local authority bodies have a statutory duty, under the Local Government (Scotland) Act 1973 and associated statutory guidance, to make arrangements to secure best value through the continuous improvement in the performance of their functions.

# Appendix B: Independence and audit quality

Professional ethical standards, and the Terms of our Appointment, require us to communicate all significant facts and matters that have a bearing on EY's objectivity and independence as auditor of the IJB.

## Matters that we are required to communicate

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY), its directors and senior management and affiliates, and you, including all services provided by us and our network to you, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2020 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

## Confirmations

We are not aware of any inconsistencies between IJB's policy for the supply of non audit services and FRC Ethical Standard. We are not aware of any apparent breach of that policy.

We confirm that, in our professional judgment, Ernst & Young is independent, our integrity and objectivity is not compromised and we have complied with the FRC Ethical Standard.

We confirm that your engagement team (partners, senior managers and managers and all others involved with the audit) and others within the firm, the firm and network firms have complied with relevant ethical requirements regarding independence.

## Audit Fees

	2020/21	2019/20
<b>Component of fee:</b>		
<b>Total agreed auditor remuneration *</b>	<b>£18,850</b>	<b>£20,100</b>
<b>Audit Scotland fixed charges:</b>		
Pooled costs	£1,790	£1,790
Performance audit and best value	£5,650	£5,360
Audit support costs	£1,040	£1,110
<b>Total fee</b>	<b>£27,330</b>	<b>£28,360</b>

\* The expected fee for each body is a range set centrally by Audit Scotland, which assumes that it has sound governance arrangements in place and operating effectively throughout the year, prepares comprehensive and accurate draft financial statements and supporting schedules, and meets the agreed timetable for the audit. It also assumes there is no major change in respect of the scope of work in the year and an unqualified audit opinion resulting from the audit.

Matters that we are required to communicate

International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor's report or opinion is appropriate in the circumstances.

The EY 2020 UK Transparency Report can be accessed on our website at [https://www.ey.com/en\\_uk/who-we-are/transparency-report-2020](https://www.ey.com/en_uk/who-we-are/transparency-report-2020). This material is published to provide a timely and relevant source of information about EY in general, and our audit business in particular. This includes our Audit Quality Report.

The disclosures are extensive. For example, they explain our outlook and how we are structured and governed, including the role of our Independent Non-Executives and how we apply the requirements of the UK's Audit Firm Governance Code. We refer to the quality of our audits and our commitment to recruiting, developing and diversifying our people and talent pool. We also explain how we manage our risks and remain innovative and technologically advanced in what we do and how we do it.

Maintaining high audit quality across all of our engagements is of paramount importance to us. Our transformational Audit Quality Programme continues and is a part of the global EY Sustainable Audit Quality Programme (SAQ).

Our Audit Quality Board (AQB) continues to oversee all matters relating to audit quality and sets the agenda for the Audit Quality programme. The AQB meets monthly and also holds an annual strategy session. The AQB reports to the EY UK Board. The AQB receives regular updates on regulatory matters, results of internal and external reviews, results of root cause analysis, resourcing, the SAQ programme and pursuit approvals, as well as a comprehensive dashboard on quality measures.

Our Audit Quality Support Team (AQST), which started within the SAQ programme, reviews 40 to 50 audits each audit cycle providing challenge and guidance to the engagement teams. These are in-depth reviews carried out by experienced auditors independent of the audit team. AQST reviews enhance the quality of both the audit under review and other audits on which team members apply the lessons learned. The AQST has now become a business-as-usual function.

Audit Quality Framework / Annual Audit Quality Report

Audit Scotland's Appointments and Assurance Team are responsible for applying the new Audit Quality Framework across all financial audits and performance and Best Value audits. This covers the quality of audit work undertaken by Audit Scotland staff and appointed firms. The team are independent of audit delivery and provide assurance on audit quality to the Auditor General and the Accounts Commission.

We support Audit Scotland in their commitment to reporting on audit quality through responding to requests for information and providing the results of internal quality reviews undertaken in respect of relevant public sector audits in Scotland.

The most recent audit quality report which covers our work at the IJB since appointment can be found at: <https://www.audit-scotland.gov.uk/report/quality-of-public-audit-in-scotland-annual-report-202021>



# Appendix C: Required communications

Required communication	Our reporting to you
<b>Terms of engagement / Our responsibilities</b> <p>Confirmation by the audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.</p> <p>Our responsibilities are as set out in our engagement letter.</p>	<p>Audit Scotland Terms of Appointment letter – audit to be undertaken in accordance with the Code of Audit Practice</p>
<b>Planning and audit approach</b> <p>Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.</p> <p>When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.</p>	<p>Annual Audit Plan</p>
<b>Significant findings from the audit</b> <ul style="list-style-type: none"> <li>▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>▶ Significant difficulties, if any, encountered during the audit</li> <li>▶ Significant matters, if any, arising from the audit that were discussed with management</li> <li>▶ Written representations that we are seeking</li> <li>▶ Expected modifications to the audit report</li> <li>▶ Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	<p>Annual Audit Plan</p> <p>Annual Audit Report</p>
<b>Going concern</b> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty related to going concern</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The appropriateness of related disclosures in the financial statements</li> </ul>	<p>Annual Audit Report</p>
<b>Misstatements</b> <ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>▶ The effect of uncorrected misstatements related to prior periods</li> <li>▶ A request that any uncorrected misstatement be corrected</li> <li>▶ Corrected misstatements that are significant</li> <li>▶ Material misstatements corrected by management</li> </ul>	<p>Annual Audit Report</p>
<b>Fraud</b> <ul style="list-style-type: none"> <li>▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▶ A discussion of any other matters related to fraud</li> </ul>	<p>Annual Audit Report</p>

Required communication	Our reporting to you
<p><b>Related parties</b></p> <p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>▶ Non-disclosure by management</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures</li> <li>▶ Non-compliance with laws and regulations</li> <li>▶ Difficulty in identifying the party that ultimately controls the entity</li> </ul>	<p>No significant matters have been identified.</p>
<p><b>Independence</b></p> <p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>▶ The principal threats</li> <li>▶ Safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul>	<p>Annual Audit Plan</p> <p>This Annual Audit Report - Appendix B</p>
<p><b>Internal controls</b></p> <p>Significant deficiencies in internal controls identified during the audit</p>	<p>This Annual Audit Report - no significant deficiencies reported</p>
<p><b>Subsequent events</b></p> <p>Where appropriate, asking the audit committee whether any subsequent events have occurred that might affect the financial statements.</p>	<p>We have asked management and those charged with governance. We have no matters to report.</p>
<p><b>Consideration of laws and regulations</b></p> <ul style="list-style-type: none"> <li>▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off</li> <li>▶ Enquiry of the audit, risk and governance committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Committee may be aware of</li> </ul>	<p>Annual Audit Report or as occurring if material.</p>
<p><b>Material inconsistencies</b></p> <p>Material inconsistencies or misstatements of fact identified in other information which management has refused to revise</p>	<p>This Annual Audit Report</p>

# Appendix D: Prior Year Action Plan

This action plan summarises specific recommendations included within the 2019/20 Midlothian IJB Annual Audit Report. We have graded these findings according to our consideration of their priority for the IJB or management to action.

## Classification of recommendations

**Grade 1:** Key risks and / or significant deficiencies which are critical to the achievement of strategic objectives. Consequently management needs to address and seek resolution urgently.

**Grade 2:** Risks or potential weaknesses which impact on individual objectives, or impact the operation of a single process, and so require prompt but not immediate action by management.

**Grade 3:** Less significant issues and / or areas for improvement which we consider merit attention but do not require to be prioritised by management.

No	Findings and recommendation	Management response	Our Assessment in 2020/21
1	<p>We note that the IJB was unable to deliver all the planned transformational savings in 2019/20.</p> <p>The ability to deliver services differently, in line with the Directions, will be key to the success of the Strategic Plan.</p> <p>The IJB should ensure that review mechanisms are in place to track the delivery of planned improvements and savings.</p> <p style="text-align: right;"><i>Grade 1</i></p>	<p>The savings planned for 2019/20 were challenging given the increasing demographics and demand for services. Although not all savings delivered in full the target was met in year and reported to the IJB. Ongoing monitoring of savings will continue and be reported routinely to the IJB.</p> <p><b>Responsible officer:</b> Chief Finance Officer</p> <p><b>Implementation date:</b> March 2020</p>	<p>The impact of the pandemic meant that the IJB was unable to report upon the savings programme.</p> <p>Audit Assessment: <b>Not yet complete</b></p>
2	<p>The impact of the Covid-19 global pandemic has meant that the 5 Year Financial Plan now needs to be updated and reviewed. There remains uncertainty about the level of financial support that will be available from the Scottish Government.</p> <p>The IJB must review the 5 Year Financial Plan, and Strategic Plan to respond to the impact of the global pandemic. This should include an assessment about the appropriateness of the Reserves Policy.</p> <p style="text-align: right;"><i>Grade 1</i></p>	<p>The 5 Year Financial Plan is currently being updated and as part of this will consider the Reserves Policy. The Directions are also being considered at the Strategic Planning Group for the impact of the pandemic.</p> <p><b>Responsible officer:</b> Chief Finance Officer /Integration Manager</p> <p><b>Implementation date:</b> March 2020</p>	<p>The 5 Year Financial Plan was considered by the Board in December 2020. Further work has commenced to review the MTFP in light of ongoing Covid-19 costs and the impact on partners.</p> <p>Audit Assessment: <b>In progress</b></p>

## Classification of recommendations

**Grade 1:** Key risks and / or significant deficiencies which are critical to the achievement of strategic objectives. Consequently management needs to address and seek resolution urgently.

**Grade 2:** Risks or potential weaknesses which impact on individual objectives, or impact the operation of a single process, and so require prompt but not immediate action by management.

**Grade 3:** Less significant issues and / or areas for improvement which we consider merit attention but do not require to be prioritised by management.

No	Findings and recommendation	Management response	Our Assessment in 2020/21
3	<p>The IJB has not yet conducted a self-assessment against guidance issued by Audit Scotland in March 2018, <i>Auditing Best Value - Integration Joint Boards</i>.</p> <p>The IJB should conduct a self-assessment against Best Value guidance to allow it to demonstrate to the Board key requirements are in place.</p> <p style="text-align: right;"><i>Grade 2</i></p>	<p>Work in this area has started but has been paused due to supporting the response to the pandemic. We will look to undertake this at a future Audit &amp; Risk Committee.</p> <p><b>Responsible officer:</b> Chief Finance Officer</p> <p><b>Implementation date:</b> March 2020</p>	<p>As we note within Section 4 of this report, the self assessment is underway as part of a wider programme of self-evaluation.</p> <p>Audit Assessment: <b>In progress</b></p>

# Appendix E: Timing and deliverables of the audit

We deliver our audit in accordance with the timeline set by the IJB, in accordance with guidance from Audit Scotland. Below is a timetable showing the key stages of the audit and the deliverables through the 2020/21 audit cycle.



Audit Activity	Deliverable	Timing
<ul style="list-style-type: none"><li>Audit planning; setting scope and strategy for the 2020/21 audit</li><li>LAN meetings held with other scrutiny partners</li></ul>	Annual Audit Plan	March 2021
<ul style="list-style-type: none"><li>Year-end substantive audit fieldwork on unaudited financial statements</li></ul>	Audit clearance meeting	August 2021
<ul style="list-style-type: none"><li>Conclude on results of audit procedures</li><li>Issue opinion on the IJB's financial statements</li></ul>	<div>Certify Annual Financial Statements</div> <div>Issue Annual Audit Report</div>	September 2021

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# Midlothian Integration Joint Board Audit and Risk Committee



**2nd September 2021 – 2pm**

## **2020/21 Audited Annual Accounts**

**Item number: 5.3**

### **Executive summary**

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*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, this committee will then recommend the annual accounts to the IJB.*

*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:**

*Having noted the report of the independent auditor recommend the 2020/21 annual accounts to the IJB.*



## 2020/21 Audited Annual Accounts

### 1 Purpose

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- 1.1 The IJB has prepared annual accounts for the financial year 2020/21; 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

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- 2.1 As a result of this report Members are being asked to:-
- Note the report of the independent auditor
  - Recommend the 2020/21 annual accounts to the IJB

### 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 authorisation of the annual accounts to the IJB.
- 3.3 Having recommended the Annual Accounts to the IJB, these will be formally signed at the meeting of the IJB on the meeting of 9 September 2021.
- 3.4 A statement of assurance is attached from the preceding Chief Financial Officer who was in post during the period the accounts cover.
- 3.5 The Annual Accounts (unsigned) are attached to this report.

### 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 There are no implications on directions from this report.

## 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 There are no resource implications from this report.

## 8 Risk

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

## 9 Involving people

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

## 10 Background Papers

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10.1 None.

<b>AUTHOR'S NAME</b>	David King
<b>DESIGNATION</b>	Interim Chief Finance Officer
<b>CONTACT INFO</b>	<a href="mailto:David.King4@nhslothian.scot.nhs.uk">David.King4@nhslothian.scot.nhs.uk</a>
<b>DATE</b>	September 2021

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### Appendices:

**Appendix 1 – 2020/21 Annual Accounts**

**Appendix 2 – Letter of Assurance from previous Chief Finance Officer**





## **Midlothian Integration Joint Board Annual Accounts 2020/21**

The Annual Accounts of Midlothian Integration Joint Board for the period from 1 April 2020 to 31 March 2021, 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 2020/21 and Service Reporting Code of Practice.

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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 2020 to 31 March 2021 is Stephen Reid, CA, CIPFA, Partner, 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 2021 and considers those issues and risks which may impact upon the IJB's financial position in the future.

### **Impacts of COVID-19 on Service Outcomes and Integration**

The last 12 months have been extremely challenging for our citizens, staff and partners. It seems appropriate to begin with a huge thank you to all especially the staff and volunteers who have kept everything going as they managed to find new ways of supporting service-users and carers during the pandemic.

The work of the Health and Social Care Partnership (HSCP) during 2020/21 has been to minimise the disruption to services and adapt services to respond to COVID-19. The pandemic created opportunity to build further our community connections and work with people in our communities to develop strong, sustainable and supportive communities for the future.

The arrival of COVID-19 has disrupted patient journeys and service delivery in health and care settings and is delaying access to secondary care treatment which might otherwise reduce care requirements for individuals. This places higher demands on the HSCP to provide care during the wait for treatment, while it is also increasing care to maintain its low delayed discharge numbers to take pressure off acute services. Added to this is the prospect of some patients requiring post-COVID rehabilitation which services had not planned for.

Colleagues across health and social care have risen to the challenge presented by COVID-19, showing a great deal of flexibility and inventiveness in how they have altered service delivery arrangements and in stepping up the use of IT and other technologies, to maintain support to patients and clients. Those staff remobilised to other services have quickly adapted to new demands. Through necessity, barriers between health and social care are being dismantled as teams work in a more integrated way, accelerating the wider adoption of ways of working that were in place before the arrival of COVID-19.

Every member of staff has the gratitude of the IJB for their hard work in difficult circumstances and their innovative approaches to meeting patient and client needs while progressing integration. The IJB is also grateful to the communities and the individuals who volunteered their support to local action.

The management commentary outlines the key messages in relation to the IJB's financial performance for the year ended 31 March 2021 and how it has supported the delivery of the IJB's priorities. This commentary also considers those issues and risks which we face as we strive to meet the needs of the people of Midlothian.

### **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 Integration Scheme is currently being reviewed and updated by NHS Lothian and Midlothian Council in line with the requirements of the Act.

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 included on page 20.

### **Membership of Midlothian Integration Joint Board**

The IJB met virtually 8 times in 2020/21. The members of the IJB at 31 March 2021 were as follows:-

<b>Member</b>	<b>Nominated/Appointed by</b>	<b>Role</b>
Catherine Johnstone	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
Mike Ash ( replaced Alex Joyce July 2020)	Nominated by NHS Lothian	Voting Member
Pauline Winchester	Nominated by Midlothian Council	Voting Member
Tricia Donald	Nominated by NHS Lothian	Voting Member
Morag Barrow	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	Appointed by the IJB	MLC Staff Side Representative
Vacant	Appointed by the IJB	Carer representative
Lesley Kelly ( since Feb 2021 previously Ewan Aitken until October 2020)	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	Nominated by NHS Lothian	Medical Practitioner

It was very challenging for carers groups to provide a representative to the IJB during the pandemic. The IJB commissioned additional work to support carers groups in Midlothian. Laura Hill will provide Carer representative input to the IJB in 2021/22.

There have been changes to the IJB membership since 31<sup>st</sup> March 2021 and the final signing of the 2020/21 Annual Accounts. Carolyn Hirst became Chair in June 2021

(replacing Catherine Johnstone whose term as Chair has been completed) and David King became Interim Chief Finance Officer in August 2021 (replacing Claire Flanagan during her leave of absence until her return in spring 2022).

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

Midlothian IJB has been operational for five years and as described in the opening section the challenge of COVID-19 has been immense. This accelerated the progress we had already made on integrating management arrangements and frontline services. The pandemic has built on the progress made so far and build a stronger partnership between all sectors.

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 2019-2022. A link to the Strategic Plan is included in the Strategy Section below.

The work of the Health and Social Care Partnership during 2020/21, under the governance of the IJB is summarised below. However it is important to acknowledge that COVID-19 did disrupt service provision during 2020/21 as the Partnership responded to the pandemic. A strategic approach to this was taken and the IJB was involved appropriately, the Annual Governance Statement below outlines the response taken.

The IJB's Annual Performance report which provides further details on the activity of the IJB will be published in later in the year.

## **Financial Impact of COVID-19**

NHS Lothian submitted regular information to Scottish Government through the Local Mobilisation Plan (LMP) and this remains the main route for confirming the additional cost and funding required in supporting the COVID-19 response. These returns covered costs for the entirety of the Health and Social Care Partnership. There were also additional Health costs within Hosted and Set Aside services. All financial positions are after a significant amount of additional costs were supported through redeployment of existing resources in year or through additional COVID-19 funding.

Additional funding allocations have been received to meet the additional costs and the financial impact of COVID-19 in 2020/21 is covered in full and where possible staff and resources were redeployed. Detailed below are some of the main costs that were a direct consequence of the pandemic.

## **Sustainability Payments**

Since the beginning of lockdown the Health and Social Care Partnership have been supporting local social care providers by ensuring that reasonable additional costs are met through the National Principles for Sustainability and Remobilisation Payments to

Social Care Providers. COSLA, Scottish Government and key partners regularly review the principles and evolving COVID situation to ensure that they are fit for purpose and service providers are supported to deliver a sustainable service.

The partnership continues to work actively with individual service providers to ensure that they remain stable and sustainable. Funding to support social care has been provided via local NHS Boards from the Scottish Government with local claims that are supported being paid via Midlothian Council finance arrangements. Claims are considered at regular Sustainability Payment Panels, attended by a variety of partnership officers. As at 31st March 2021 the panel has approved £1.4m in claims.

### **Personal Protective Equipment (PPE) and Testing**

A PPE hub was established at the start of the pandemic using staff redeployed from other areas of the HSCP. A more sustainable model has since been employed and we are now awaiting the outcome of a national review.



### **Vaccination Programme**



Midlothian Health and Social Care Partnerships are proud to be playing our part in the biggest vaccination programme the country has ever seen, to help protect the population from COVID-19.

Midlothian's COVID Vaccination Programme links with the NHS Lothian Vaccination Programme Board. There is a dedicated clinical and administrative team to develop, manage and deliver the Midlothian programme. With this support, vaccinations are being delivered in line with the Joint Committee of Vaccination and Immunisation (JCVI)

9 category age and clinical risk related prioritisation programme.

The vaccination programme in Midlothian is making good progress and keeping pace with the national priority targets. We acknowledge the support to the vaccination programme provided by HSCP staff, Midlothian Council staff, volunteers and partners and their role in maintaining safe and effective vaccine service provision.

### **Health and Social Care Staff Bonus Payment**

Payments were paid to health and social care staff as a one off thank you payment for their extraordinary services in this toughest of years. These payments included independent contractors and staff working in Adult Social Care in external providers. Actual payments to staff were between late 2020/21 and early into 2021/22. For those people working in social care on a "personal assistant" arrangement, the £500 awards were proposed through a dedicated portal administered by Scotland Excel on behalf of the Scottish Government.

### **How Midlothian Managed and Remobilised Services**

As a Partnership, the top priority was the safety of patients, clients, communities and staff. In response to the situation it was important to be innovative and support clients effectively and safely during this time. Staff continued to see people face-to-face where this was clinically essential, but in order to reduce face-to-face contact, where feasible, teams made a number of changes to how they delivered services throughout the pandemic.

As well as managing changes to existing services, the Partnership also provided care and treatment to people who had contracted COVID and their families. It also provided support to partner agencies around changed provision, infection control and other requirements, including the provision of personal protective equipment (PPE) and staff testing. In addition, COVID related services had to be established, often at short notice as the pandemic escalated, such as the COVID Testing and Assessment Hub at Midlothian Community Hospital. Many staff across the Partnership were redeployed to other roles, assisting in care homes and PPE centres.

Where possible services were redesigned or adapted to give all citizens in Midlothian access to services during these unprecedented times. Some highlights are shown below:

### **Community Response**

Partnership staff were involved in the work of the Midlothian Care for People Group where members of the Community Planning Partnership and other partners coordinated a humanitarian response as a result of the UK moving to lockdown on 23rd March 2020. Statutory and voluntary sector partners sought, as far as possible, to provide essential services to the whole population and particularly to those most directly affected by the imposition of lockdown. The Midlothian Care for People Group had to operate in a complex environment keeping abreast of new guidance and rapidly changing projections of need, whilst also keeping in close touch with policies and activities at national, regional and council level.

### **Care Homes**

Midlothian's older people's care homes and the HSCP continue to build on relationships across the sector to deliver support in line with the Scottish Government guidelines on enhanced professional, clinical, and care oversight of care homes (May 2020). Part of this approach includes Midlothian HSCP to be in daily contact with our Care Homes and host a weekly support huddle at which managers from all older peoples' Care Homes participate. Each care home also receives a daily call from the Care Home Support Team as well as a weekly visit.

The Care Home Support Team has increased its capacity and now includes a dedicated Team Leader, Community Psychiatric nurses, an Occupational Therapist, general nurses, a Palliative Care nurse, a Quality Assurance officer, Social Workers and improved links to Dietetics. The team provide both a proactive and preventative support approach as well as a reactive response where care homes are in need of additional support/advice/training.

Midlothian District Nurses and the Care Home Support Team now provide 7 day support to local Care Homes from 8am to midnight. Staff training, will continue to be prioritised, as will work on the clinical support worker model. Each Care home has a

live resilience plan. Care Home visiting however is restricted to essential visits only during lockdown however once restrictions are lifted and visiting reinstated, Lateral Flow Testing (LFT) will be in place to test all visitors to continue to minimise risk to residents and staff in the care homes.

Midlothian HSCP continues to work closely with partners including Midlothian Council, NHS Lothian, the Care Inspectorate and Scottish Care. The care home workforce is an area of ongoing development and this will continue to be a focus for 2021.

### **Care at Home**

Care at Home continues to be a key contributor to the HSCP vision for people to receive the right care in the right place; in their home and community as far as possible. It supports efforts to reduce length of hospital stay, as well as admission avoidance. Care at Home is currently provided by the HSCP, working collaboratively with five external providers. All six services work in partnership to coordinate the provision of over 36,664 hours of care per month. Carer recruitment and the geographical cohorting of carers have improved consistency of care and service efficiency.

Midlothian HSCP has a “Vision for Care at Home” approved by the IJB in February 2020. This includes plans to increase care at home capacity and an approach to commission for outcome focussed/person centred care.

The Care at Home service is also highly focusing on the Human Rights Framework, working to ensure that people have individualised support, are supported by a highly skilled work force, are fully informed and involved in their care provision and having a key point of contact.

The Midlothian Care at Home service is constantly striving to improve service provision and customer satisfaction. Care at Home is also increasing partnership work with other community services such as The Red Cross, Volunteer Centre and a range of community activities to keep people connected with their communities to minimise the risks of loneliness and social isolation.

### **Community Hospital Beds**

Significant changes to the configuration of Midlothian Community Hospital have been made in response to the COVID-19 pandemic. Additional beds were opened in January 2021 to increase step-down options and improve patient flow from acute hospitals, primarily The Royal Infirmary of Edinburgh. Midlothian Community Hospital is also serving as a COVID Vaccination Centre.

### **Rehabilitation and Support to People to Stay Well at Home**

All the Therapeutic Services have worked flexibly to support the immediate crisis e.g working in the PPE hub and COVID Assessment Unit and providing care across their locality or treatment teams. Some services were halted as a result of government guidance e.g. MSK Physiotherapy and Weight Management so these staff were deployed to areas of highest clinical need. Midlothian's services are now embracing a digital first approach with investment in laptops. Services are mobilising rapidly to

meet the changing needs of patients at risk of COVID, those who have COVID and those recovering from COVID.

Details of the innovative approaches adopted by Speech & Language, Dietetics, Occupational and Physiotherapy will be included in the Annual Performance Report. For all services the focus is on enabling individuals to attain their maximum level of independence, functional capacity and return to everyday occupations – self-care, productivity (domestic and work) and leisure. It is person centred and outcome focused.

### **Long- COVID**

There is not currently a dedicated team set up specifically for long COVID, however this is being monitored. There is growing evidence to indicate that there is increasing need for support to patients with more complex physical and mental health with long COVID symptoms and especially around return to work /vocational rehab.

### **Supporting People to Stay Well at Home**

A key component of Midlothian HSCP response to the pandemic has been to support people to stay well at home and avoid hospital admissions. The Community Respiratory Team, MSK physiotherapy service, GPs, social work staff, nurse support to people in homeless hostels, Ageing Well, Health Visitors, mental health and substance misuse and other services have continued to operate to support people to stay well at home. Digital first continues to be the default where appropriate. District Nursing continues to provide additional support to Care Homes and to support people at home. District nursing continues to encourage self-management of wounds and medication management.

The pandemic has had, and continues to have, a strong and long-lasting impact on mental health. Services such as the Wellbeing Service, based in GP practices, have continued to offer individual and group support to people by phone or video link. Staff support is also in place and a staff wellbeing group has been established for the HSCP.

### **Reducing Hospital Admissions and improving patient flow**

An emphasis on prevention and early intervention remains key. The Unscheduled Care Plan describes activity to reduce unnecessary admissions to hospital or A&E, to ensure that people get home from hospital as soon as they are fit to do so, and to expand community provision. The plan acknowledges the impact of COVID, both in the short and long-term.

Significant work and investment has been undertaken within Midlothian HSCP to maximise capacity within community teams and a Home First approach has been embedded. Small community teams within the partnership were brought together to deliver the Home First approach which has released clinical capacity and allowed more people to access the care they require in the community rather than in hospital settings



Hospital at Home continues to provide a key service. There is now seven day cover for the Home First model. Services continue to review and adapt to improve outcomes for Midlothian people.

## **Primary Care**

There are 12 GP practices in Midlothian. The Midlothian Primary Care Team continues to respond to HSCP, NHS Lothian and Scottish Government direction and guidance. Many Primary Care Improvement Plan teams continue in all practices for example the Musculoskeletal Advanced Practice Physiotherapy service, Pharmacotherapy, Primary Care Mental Health Nurses and the Wellbeing Service, although appointments are via digital where possible. The MSK Physiotherapy service is preparing to take referrals from NHS24 111 and the Flow Centre once Professional Pathways are agreed. Work has progressed on Community Treatment and Care implementation with pilot practices. Staff have been recruited although many are assisting with the COVID vaccine programme at present.

Work will continue to explore the use of digital solutions when meeting with GP patients, and telephone triage remains the default method. Communication and engagement with local communities around significant service change continues – all websites are being updated to ensure prominent and consistent messaging around NHS Inform and other community support.

Midlothian GP Practices have played a key role in the local COVID vaccination programme.

## **Mental Health and Substance Misuse**

Midlothian Mental Health and Substance Misuse services have continued to operate; adjusting according to changes in national guidance and evaluation of risk.

Plans around Lothian in-patient and other central mental health services are being coordinated by NHS Lothian. Midlothian residents continue to require very few acute adult mental health beds as the vast majority of patients are supported via the community based model in place.

Work continues with partners in Royal Edinburgh Associated Services around psychological therapies. The service continues to maintain contact with as many people as possible to continue treatment wherever they can. A new service delivery model is being piloted that has reduced people's wait for treatment. Patients currently in therapy have been offered this service either face to face, using Near Me and/or by telephone. Psychology groups have remained paused e.g. Emotional Resources and Survive and Thrive. There are plans to reinstate these online.

People who use Midlothian Mental Health, Substance Misuse and Justice Services benefitted from the Connecting Scotland programme. Digital devices, and where required dongles, were distributed to allow people to access services via Near Me and other platforms, and to keep connected more broadly.

Autism Spectrum disorder assessments resumed in autumn 2020 with a multi-disciplinary team using a revised protocol. Psychology and Psychiatry assessments



are now completed face to face, over the phone and using Near Me so there is no backlog of new patients waiting for initial assessments.

### **Learning Disabilities**

People have had access to all disciplines within the Community Learning Disability Team. Telephone consultation is the preferred method of contact with home visits taking place if necessary following risk assessment. Direct care will continue to be risk assessed on an individual basis. Day centres are providing limited service provision, guided by criticality of support need and local protection level. Day services and care providers are being creative in providing online resources and activity packs to individuals unable to attend day services. Respite services continue based on individual risk assessments.

### **Supporting Communities**

There are many groups in society who have been impacted more by the COVID-19 outbreak: not only older people and those with underlying health conditions, but those who are vulnerable simply because they do not have the resources and opportunities to stay well. Emerging evidence shows that those living in deprived areas and those from Black, Asian, and Minority Ethnic (BAME) groups are disproportionately impacted by COVID-19. In Midlothian we have made a commitment to tackle health inequalities, have invested more in public health and will continue to do so.

Following lessons from the community response to the pandemic in spring 2020, Midlothian HSCP recruited a Volunteer Co-ordinator in December 2020. Volunteers continue to improve outcomes around social isolation and will soon provide support to people living in extra-care housing and patients in Midlothian Community Hospital. There will also be a pilot companionship service to give carers some respite. Discussions are also underway around support to people leaving hospital.

### **Funding and Cost Consequences for Next Year**

The Scottish Government confirmed that COVID-19 funding allocations that have not been fully used in 2020/21 should be carried forward by IJB's to support COVID-19 plans in 2021/22. For Midlothian, this can be seen in the reserves statement below.

NHS Lothian has submitted the Remobilisation Plan to the Scottish Government, capturing the impact for Midlothian HSCP, which covers the period April 2021 to March 2022. A feature of 2021/22 may be a continued level of COVID-19 responses while also a decreased ability to rely on previously redeployed resources. Clarification from the Scottish Government on the level of funding support available for next financial year 2021/22 is awaited across Scotland but the carry forward funding noted above will provide good reassurance that approved costs will be supported by the Government.

### **Longer Term Financial Risks**

Aside from the over-riding immediate cost impact of COVID-19, there are other financial risks. In future years there is uncertainty regarding long term prescribing

issues, immediate and longer term impact on our independent sector providers, the impact of service reconfiguration and a range of other potential medium and longer term implications. These issues are common across Scotland and continue to be part of regular discussion and reporting between all IJBs and the Scottish Government

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

### **Reshape Services**

The impact of the COVID-19 pandemic brought increased anxiety and pressure on many service users, unpaid carers and staff. While challenges changed over 2020/21, many have continued into 2021/22.

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. We will continue to work with the people in our communities to explore what opportunities for community resilience can be developed further to ensure strong, sustainable, supportive communities into the future. We look forward to building a stronger Midlothian, whatever the 'new normal' is.

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.

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

Following the Independent Review of Adult Social Care (published in February 2021), Midlothian IJB will closely scrutinise the Review, its recommendations and the implications for Midlothian and for partnership working

<https://www.gov.scot/publications/independent-review-adult-social-care-scotland/>

The Review was set up to recommend improvements to adult social care in Scotland. It looked at these in terms of the outcomes for people who use services, their carers and families and the experience of those working in the sector.

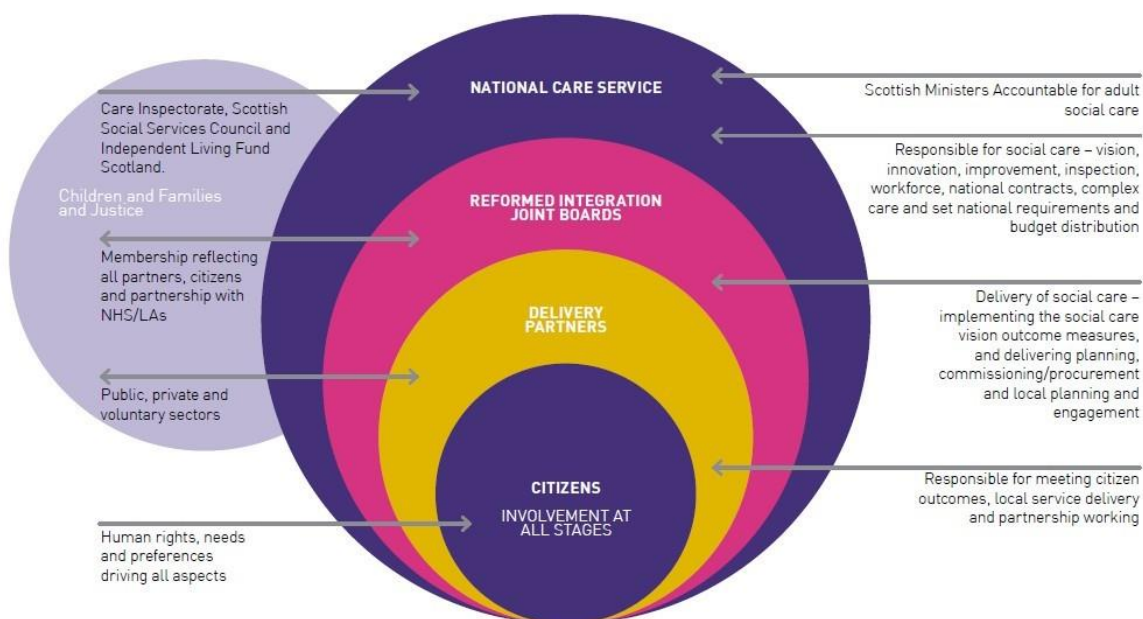
Although the financial implications of the recommendations cannot be assessed at this stage, the changes proposed do not come without costs. There are key areas with greater costs implications and but there is also opportunities to spend money better.

The report describes that some costs arise in our current system because social care supports are often too focused on crisis management and late intervention, and not enough on prevention and empowering people to live fulfilling lives. Suggesting that with more effective care planning and delivery it could in some instances be put to better use to support people more effectively

The focus with all partners is to invest in preventative care rather than crisis responses, to avoid expenditure on poor outcomes.

The diagram below summarises the ethos of the review and the end goal of ensuring the human rights of our citizens is driving all aspects of the review.

### The case for a National Care Service (NCS)



(Source – Independent Review of Adult Social Care in Scotland)

Midlothian IJB will work closely in decision making at NHS Board, regional and national levels. We will continue to work with partners to simplify processes to deliver service change and to improve outcomes for patients while increasing the efficient use of public funds in the delivery of services

### The IJB's Financial Position at 31 March 2021

#### Summary

For the year ending 31 March 2021, 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:-

	Income £000's	Expenditure £000's	Surplus £000's
Health Services	120,388	113,266	7,122
Social Care Services	44,985	43,735	1,250
<b>Total</b>	<b>165,373</b>	<b>157,001</b>	<b>8,372</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 2020/21 Key variances are explained further in the Overview of 2020/21 section below.

	Unaudited Budget	Unaudited Budget	Expenditure	Expenditure	Variance	Note
	Health £000's	Social Care £000's	Health £000's	Social Care £000's	£000's	
<b>Direct Midlothian Services</b>						
Community AHPS	2,539		2,187		352	
Community Hospitals	5,045		5,876		(831)	
District Nursing	3,878		3,894		(16)	
General Medical Services	17,136		17,136		(0)	
Health Visiting	2,074		1,957		117	
Mental Health	2,739		2,714		25	
Other	17,094		9,953		7,141	1
Prescribing	18,338		18,257		81	
Resource Transfer	7,158		7,158		0	2
Older People		19,013		17,074	1,939	
Learning Disabilities		15,102		15,812	(710)	
Mental Health		931		891	41	
Physical Disabilities		3,468		4,168	(700)	
Assessment and Care Management		3,242		2,847	395	
Other		3,230		2,944	286	3
<b>Midlothian Share of pan-Lothian</b>						
Set Aside	19,000		19,029		(29)	4
Mental Health	2,378		2,454		(76)	
Learning Disabilities	1,360		1,352		8	
GP Out of Hours	1,160		1,264		(104)	
Rehabilitation	1,062		915		147	
Sexual Health	668		624		44	
Psychology	836		804		32	
Substance Misuse	368		363		5	
Allied Health Professions	1,421		1,304		117	
Oral Health	1,748		1,716		32	
Other	3,359		3,282		77	
Dental	5,686		5,686		0	5
Ophthalmology	1,705		1,705		0	5
Pharmacy	3,636		3,636		0	5
	<b>120,388</b>	<b>44,985</b>	<b>113,266</b>	<b>43,735</b>	<b>8,372</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 2020/21 for hosted services is 10% and, generally, 10% of the Lothian element of the set aside budgets and the non-cash limited budgets.

### **Funding for Covid-19**

During the course of the year the Scottish Government provided £10 m of funding to meet all additional costs and unachieved savings associated with the pandemic. This reflected the funding originally requested through the IJB's Local Mobilisation Plan submission (£6.2 m) together with a further £3.8 m confirmed by the Scottish Government in February in respect of winter planning and ongoing Covid related cost pressures.

Expenditure of £4.5 m was incurred during the year, leaving a balance of £5.5m to be transferred to reserves to meet ongoing costs during 2021-22.

### **Overview of the 2020/21 Position**

From the above table, it can be seen that there were a range of financial issues identified. These are summarised below into service areas

COVID has impacted all services during the year. Existing recurring pressures in some areas have continued, while in other areas, due to reduced levels of activity, pressures have been minimal during the year. From the above table, it can be seen that similar underlying pressure areas remain.

### **Direct Midlothian Services**

Within the £76m health budgets, although there were operational overspends within Community Hospitals, as a result in the changing environment and nature of patients these were offset by vacancies across the system and slippage of Programmes (Programmes starting later in the year than planned and thus generating an underspend).

Within the £45m social care budget the main cost pressures were within the areas of clients with complex needs with learning and physical disabilities. This position supports a shift in the balance of care, keeping people safe in their community for as long as possible but does generate significant financial pressure in these budgets.

### **Midlothian Share of Pan-Lothian Services**

The Scottish Government released funding to cover the impact of COVID costs on NHS Lothian's position and that funding has been allocated to delegated and set aside services to offset additional expenditure incurred. The areas within hosted services with continued pressures being experienced are Adult Psychology Services and Mental Health Inpatient services with additional capacity being required in year to cope with high demand.

The main pressure for Set Aside services in this financial year lies within Gastroenterology Services and the ongoing pressure with drug costs for the treatment of long-term gastroenterology conditions. Junior Medical pay pressure also continued during this year, where additional staffing was required to fill gaps in rotas and where there were service pressures. The Junior Medical position has improved significantly from previous years but still remains a pressure.



With COVID funding being allocated across the IJBs set aside specialities to cover additional costs incurred around extra staffing to cope with COVID, the overall position on set aside is much improved compared to previous years.

## Reserves

The IJB has reserves at the end of 2020/21 of £12.993m, compared to reserves of £4.621m in March 2020. The movement can be described as follows:-

	Opening £000's	Movement £000's	Closing £000's
COVID Funding	-	5,492	5,492
Local Programmes	333	593	926
Primary Care Investment Fund	57	285	342
MELDAP	205	121	326
Community Support Fund	0	312	312
Technology Enabled Care (SG funding)	246	28	274
Integrated Care Fund	187	31	218
Wellbeing Service	157	32	189
Action 15	55	47	102
EGIERDA Project (Big Lottery funding)	63	16	79
Autism Strategy (SG funding)	12	0	12
School Counselling	220	(220)	0
Commitment to specific posts	75	(75)	0
Electronic Frailty Index ( Health Foundation)	7	(7)	0
<b>Total Earmarked Reserves</b>	<b>1,617</b>	<b>6,655</b>	<b>8,272</b>
General Reserves	3,004	1,717	4,721
<b>Total Reserves</b>	<b>4,621</b>	<b>8,372</b>	<b>12,993</b>

It should be noted that of the total reserve of c. £13.0m, £5.5m is to support the additional costs that have been and will be incurred by the IJB's partners (Midlothian Council and NHS Lothian) in supporting the Covid pandemic. These, and other earmarked funds will be expended in 2021/22 and will not be available to the IJB for any other purpose. The reserves available for contingency in future years is £4.7m.

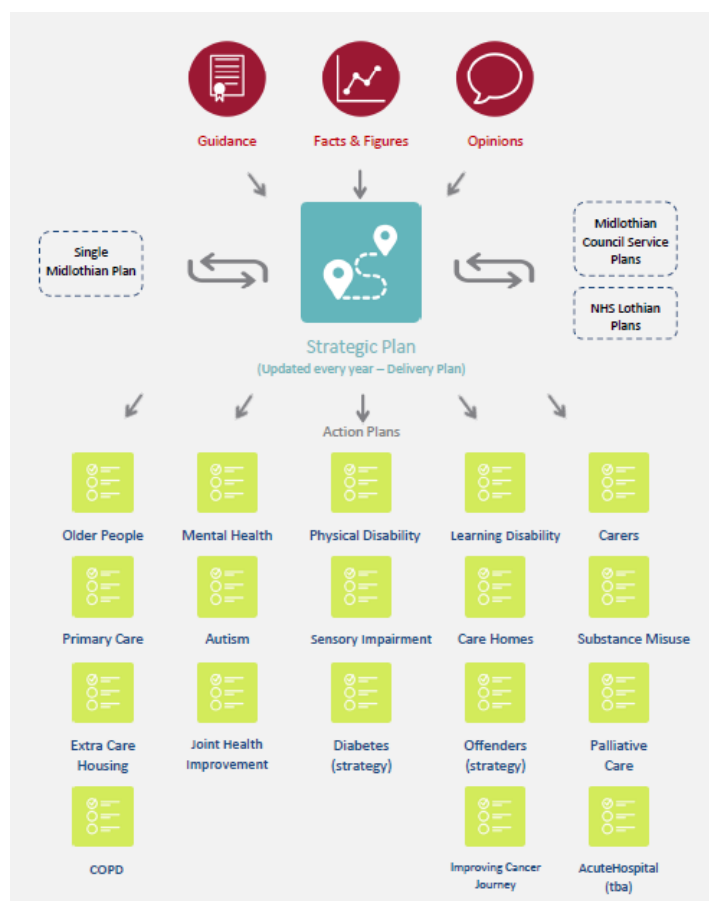
## The IJB's Strategy and Business Model

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

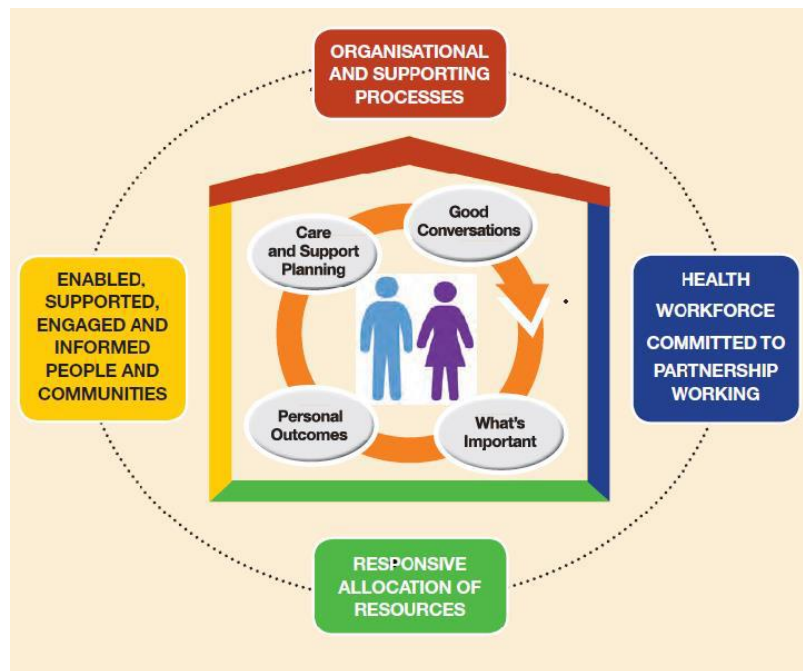


### What matters to you?

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 coronavirus pandemic remains a significant challenge with the ongoing uncertainty surrounding further waves and outbreaks. This brings challenges to all services and will remain at the forefront of our planning during the next 12 months. Despite the ongoing uncertainty of further COVID-19 outbreaks, partners are also focusing on addressing the wider health and care needs of the people of Midlothian. Both Health and Social Care will regularly update the IJB with detailed transformations plans on reshaping services to meet the needs of the new normal. 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 ageing 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 deprivations 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.

(Data Source Midlothian Joint Needs Assessment, page 43 onwards – link below [https://www.midlothian.gov.uk/downloads/file/3430/joint\\_needs\\_assessment\\_2019\\_final](https://www.midlothian.gov.uk/downloads/file/3430/joint_needs_assessment_2019_final))

### **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.

### **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**

The Acute hospitals that support the population of Midlothian (The Royal Infirmary of Edinburgh and the Western General Hospital) remain under significant demand pressures and exist, as to other social care and health services in a financial

challenging environment. The IJB will continue to invest and develop community based alternatives that will minimise avoidable and inappropriate admissions.

### **Mitigation and management of the risks, challenges and uncertainties**

Of course, with the exception of Covid these uncertainties are known to the IJB and will be managed through its risk management system and, more importantly, through the delivery of its Strategic Plan. Although the population is growing, the Scottish Government's distribution model of resource allocation to both Councils and the NHS does take account of changes in population. That said, there is a lag between that change and the movement in population but this is not a new issue and both the council and NHS Lothian have developed mechanisms to mitigate this pressure.

The other uncertainties have been and will continue to be managed through the IJB's Strategic Plan (and the supporting 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.

**Carolyn Hirst**

IJB Chair

**Morag Barrow**

Chief Officer

**David King**

Interim 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.

**Carolyn Hirst**  
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 2021 and the transactions for the year then ended.

**David King**

Interim 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.

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 2020/21 (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 £8,842 per annum (PY £8,584). Carolyn Hirst is Vice-Chair of Midlothian IJB and receives an additional day's remuneration specifically for this role as Vice Chair of the IJB in 2020/21.

### **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 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.

FYE 2019/20	Senior Employees Salary, Fees & Allowances	Total 2020/21
£		£
46,363	Allister Short (to 29 September 2019)	-
45,317	Morag Barrow (from 30 September 2019)	48,241
23,812	Claire Flanagan ( from October 2018)	25,000

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

The IJB however has responsibility for funding the employer contributions for the current 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 2021	For year to 2020	As at 31 March 2021		Difference from 31 March 2020	
	£	£	Pension £000's	Lump Sum £000's	Pension £000's	Lump Sum £000's
Morag Barrow	-	-	20 *	54 *	0	0
Allister Short		9,634	n/a	n/a	n/a	n/a
Claire Flanagan	15,547	14,485	16	25	3	1

*\*Values restated from 2019/20.*

### 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 2020/21.

**Carolyn Hirst**  
IJB Chair

**Morag Barrow**  
Chief Officer

## **Annual Governance Statement 2020/21**

### **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 updated MIJB Local Code of Corporate Governance (MIJB Local Code), which was approved by the Board in 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 2020/21 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. In response to the pandemic and the requirement to move quickly and decisively to manage the subsequent pressures on health and social care services, the IJB approved Emergency Recess arrangements that included temporary decision making arrangements at its meeting on 16th April 2020. The Board has continued to meet remotely throughout the pandemic.

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 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 2020/21 has been prepared to outline progress against strategic objectives over the year.

The Annual Accounts and Report for 2020/21 setting out the financial position in accordance with relevant accounting regulations has also been 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 Demonstrate the linkages within the updated Strategic Plan to local and national objectives and alignment of Directions and Action Plans.
- 2 Update the Financial Strategy to address significant deficits indicated in the Medium Term Financial Plan 2020/21 – 2024/25, and assess compliance with the CIPFA Financial Management Code.
- 3 Further develop the Performance Management Framework to define and align performance measures to key priorities and outcomes of the Strategic Plan.
- 4 Progress workforce plans for all delegated services and develop a 3 year Workforce Plan which is aligned to the updated Strategic Plan.

In addition, Health Boards and their partner local authorities have a statutory duty under the Public Bodies (Joint Working) (Scotland) Act 2014 to review the integration scheme every five years. The review of the integration scheme has been delayed as a consequence of the pandemic and it has been agreed that the current scheme is continuing until the new scheme is agreed. Partners have agreed this, any governance issues with this (e.g. any expected changes that have not been able to be implemented) and the next steps and timeframe for completing this process.

The implementation of these actions to enhance the governance arrangements in 2021/22 will be driven and monitored by the MIJB Chief Officer in order to inform the next annual review. Internal Audit work planned in 2021/22 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.

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Morag Barrow

Chief Officer MIJB

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Carolyn Hirst

Chair of the MIJB

## **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**

We certify that we have audited the financial statements in the annual accounts of Midlothian Integration Joint Board ("the Integration Joint Board") for the year ended 31 March 2021 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the 2020/21 Code).

In our opinion the accompanying financial statements:

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

##### **Basis for opinion**

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

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

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



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

### **Risks of material misstatement**

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

### **Responsibilities of the Chief Finance Officer and Midlothian Integration Joint Board Audit and Risk 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 Integration Joint Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Integration Joint Board's Audit and Risk Committee is responsible for overseeing the financial reporting process.

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

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

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

- obtaining an understanding of the applicable legal and regulatory framework and how the Integration Joint Board is complying with that framework;
- identifying which laws and regulations are significant in the context of the Integration Joint Board;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and



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

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

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

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

## **Reporting on other requirements**

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

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

### **Statutory other information**

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

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

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

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

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

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

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

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

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

We have nothing to report in respect of these matters.

## **Conclusions on wider scope responsibilities**

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

## **Use of our report**

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

Stephen Reid, *for and on behalf of Ernst & Young LLP*

Ernst & Young LLP

Atria One

144 Morrison Street

Edinburgh

EH3 8EX

### **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>2019/20 Net Expenditure £000s</b>		<b>2020/21 Net Expenditure £000s</b>
106,473	Health Care Services - NHS Lothian	113,266
42,659	Social Care Services - Midlothian Council	43,735
<b>149,132</b>	<b>Cost of Services</b>	<b>157,001</b>
(149,875)	Taxation and Non-Specific Grant Income	(165,373)
<b>(743)</b>	<b>Surplus on Provision of Services</b>	<b>(8,372)</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 2020/21, a large proportion of this reserve is earmarked for future projects and commitments.

#### **Movements in Reserves During 2020/21**

	<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 1 April 2020</b>	<b>4,621</b>	<b>0</b>	<b>4,621</b>
Total Comprehensive Income and Expenditure	8,372	0	8,372
Increase or Decrease in 2020/21	<b>8,372</b>	<b>0</b>	<b>8,372</b>
<b>Closing Balance at 31 March 2021</b>	<b>12,993</b>	<b>0</b>	<b>12,993</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 2020 £000s</b>		<b>31 March 2021 £000s</b>	<b>Note</b>
	<b>Current Assets</b>		
4,621	Debtors	12,993	7
000	<b>Creditors: amounts falling due within one year</b>	000	8
<b>4,621</b>	<b>Total assets less current liabilities</b>	<b>12,993</b>	
	<b>Capital and Reserves</b>		
1,617	Earmarked Reserve	8,272	
3,004	General Reserve	4,721	
<b>4,621</b>	<b>Total Reserves</b>	<b>12,993</b>	

**David King**  
Interim Chief Finance Officer

## **Notes to the Financial Statements**

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

#### **General Principles**

The Financial Statements summarise the IJB's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021.

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 2020/21, 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 2020/21 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 (2020/21), 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. This has been reinforced by the most recent CIPFA guidance bulletin 05 (issued at closure of the 2019/20 financial statements) which states that while there is likely to be a significant impact of COVID-19 on local authority financial sustainability, the rationale for the going concern basis of reporting has not changed. 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 2021/22, and a medium term financial plan has been prepared through to 2023/24. The Scottish Government allocation has met all costs associated with the pandemic to date (£4.5 m). Additional support (£5.4 m) has been transferred to reserves and is expected to be used to meet costs in 2021/22. Work is ongoing through the mobilisation plan prepared by the IJB at the request of the Scottish Government to quantify the impact of COVID-19 on the IJB's financial performance going forward. However, ultimately additional costs will be met by the IJB's partners in line with the integration scheme. 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 £ 12.993m at 31 March 2021.

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:-

	2020/21 Closing Balance £000's
COVID	5,492
Local Programmes	926
Primary Care Investment Fund	342
Meldap	326
Community Support Fund	312
Technology Enabled Care (SG funding)	274
Integrated Care Fund	218
Wellbeing Service	189
Action 15	102
EGIERDA Project (Big Lottery funding)	79
Autism Strategy (SG funding)	12
<b>Total Earmarked Reserves</b>	<b>8,272</b>
General Reserves	4,721
<b>Total Reserves</b>	<b>12,993</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 2020/21 was £6,000 (PY £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 2021 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**

<b>2019/20</b>		<b>2020/21</b>
<b>£000's</b>	<b>Expenditure</b>	<b>£000's</b>
	Services specifically for Midlothian	
64,778	Health	69,130
42,659	Social Care	43,735
	Midlothian's share of Lothian Health Services	
22,613	Hosted	25,107
19,082	Set Aside	19,029
<b>149,132</b>	<b>Total</b>	<b>157,002</b>
	<b>Funded By:</b>	
42,593	Midlothian Council	44,985

107,282	NHS Lothian	120,388
<b>149,876</b>		<b>165,373</b>
<b>743</b>	<b>Surplus</b>	<b>8,372</b>

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:-

<b>2019/20</b>		<b>2020/21</b>
<b>£000's</b>		<b>£000's</b>
46	Staff ( Chief Officer)	48
28	Audit Fee	27
<b>73</b>	<b>Total</b>	<b>75</b>

(Restated from 2019/20)

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

## 6. 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>2019/20</b>		<b>2020/21</b>
<b>£000's</b>		<b>£000's</b>
106,473	NHS Lothian	113,266
(5,187)	Resource Transfer	(7,158)

(4,816)	Social Care Fund	(4,816)
<b>96,470</b>		<b>101,292</b>
42,659	Midlothian Council	43,735
5,187	Resource Transfer	7,158
4,816	Social Care Fund	4,816
<b>52,662</b>	<b>Total</b>	<b>55,708</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.

## 7. Short Term Debtors

The IJBs short term debtors are broken down as follows:-

<b>2019/20</b>		<b>2020/21</b>
<b>£000's</b>		<b>£000's</b>
3,054	Funding due from NHS Lothian	5,626
1,567	Funding due from Midlothian Council	7,367
<b>4,621</b>	<b>Total</b>	<b>12,993</b>

## 8. Short Term Creditors

The IJBs short term creditors are broken down as follows:-

<b>2019/20</b>		<b>2020/21</b>
<b>£000's</b>		<b>£000's</b>
0	Funding due to NHS Lothian	0
0	Funding due to Midlothian Council	0
<b>0</b>	<b>Total</b>	<b>0</b>

## 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 excludes 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.

**Midlothian Chief Finance Officer Statement of Assurance 2020/21 IJB Annual Accounts**

Dear David

The Draft Unaudited Accounts were prepared and presented to the IJB in June 2021; they are now with our External Auditors for audit. As the Midlothian IJB Annual Accounts cover the financial year 1 April 2020 to 31 March 2021 and this fell within my time as IJB Chief Finance Officer. I can confirm that I am not aware of any matters relating to controls or indeed any other issues which would impact on the finalisation of the Annual Accounts or which would impact on your ability to sign the Final Audited set of Annual Accounts.

There are, of course, on file letters from both of the IJB's Partners confirming the values and transactions held in their financial ledgers are complete and accurate.

Signed: *Claire Flanagan*

Name: Claire Flanagan  
Designation: Chief Finance Officer Midlothian IJB  
Date: 5<sup>th</sup> August 2021





# Midlothian Integration Joint Board Audit and Risk Committee



**2 September 2021, 2pm**

## **Risk Register**

<b>Item number:</b>	<b>5.4</b>
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### **Executive summary**

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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 2021/22, 1 April 2021 – 30 June 2021.

#### **Committee members are asked to:**

1. Consider the strategic risk profile and current response to the issues, risk and opportunities.

## Risk Register

### 1 Purpose

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- 1.1 This includes the Quarter 1 2021/22, 1 April 2021 – 30 June 2021 and highlights current issues, future risks and opportunities of note to the IJB.

### 2 Recommendations

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- 2.1 As a result of this report what are Members being asked to:-
- Consider the strategic risk profile especially those issues and risks highlighted in the covering report.

### 3 Background and main report

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- 3.1 The IJB's Audit and Risk Committee regularly scrutinises the strategic risk profile and reports back to the IJB quarterly.
- 3.2 The Quarter 1 2021/22, 1 April 2021 – 30 June 2021 presents the issues, future risks and opportunities for the IJB.
- 3.3 The Quarter 4 2020/21 report is also provided to illustrate the steps taken over the period into Quarter 1, 2021/22.
- 3.4 The most significant issues and risks on the MIJB strategic risk profile during Quarter 1 are as follows:-

#### Issues

##### **Use of Acute Hospital beds**

Services to support people who have a long term condition to stay well at home continued to operate in order to support as many people as possible to avoid hospital visits. Additional reviews and redesign of Intermediate Care and Care at Home Services. The introduction of the Single Point of Access in December has had a positive impact on people delayed in hospital unnecessarily.

Representatives of Midlothian Health and Social Care Partnership continue to participate in the RIE Hospital Management Team and the unscheduled care board, along with more specific forums such as the Redesign of the Front Door and Winter Planning.

### **Care homes**

All Midlothian care homes have been migrated on to the new regional NSS testing portal in line with guidance from Scottish Government. This continues weekly PCR tests along side twice weekly lateral flow testing. Care Homes continue to be monitored through Mid HSCP and NHSL Care Home Assurance Groups.

### **COVID-19**

Business continuity plans are in place to mitigate risks for local lockdowns/outbreaks. Due to the high impact on workforce in the last quarter, plans are in progress to monitor and mitigate for a reduced workforce to ensure key services can continue to be delivered, looking forward to the pressures that winter will also bring.

The vaccination programme has been successfully delivered during the last quarter, we are now in the process of planning for a vaccination hub to include both COVID routine, booster and flu as part our ongoing vaccination programme.

### **Risk**

#### **Balancing the budget in future years**

The IJB has set a budget for 2021/22 and issued directions to its Partners. The in-year position will be monitored and reported at the October IJB and further development work is underway to revise and renew the IJB's five year financial Plan.

#### **Emerging Risk**

Following an independent review of adult social care, a Scottish Government consultation was published on 9<sup>th</sup> August 2021 on proposals to improve the way social care is delivered, entitled: National Care Service for Scotland: Consultation. Within the Ministerial foreword, there is reference to structures and the creation of a National Care Service. With full consideration of the consultation and acknowledgement of potential risks, this will be assessed and feature in Q2 report.

## **4 Policy Implications**

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- 4.1 There are no new policy issues raised in this paper.

## **5 Directions**

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- 5.1 This report does not require a new direction.

## **6 Equalities Implications**

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- 6.1 There are no direct equalities implications arising from this report.

## 7 Resource Implications

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- 7.1 There are no direct resource implications associated with this report.

## 8 Risk

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- 8.1 The risks relevant to the business of the IJB are set out within the attached strategic risk profile.

## 9 Involving people

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- 9.1 The IJB meetings are held in public and IJB papers along with those of the IJB Audit and Risk committee are available on the internet. This work is supported by the IJB's Chief Internal Auditor and the partnership's risk management.

## 10 Background Papers

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- 10.1 None.

<b>AUTHOR'S NAME</b>	Derek Oliver
<b>DESIGNATION</b>	Chief Officer - Place
<b>CONTACT INFO</b>	<a href="mailto:derek.oliver@midlothian.gov.uk">derek.oliver@midlothian.gov.uk</a>
<b>DATE</b>	26 August 2021

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### Appendices:

1. Strategic Risk Profile Quarter 1 2021/22
2. Strategic Risk Profile Quarter 4 2020/21

## IJB Strategic Risk Profile

Quarter 1 2021/2022





### Issues


#### IJB.RR.18 Use of Acute Hospital Beds




Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.18	<p><b>Risk cause</b> Midlothian has too high a usage of hospital beds for people who are fit to be discharged or who did not need to be admitted in the first place.</p> <p><b>Risk event</b> Acute hospitals are unable to function effectively and efficiently because of the number of people occupying beds who do not require hospital care.</p> <p><b>Risk effect</b> The difficulty of shifting resources to community based services will continue, and people who need hospital care will experience delays. The acute hospital system has to commission services from private providers to meet national targets.</p>	Chief Officer	<p>On-going monitoring of quality</p> <p>IJB set Targets on use of Acute Beds.</p> <p>Directions set.</p> <p>Patient pathway being improved including the establishment of a flow 'hub'</p>	4	5	

Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.18.1	Project to examine the use of acute hospital beds	<b>Q1 21/22:</b> Services to support people who have a long term condition to stay well at home continued to operate in order to support as many people as possible to avoid hospital visits. Additional reviews and redesign of Intermediate Care and Care at Home Services. The introduction of the Single Point of Access in December has had a positive impact on people delayed in hospital unnecessarily.	Chief Officer	30-Dec-2021	

		Representatives of Midlothian Health and Social Care Partnership continue to participate in the RIE Hospital Management Team and the unscheduled care board, along with more specific forums such as the Redesign of the Front Door and Winter Planning.			
IJB.RA.18.2	Increased investment in services to reduce hospital admission and stay.	<b>Q1 21/22:</b> We are currently preparing our winter plans for 21/22 with a strong focus on investing in community services to reduce hospital admissions and delayed discharges.	NHS Lothian	30-Dec-2021	
IJB.RA.18.3	Scheduling of unscheduled care	<b>Q1 21/22:</b> Representatives of Midlothian Health and Social Care Partnership continue to participate in the RIE Hospital Management Team and the unscheduled care board, along with more specific forums such as the Redesign of the Front Door and Winter Planning. Work continues to develop the Home First model in Midlothian.	Head of Older People and Social Care	30-Dec-2021	


#### IJB.RR.10 Workforce Capacity Including Recruitment & Retention of Health and Social Care Staff

Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.10	<p><b>Risk cause</b> Potential future ability to recruit sufficient staff.</p> <p><b>Risk event</b> Insufficient numbers of qualified people to deliver services based on current models.</p> <p>COVID-19 pandemic – increasing demand for a service and risks around staff absence.</p> <p><b>Risk effect</b> Negative impact on service delivery where services require GPs and care at home staff.</p>	Head of Adult and Social Care; Joint Director Midlothian Health and Social Care Partnership	<p>National program of training for GPs and Health Visitors.</p> <p>Living Wage commitment to address low paid positions.</p> <p>Service Specific Workforce Plan being developed which will include the development of new roles and a changing skill mix.</p> <p>SVQ Assessment Centre Established.</p> <p>Workforce Planning</p> <p>Care at Home Strategy</p>	3	4	


Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.10.4	Increase recruitment to care at home	Q1 21/22: Efforts continue to increase recruitment within care at home services. Close working with external providers, Midlothian Council and NHS Lothian to monitor workforce capacity.	Head of Older People and Social Care	30-Dec-2021	
IJB.RA.10.5	Opportunity for staff to achieve SVQ qualifications and meet registration requirements.	Q1 21/22: Recruitment of the Workforce Development Manager is complete. This can be closed off.	Head of Adult Services	30-Aug-2021	
IJB.RA.10.6	Care at Home	Q1 21/22: Recommissioning work in progress.	Head of Older People and Primary Care	30-Sept-2021	

#### IJB.RR.11 Care homes


Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.11	<p><b>Risk cause</b> Increased demand and changed requirements around care home delivery.</p> <p><b>Risk event</b> COVID-19 pandemic – increasing demand for a service and risks around staff absence.</p> <p><b>Risk effect</b> Capacity within care homes putting delivery of directions and strategic plan at risk. Puts at risk quality of care.</p>	Head of Adult and Social Care; Joint Director Midlothian Health and Social Care Partnership	<p>Care Inspectorate inspections of Care homes</p> <p>Daily report from Care Homes to Health and Social Care partnership to form daily SITREP.</p> <p>Weekly supported visit by care home support team.</p> <p>Weekly return to Scottish Government.</p> <p>Internal audit of Care Homes</p> <p>Care home strategic overview group, NHS Lothian.</p> <p>Care Home Assurance Group, Midlothian.</p>	4	5	




Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.11.1	Three weekly care home staff testing for COVID.	Q1 21/22: All Midlothian care homes have been migrated on the new regional NSS testing portal in line with guidance from Scottish Government. This continues weekly PCR tests along side twice weekly lateral flow testing. Care Homes continue to be monitored through Mid HSCP and NHS Lothian Care Home Assurance Groups.	Head of Primary Care and Older People	30-Dec-2021	





IJB.RA.11.2	Enhanced Care Home support team	<b>Q1 21/22:</b> Clinical and care support continues for care home staff to support infection control and support wellbeing of residents.	Head of Primary Care and Older People	30-Dec-2021	
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## IJB.RR.15 COVID


Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.15	<p><b>Risk cause</b> Increased demand and changed requirements taking account of COVID 19.</p> <p><b>Risk event</b> Resurgence of COVID-19 pandemic within Community – increasing demand for a service and risks around staff absence.</p> <p><b>Risk effect</b> Capacity within all services putting delivery of directions and strategic plan at risk. Puts at risk quality of care.</p> <p>Capacity to deliver vaccination programme in parallel with routine services.</p> <p>Service ability to respond to a 2<sup>nd</sup> wave of COVID.</p> <p>Reputational risk.</p>	Head of Adult and Social Care; Joint Director Midlothian Health and Social Care Partnership	<p>Increased support for Care Homes.</p> <p>Business Continuity Plans to respond to surge in demand.</p> <p>COVID response team to support planning activities</p> <p>NHS wide winter planning, MLC winter planning and HSCP planning.</p> <p>Comprehensive winter flu vaccination programme.</p>	4	5	


Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.15.1	Management plans in place to mobilise local lockdown	<b>Q1 21/22:</b> Business continuity plans are in place to mitigate risks for local lockdowns/outbreaks. Due to the high impact on workforce in the last quarter, plans are in progress to monitor and mitigate for a reduced workforce to ensure key services can continue to be delivered, looking forward to the pressures that winter will also bring.	Chief Officer	30-Dec-2021	
IJB.RA.15.2	Winter planning	<b>Q1 21/22:</b> Winter planning for 2021/22 in underway	Chief Officer	30-Sep-2021	
IJB.RA.15.3	Continued modernisation and delivery of key services	<b>Q1 21/22:</b> On going work, mobilisation plan.	Chief Officer	30-Sep-2021	

IJB.RA.15.4	Impact on, in year financial position	Q1 21/22: The IJB has carried forward reserves to support additional Covid driven costs (c.£5.5m). Its is also expected that further support if required will be provided by the Scottish Government. This will be monitored regularly and report to the IJB at its October meeting	Chief Finance Officer	31-Oct-2021	
IJB.RA.15.5	Increasing capacity in the workforce to deliver vaccination programmes for winter flu and COVID-19.	Q1 21/22: The vaccination programme has been successfully delivered during the last quarter, we are now in the process of planning for a vaccination hub to include both COVID routine, booster and flu as part our ongoing vaccination programme.	Chief Officer	30-Oct-2021	

## Risks

### IJB.RR.01 Balancing budget in future years

Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.01	<p><b>Risk cause</b> Inadequate resources to meet demand in the manner in which services are currently delivered.</p> <p><b>Risk event</b> Inability to meet demand within existing resources.</p> <p><b>Risk effect</b> Overspends due to excessive demand for services, quality failures, and cuts in other services. The Community Health Partnership will have made financial commitments when in operation some of which will extend in to the period covered by the IJB and will require to be honoured.</p>	Chief Finance Officer	<p>Chief Finance Officer responsible for the governance, appropriate management of finance and financial administration of the IJB.</p> <p>Early Warning Indicators from NHS Lothian and Midlothian Council.</p> <p>Strong budget control systems in place in NHS Lothian and Midlothian Council.</p> <p>Financial Strategy and medium term financial plan developed</p> <p>New Governance arrangements in place which includes a finance and performance group.</p>	4	5	

Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.01.2	Financial Plan	Q1 21/22: The IJB has set a budget for 2021/22 and issued directions to its Partners. The in year position will be monitored and reported at the October IJB and further development work is underway to revise and renew the IJB's five year financial Plan	Chief Finance Officer	30-June-2021	



### IJB.RR.03 Demographic Changes

Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.03	<p><b>Risk cause</b> Increasing demands on services as a result of ageing population, and increasing numbers and complexity of need of children moving into Adult Services.</p> <p><b>Risk event</b> Inability to meet demand within existing resources.</p> <p><b>Risk effect</b> Demands made on Social Care resource budget exceed available budget. Capacity to maintain and develop preventative services is put at risk.</p>	Joint Director Midlothian Health and Social Care Partnership	<p>Routine update of joint needs assessment so that the allocation of resources can be reviewed and amended.</p> <p>Continual process of service redesign to ensure people access services quickly, and their recovery is supported effectively.</p> <p>Business Transformation Board – Council Transformation Board</p> <p>Demographic profiling to ensure forward planning reflects the demographic profile of the IJB. Captured in financial Strategy</p> <p>Dialogue with partners regarding allocation/demographic issues impacting on Midlothian.</p>	5	4	

### IJB.RR.04 Governance



Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.04	<p><b>Risk cause</b> Complexity of governance arrangements for the three bodies - NHS Lothian , Midlothian Council and the IJB - having to work together</p> <p><b>Risk event</b> Issues arise which lead to uncertainty about decision making authority.</p> <p>COVID-19 pandemic</p>	Chief Officer	<p>Performance Reports</p> <p>Use of Audit to Monitor effectiveness of Internal controls</p> <p>Code of Corporate Governance</p> <p>Integration Scheme</p> <p>Regular formal and informal meetings with partners.</p> <p>New Integrate Care Forum</p>	2	4	

	<b>Risk effect</b> The IJB's governance systems are unable to operate effectively.				
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Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.04.02	Ministerial Steering Group (MSG) Progress of Integration self-assessment	<b>Q4 20/21:</b> Work progressing on IJB self assessment underway to look at broad IJB self-assessment. This links to work to improve performance monitoring within the Health and Social Care Partnership and incorporates MSG indicators.	Chief Officer	30-Sep-2021	
IJB.RA.04.03	Review of Scheme of Integration	<b>Q4 20/21:</b> both partners review of the scheme is on hold due to the COVID-19 pandemic. Scottish Government guidance was issued to this effect. NHS Lothian and Midlothian Council are proposing to undertake this review in spring 2021.	Joint Director Midlothian Health and Social Care Partnership	30-June-2021	


#### IJB.RR.07 Managing Change



Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.07	<p><b>Risk cause</b> Information on changes to service released before service user or employees consultation strategy developed.</p> <p><b>Risk event</b> There is the potential for information to be released on draft schemes or proposals for changes to service delivery.</p> <p>Disruption due to the pandemic. Significant change to service delivery.</p> <p><b>Risk effect</b> This could have a negative impact on Service Users and Employees by creating unnecessary concern regarding potential changes which have not been fully considered or consulted on.</p>	Joint Director Midlothian Health and Social Care Partnership	<p>Strategic plan.</p> <p>Directions made and monitored.</p> <p>Performance reporting against delivery of strategic plan and other key indicators.</p> <p>There is an Organisational Development Officer in post, delivering an OD programme alongside a number of Lothian-wide initiatives. Workforce Planning</p> <p>Strategic Planning Group minutes routinely available to IJB.</p> <p>NHSL Strategic Framework on Pandemic response</p>	3	4	

Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.07.1	Engagement Strategy	<b>Q1 21/22:</b> Significant consultation underway as the IJB Strategic Plan 2022-25 is prepared. Support to Planning Officers and others around consultation and engagement continues. Consultation reports are being published in relevant area of the new HSCP website eg Unpaid carers. External communication continues using social media outlets and website. This will continue to a rolling programme. HSCP Director meeting with Comms team to discuss this programme.	Joint Director Midlothian Health and Social Care Partnership	30- Jun-2021	
IJB.RA.07.3	Forward strategic planning	<b>Q1 21/22:</b> Work progressing well. Consultation underway across the majority of the Partnership themes. Workshops (8) arranged for October of IJB and Strategic Planning group members to allow them to access the information required to make decisions on the proposed plan. Linking with NHS Lothian on its Strategic Plan.	Integration Manager	31-Mar-2022	


#### IJB.RR.08 Management Information

Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.08	<p><b>Risk cause</b> The two main software systems used within the Council (Framework-i) and NHS Lothian (Trak) to support the delivery of adult and social care do not integrate at present.</p> <p><b>Risk event</b> These systems are used to drive performance information.</p> <p><b>Risk effect</b> The lack of integration of the information between the systems reduces the potential for holistic reporting.</p>	Head of Adult and Social Care; Joint Director Midlothian Health and Social Care Partnership	<p>The Interagency Information Exchange allows direct and up to date access to other professional's information.</p> <p>Data sharing agreements</p>	5	3	


Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.08.1	Interagency Information Exchange	<b>Q1 21/22:</b> Work continues on the Tableau dashboard which combines information from Trak and Mosaic to allow real time service reporting. Further developments	Business Applications Manager	30-June-2021	


		outlined in Partnership Digital Programme and direction from IJB to Midlothian Council and NHS Lothian.			
IJB.RA.08.2	Performance Information	<b>Q1 21/22:</b> Work to improve performance reporting continues. A performance and improvement based approach to service management will be a key area of improvement over the next 12 months.	Joint Director Midlothian Health and Social Care Partnership	30-Dec-2022	
IJB.RA.08.3	IT software development	<b>Q1 21/22:</b> New software and IT infrastructure employed to assist IJB in maintaining service delivery due to the pandemic has been very successful. Over the next 12 months a prioritisation of software systems and integration will be out focus to build on the existing infrastructure to allow for a more agile workforce.	Joint Director Midlothian Health and Social Care Partnership	30-Dec-2022	

#### IJB.RR.09 Leadership Capacity - IJB


Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.09	<p><b>Risk cause</b> Changing membership of IJB creates challenges to ensure all members have a clear understanding of the Integration of Health and Social Care.</p> <p><b>Risk event</b> New members may have a knowledge gap around the work of the IJB, the planned outcomes and measures to drive forward improvement.</p> <p><b>Risk effect</b> Ability of new members to make a positive contribution to the IJB.</p>	Chief Officer	<p>National and local Induction programs in place.</p> <p>Membership changes incrementally.</p> <p>User, Carer and Third Sector members receive pre-meeting support.</p> <p>Induction/development programme in place.</p> <p>Leadership Development training in place.</p> <p>The IJB has changed members, chair and CO in the last year yet continues to function well</p>	3	2	



### IJB.RR.11 Working With Other Organisations (Partnership)

Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.11	<p><b>Risk cause</b> The establishment of the Integrated Joint Board (IJB) may reduce the efforts required to work with other Community Planning partners.</p> <p><b>Risk event</b> THE HSCP focusses too narrowly on its immediate responsibilities to deliver direct services in health and care, and neglects the task of building long term sustainability.</p> <p><b>Risk effect</b> The HSCP does not achieve its long term objectives.</p>	Chief Officer	<p>The IJB Chair and Chief Officer are members of the Community Planning Board.</p> <p>Health and Social Care are active in Area Targeting work.</p> <p>Reducing inequality is the key objective of the Community Planning Partnership.</p> <p>Other agencies - e.g. Housing; Libraries; Fire and Rescue; Ambulance - are actively involved in joint planning groups.</p> <p>Regular Summits being held with the voluntary sector 3-4 times per year</p> <p>Ongoing engagement with the Community Planning Partnership</p> <p>Component of the Single Midlothian Plan</p>	3	4	

Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.11.2	Strengthening engagement with the independent sector	<b>Q4 20/21:</b> Partnership working with the Independent Sector (care homes and care at home) continues. This quarter there has been a strong focus on the recommissioning of care providers for both Care at Home and Care Homes.	Joint Director Midlothian Health and Social Care Partnership	30-Dec-2021	

## IJB.RR.14 Business Continuity


Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.14	<p><b>Risk cause</b> Lack of clarity about Business Continuity arrangements.</p> <p><b>Risk event</b> The Health &amp; Social Care Partnership is unable to implement proposals in the absence of an effective governing body.</p> <p><b>Risk effect</b> The IJB fails to make good progress with the implementation of its Strategic Plan.</p>	Chief Officer	<p>Integration Scheme - standing orders and a code of governance in place.</p> <p>Substitute IJB members in place by NHS Lothian, Midlothian Council, Users, Carers and Third Sector.</p> <p>The Council and NHS have their own Business Continuity Plans and arrangements in place to monitor third party suppliers. (Check local code of governance)</p>	3	4	

Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.14.1	UK Exit from European Union	<b>Q1 21/22:</b> Impacts of UK exit from European Union remain low but monitored routinely.	Chief Officer	30-Dec-2021	
IJB.RA.14.2	COVID-19 pandemic planning and resilience	<b>Q1 21/22:</b> Performance monitoring continues through 6 weekly governance meetings. Current pressures this quarter are within the workforce capacity, this is being managed by local mitigation of agency/bank staff and prioritisation of service delivery.	Chief Officer	30-Dec-2021	



## Opportunities


### IJB.OP.01 Strategic Plan

Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.OP.01	The creation of a Strategic Plan provides the opportunity to describe the future shape of care services.	Joint Director Midlothian Health and Social Care Partnership	<p>The Strategic Plan sets out the direction of travel for all health and care services and identifies how available funding will be used to enable some of these changes to take place.</p> <p>Funding such as social care monies and Primary Care Transformation funds will enable some of the aspirational plans to be put into effect.</p> <p>Directions provides clarity and specificity about actions flowing from the Strategic Plan.</p> <p>Strategic Planning Group has been established to monitor implementation of Strategic plan.</p> <p>Annual Delivery Plan.</p> <p>Working with local planning groups and services to develop plans for future years.</p>	5	4	

**Risk Management report Key:**

Very low risk	1-3	
Low risk	4-8	
Medium risk	9-15	
High risk	16-20	
Critical risk	25	

**Action Key:**

In progress	
complete	
Overdue	



## IJB Strategic Risk Profile

Quarter 4 2020/21





### Issues


#### IJB.RR.18 Use of Acute Hospital Beds




Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.18	<p><b>Risk cause</b> Midlothian has too high a usage of hospital beds for people who are fit to be discharged or who did not need to be admitted in the first place.</p> <p><b>Risk event</b> Acute hospitals are unable to function effectively and efficiently because of the number of people occupying beds who do not require hospital care.</p> <p><b>Risk effect</b> The difficulty of shifting resources to community based services will continue, and people who need hospital care will experience delays. The acute hospital system has to commission services from private providers to meet national targets.</p>	Chief Officer	<p>On-going monitoring of quality</p> <p>IJB set Targets on use of Acute Beds.</p> <p>Directions set.</p> <p>Patient pathway being improved including the establishment of a flow 'hub'</p>	4	5	

Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.18.1	Project to examine the use of acute hospital beds	<b>Q4 20/21:</b> The use of unscheduled care facilities increased in quarter 4. Services to support people who have a long term condition to stay well at home continued to operate in order to support as many people as possible to avoid hospital visits .Many services continue to operate whilst reducing face to face contact – telephone and	Chief Officer	30-Jun-2021	

		digital tools were employed. The introduction of the Single Point of Access in December has had a positive impact on people delayed in hospital unnecessarily.  Representatives of Midlothian Health and Social Care Partnership continue to participate in the RIE Hospital Management Team and the unscheduled care board, along with more specific forums such as the Redesign of the Front Door and Winter Planning.			
IJB.RA.18.2	Increased investment in services to reduce hospital admission and stay.	<b>Q4 20/21:</b> The introduction of the Single Point of Access in December has had a positive impact on people delayed in hospital unnecessarily.  Additional funding that was secured to support services assisted with our response to support annual winter pressures.	NHS Lothian	30-Jun-2021	
IJB.RA.18.3	Scheduling of unscheduled care	<b>Q4 20/21:</b> Representatives of Midlothian Health and Social Care Partnership continue to participate in the RIE Hospital Management Team and the unscheduled care board, along with more specific forums such as the Redesign of the Front Door and Winter Planning. Work continues to develop the Home First model in Midlothian.	Head of Older People and Social Care	30-Jun-2021	


#### IJB.RR.10 Workforce Capacity Including Recruitment & Retention of Health and Social Care Staff


Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.10	<p><b>Risk cause</b> Potential future ability to recruit sufficient staff.</p> <p><b>Risk event</b> Insufficient numbers of qualified people to deliver services based on current models.</p> <p>COVID-19 pandemic – increasing demand for a service and risks around staff absence.</p> <p><b>Risk effect</b> Negative impact on service delivery where services require GPs and care at home staff.</p>	Head of Adult and Social Care; Joint Director Midlothian Health and Social Care Partnership	<p>National program of training for GPs and Health Visitors.</p> <p>Living Wage commitment to address low paid positions.</p> <p>Service Specific Workforce Plan being developed which will include the development of new roles and a changing skill mix.</p> <p>SVQ Assessment Centre Established.</p> <p>Workforce Planning</p> <p>Care at Home Strategy</p>	3	4	

Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.10.4	Increase recruitment to care at home	<b>Q4 20/21:</b> Efforts to increase recruitment continued. Close working with external providers.	Head of Older People and Social Care	30-Jun-2021	
IJB.RA.10.5	Opportunity for staff to achieve SVQ qualifications and meet registration requirements.	<b>Q4 20/21:</b> Recruitment of the Workforce Development Manager will take this forward and will be monitored throughout the year.	Head of Adult Services	31-Mar-2022	
IJB.RA.10.6	Care at Home	<b>Q4 20/21:</b> Recommissioning work in progress, tender to be issued in next quarter.	Head of Older People and Primary Care	30-Jun-2021	


#### IJB.RR.11 Care homes





Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.11	<p><b>Risk cause</b> Increased demand and changed requirements around care home delivery.</p> <p><b>Risk event</b> COVID-19 pandemic – increasing demand for a service and risks around staff absence.</p> <p><b>Risk effect</b> Capacity within care homes putting delivery of directions and strategic plan at risk. Puts at risk quality of care.</p>	Head of Adult and Social Care; Joint Director Midlothian Health and Social Care Partnership	<p>Care Inspectorate inspections of Care homes</p> <p>Daily report from Care Homes to Health and Social Care partnership to form daily SITREP.</p> <p>Weekly supported visit by care home support team.</p> <p>Weekly return to Scottish Government.</p> <p>Internal audit of Care Homes</p> <p>Care home strategic overview group, NHS Lothian.</p> <p>Care Home Assurance Group, Midlothian.</p>	4	5	


Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.11.1	Three weekly care home staff testing for COVID.	<b>Q4 20/21:</b> All Midlothian care homes have been migrated on the new regional NSS testing portal in line with guidance from Scottish Government. This continues weekly PCR tests along side twice weekly lateral flow testing.	Head of Primary Care and Older People	30-Jun-2021	

IJB.RA.11.2	Enhanced Care Home support team	<b>Q4 20/21:</b> Clinical and care support continues for care home staff to support infection control and support wellbeing of residents.	Head of Primary Care and Older People	30-Jun-2021	
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## IJB.RR.15 COVID


Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.15	<p><b>Risk cause</b> Increased demand and changed requirements taking account of COVID 19.</p> <p><b>Risk event</b> Resurgence of COVID-19 pandemic within Community – increasing demand for a service and risks around staff absence.</p> <p><b>Risk effect</b> Capacity within all services putting delivery of directions and strategic plan at risk. Puts at risk quality of care.</p> <p>Capacity to deliver vaccination programme in parallel with routine services.</p> <p>Service ability to respond to a 2<sup>nd</sup> wave of COVID.</p> <p>Reputational risk.</p>	Head of Adult and Social Care; Joint Director Midlothian Health and Social Care Partnership	<p>Increased support for Care Homes.</p> <p>Business Continuity Plans to respond to surge in demand.</p> <p>COVID response team to support planning activities</p> <p>NHS wide winter planning, MLC winter planning and HSCP planning.</p> <p>Comprehensive winter flu vaccination programme.</p>	4	5	


Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.15.1	Management plans in place to mobilise local lockdown	<b>Q4 20/21:</b> Business continuity plans are in place to mitigate risks for local lockdowns. Annual assurance	Chief Officer	30-Sep-2021	
IJB.RA.15.2	Winter planning	<b>Q4 20/21:</b> Winter plan continues to be implemented.	Chief Officer	30-Sep-2021	
IJB.RA.15.3	Continued modernisation and delivery of key services	<b>Q4 20/21:</b> On going work, mobilisation plan.	Chief Officer	30-Sep-2021	
IJB.RA.15.4	Impact on, in year financial position	<b>Q4 20/21:</b> Work on going and continue to submit financial returns to Scottish Government regarding additional COVID related expenditure. Funding has been	Chief Finance Officer	30-Sep-2021	

		received to date with further funding required later in the financial year. In year financial position provided regularly to IJB for monitoring purposes.			
IJB.RA.15.5	Increasing capacity in the workforce to deliver vaccination programmes for winter flu and COVID-19.	<b>Q4 20/21:</b> Different staff groups trained to deliver vaccinations, ongoing recruitment drive for vaccinators and administrative support.	Chief Officer	30-Sep-2021	

## Risks

### IJB.RR.01 Balancing budget in future years

Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.01	<p><b>Risk cause</b> Inadequate resources to meet demand in the manner in which services are currently delivered.</p> <p><b>Risk event</b> Inability to meet demand within existing resources.</p> <p><b>Risk effect</b> Overspends due to excessive demand for services, quality failures, and cuts in other services. The Community Health Partnership will have made financial commitments when in operation some of which will extend in to the period covered by the IJB and will require to be honoured.</p>	Chief Finance Officer	<p>Chief Finance Officer responsible for the governance, appropriate management of finance and financial administration of the IJB.</p> <p>Early Warning Indicators from NHS Lothian and Midlothian Council.</p> <p>Strong budget control systems in place in NHS Lothian and Midlothian Council.</p> <p>Financial Strategy and medium term financial plan developed</p> <p>New Governance arrangements in place which includes a finance and performance group.</p>	4	5	

Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.01.2	Financial Plan	<b>Q4 20/21:</b> The IJB has now received its budget offers from both Partners, these were discussed at the IJB meetings during March and April 2021. The IJB agreed both budget offers for 2021/22. During this period we also received from Scottish Government our COVID funding to support additional COVID related expenditure incurred during 2020/21. Any slippage in the use of this funding will be carry forward via the IJBs Earmarked reserve to support our LMP and COVID expenditure in 2021/22.	Chief Finance Officer	30-June-2021	





### IJB.RR.03 Demographic Changes

Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.03	<p><b>Risk cause</b> Increasing demands on services as a result of ageing population, and increasing numbers and complexity of need of children moving into Adult Services.</p> <p><b>Risk event</b> Inability to meet demand within existing resources.</p> <p><b>Risk effect</b> Demands made on Social Care resource budget exceed available budget. Capacity to maintain and develop preventative services is put at risk.</p>	Joint Director Midlothian Health and Social Care Partnership	<p>Routine update of joint needs assessment so that the allocation of resources can be reviewed and amended.</p> <p>Continual process of service redesign to ensure people access services quickly, and their recovery is supported effectively.</p> <p>Business Transformation Board – Council Transformation Board</p> <p>Demographic profiling to ensure forward planning reflects the demographic profile of the IJB. Captured in financial Strategy</p> <p>Dialogue with partners regarding allocation/demographic issues impacting on Midlothian.</p>	5	4	

### IJB.RR.04 Governance



Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.04	<p><b>Risk cause</b> Complexity of governance arrangements for the three bodies - NHS Lothian , Midlothian Council and the IJB - having to work together</p> <p><b>Risk event</b> Issues arise which lead to uncertainty about decision making authority.</p> <p>COVID-19 pandemic</p>	Chief Officer	<p>Performance Reports</p> <p>Use of Audit to Monitor effectiveness of Internal controls</p> <p>Code of Corporate Governance</p> <p>Integration Scheme</p> <p>Regular formal and informal meetings with partners.</p> <p>New Integrate Care Forum</p>	2	4	

	<b>Risk effect</b> The IJB's governance systems are unable to operate effectively.				
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Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.04.02	Ministerial Steering Group (MSG) Progress of Integration self-assessment	<b>Q4 20/21:</b> Work progressing on IJB self assessment underway to look at broad IJB self-assessment. This links to work to improve performance monitoring within the Health and Social Care Partnership and incorporates MSG indicators.	Chief Officer	30-Sep-2021	
IJB.RA.04.03	Review of Scheme of Integration	<b>Q4 20/21:</b> both partners review of the scheme is on hold due to the COVID-19 pandemic. Scottish Government guidance was issued to this effect. NHS Lothian and Midlothian Council are proposing to undertake this review in spring 2021.	Joint Director Midlothian Health and Social Care Partnership	30-June-2021	


#### IJB.RR.07 Managing Change



Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.07	<p><b>Risk cause</b> Information on changes to service released before service user or employees consultation strategy developed.</p> <p><b>Risk event</b> There is the potential for information to be released on draft schemes or proposals for changes to service delivery.</p> <p>Disruption due to the pandemic. Significant change to service delivery.</p> <p><b>Risk effect</b> This could have a negative impact on Service Users and Employees by creating unnecessary concern regarding potential changes which have not been fully considered or consulted on.</p>	Joint Director Midlothian Health and Social Care Partnership	<p>Strategic plan.</p> <p>Directions made and monitored.</p> <p>Performance reporting against delivery of strategic plan and other key indicators.</p> <p>There is an Organisational Development Officer in post, delivering an OD programme alongside a number of Lothian-wide initiatives. Workforce Planning</p> <p>Strategic Planning Group minutes routinely available to IJB.</p> <p>NHSL Strategic Framework on Pandemic response</p>	3	4	

Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.07.1	Engagement Strategy	<b>Q4 20/21:</b> Engagement strategy to be approved by IJB on 8 <sup>th</sup> April 2021. Communication planning around including COVID-19 pandemic. This work remains ongoing.	Joint Director Midlothian Health and Social Care Partnership	30-June-2021	
IJB.RA.07.3	Forward strategic planning	<b>Q4 20/21:</b> Work progressing on strategic plan 2022-2025. IJB approved revised vision and values to underpin this work and six overarching strategic aims.	Integration Manager	31-Mar-2022	


### IJB.RR.08 Management Information

Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.08	<p><b>Risk cause</b> The two main software systems used within the Council (Framework-i) and NHS Lothian (Trak) to support the delivery of adult and social care do not integrate at present.</p> <p><b>Risk event</b> These systems are used to drive performance information.</p> <p><b>Risk effect</b> The lack of integration of the information between the systems reduces the potential for holistic reporting.</p>	Head of Adult and Social Care; Joint Director Midlothian Health and Social Care Partnership	<p>The Interagency Information Exchange allows direct and up to date access to other professional's information.</p> <p>Data sharing agreements</p>	5	3	


Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.08.1	Interagency Information Exchange	<p><b>Q4 20/21:</b> Work continues on the Tableau dashboard which combines information from Trak and Mosaic to allow real time service reporting.</p> <p>Further developments outlined in Partnership Digital Programme and direction from IJB to Midlothian Council and NHS Lothian.</p>	Business Applications Manager	30-June-2021	


IJB.RA.08.2	Performance Information	<b>Q4 20/21:</b> Work has progressed on Outcome Monitoring framework following delay due to the pandemic. Work initially focussed on the following areas, strategic planning, frailty and No.11. Work to improve performance reporting continues.	Joint Director Midlothian Health and Social Care Partnership	30-June-2021	
IJB.RA.08.3	IT software development	<b>Q4 20/21:</b> New software and IT infrastructure employed to assist IJB and other communication eg Microsoft Teams for meetings and sharing of documents. Extension of homeworking in response to Pandemic.	Joint Director Midlothian Health and Social Care Partnership	30-June-2021	


#### IJB.RR.09 Leadership Capacity - IJB



Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.09	<p><b>Risk cause</b> Changing membership of IJB creates challenges to ensure all members have a clear understanding of the Integration of Health and Social Care.</p> <p><b>Risk event</b> New members may have a knowledge gap around the work of the IJB, the planned outcomes and measures to drive forward improvement.</p> <p><b>Risk effect</b> Ability of new members to make a positive contribution to the IJB.</p>	Chief Officer	<p>National and local Induction programs in place.</p> <p>Membership changes incrementally.</p> <p>User, Carer and Third Sector members receive pre-meeting support.</p> <p>Induction/development programme in place.</p> <p>Leadership Development training in place.</p> <p>The IJB has changed members, chair and CO in the last year yet continues to function well</p>	3	2	

#### IJB.RR.11 Working With Other Organisations (Partnership)

Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.11	<p><b>Risk cause</b> The establishment of the Integrated Joint Board (IJB) may reduce the efforts required to work with other Community Planning partners.</p> <p><b>Risk event</b> THE HSCP focusses too narrowly on its immediate responsibilities to deliver direct services in health and care, and neglects the task of building long term sustainability.</p> <p><b>Risk effect</b> The HSCP does not achieve its long term objectives.</p>	Chief Officer	<p>The IJB Chair and Chief Officer are members of the Community Planning Board.</p> <p>Health and Social Care are active in Area Targeting work.</p> <p>Reducing inequality is the key objective of the Community Planning Partnership.</p> <p>Other agencies - e.g. Housing; Libraries; Fire and Rescue; Ambulance - are actively involved in joint planning groups.</p> <p>Regular Summits being held with the voluntary sector 3-4 times per year</p> <p>Ongoing engagement with the Community Planning Partnership</p> <p>Component of the Single Midlothian Plan</p>	3	4	


Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.11.2	Strengthening engagement with the independent sector	<p><b>Q4 20/21:</b> Partnership working with the Independent Sector (care homes and care at home) continues. This quarter we have focussed on sharing best practice and shared learning. The organisation is involved in the development of tender for Care at Home.</p> <p>Increased partnership working involving volunteers.</p> <p>Assurance group in place for both NHS and HSCP for monitoring performance of care homes, this is reported weekly into SG.</p>	Joint Director Midlothian Health and Social Care Partnership	30-Sep-2021	

Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.14	<p><b>Risk cause</b> Lack of clarity about Business Continuity arrangements.</p> <p><b>Risk event</b> The Health &amp; Social Care Partnership is unable to implement proposals in the absence of an effective governing body.</p> <p><b>Risk effect</b> The IJB fails to make good progress with the implementation of its Strategic Plan.</p>	Chief Officer	<p>Integration Scheme - standing orders and a code of governance in place.</p> <p>Substitute IJB members in place by NHS Lothian, Midlothian Council, Users, Carers and Third Sector.</p> <p>The Council and NHS have their own Business Continuity Plans and arrangements in place to monitor third party suppliers. (Check local code of governance)</p>	3	4	

Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.14.1	UK Exit from European Union	<b>Q4 20/21:</b> Strategic Management group continues to meet within Midlothian Council to review and monitor any impacts. NHSL strategic management groups continues to report by exception.	Chief Officer	30-June-2021	
IJB.RA.14.2	COVID-19 pandemic planning and resilience	<b>Q4 20/21:</b> Annual service assurances have been completed to both NHSL and Midlothian Council. Performance monitoring continues through 6 weekly governance meetings.	Chief Officer	30-June-2021	

## Opportunities

### IJB.OP.01 Strategic Plan

Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.OP.01	The creation of a Strategic Plan provides the opportunity to describe the future shape of care services.	Joint Director Midlothian Health and Social Care Partnership	<p>The Strategic Plan sets out the direction of travel for all health and care services and identifies how available funding will be used to enable some of these changes to take place.</p> <p>Funding such as social care monies and Primary Care Transformation funds will enable some of the aspirational plans to be put into effect.</p> <p>Directions provides clarity and specificity about actions flowing from the Strategic Plan.</p> <p>Strategic Planning Group has been established to monitor implementation of Strategic plan.</p> <p>Annual Delivery Plan.</p> <p>Working with local planning groups and services to develop plans for future years.</p>	5	4	

**Risk Management report Key:**

Very low risk	1-3	
Low risk	4-8	
Medium risk	9-15	
High risk	16-20	
Critical risk	25	

**Action Key:**

In progress	
complete	
Overdue	



