



**Midlothian**  
**Health & Social Care**

**Midlothian**  
**Integration Joint Board (IJB)**

**Annual Accounts**  
**2021/22**

The Annual Accounts of Midlothian Integration Joint Board for the period from 1 April 2021 to 31 March 2022, 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 2021/22 and Service Reporting Code of Practice.

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# Audit Arrangements

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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 2021 to 31 March 2022 is Stephen Reid, CA, CIPFA, Partner, Ernst and Young LLP, Atria One, 144 Morrison Street, Edinburgh, EH3 8EB.

# Management Commentary

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## Introduction

The management commentary considers the work that the IJB has undertaken during the financial year 2021/22 and then describes the financial performance for the financial year ended 31 March 2022. It further provides an overview of the key messages relating to the role, remit, members, objectives and the strategy of the Midlothian Integration Joint Board (IJB).

## The IJB's Operations for the Year 2021/22.

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

2021/22 is the second year of the COVID-19 pandemic and the IJB would like to sincerely thank the staff of NHS Lothian, Midlothian Council, the GP Practices, the independent providers of social care and the voluntary organisations who have continued to deliver the functions that have been delegated to the IJB during a very difficult period.

COVID-19 has continued to disrupt 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. The impact of the pandemic has also continued to constrain the work of the IJB in the delivery of its Strategic Plan. The IJB remains committed to supporting its partners (Midlothian Council and NHS Lothian) during this very difficult time but it is hoped that in 2022/23 that the impacts of the pandemic become more manageable and that the IJB will be able to return to a more 'business as usual' position.

During the financial year, the IJB has expended around £5,488,000 to support the additional costs of health and social care generated by the COVID-19 pandemic and this has been funded through the IJB's COVID-19 reserve along with additional grants from the Scottish Government. In addition, the IJB has continued to support NHS Lothian with its remobilisation plan as part of the overall recovery of Health and Social Care services from the pandemic

### IJB's Vision and Objectives

The IJB's vision and objections are laid out in the IJB's Integration Scheme and these are a reflection of the national agreed Health and Wellbeing outcomes. These are –

1. People are able to look after and improve their own health and wellbeing and live in good health for longer.
2. People, including those with disabilities or long term conditions or who are frail are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community.
3. People who use health and social care services have positive experiences of those services, and have their dignity respected.

4. Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.
5. Health and social care services contribute to reducing health inequalities.
6. People who provide unpaid care are supported to look after their own health and wellbeing, including to reduce any negative impact of their caring role on their own health and wellbeing.
7. People using health and social care services are safe from harm.
8. People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide.
9. Resources are used effectively and efficiently in the provision of health and social care services.

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

## **Delivery of the IJB's current Strategic plan**

Allowing for the constraints and the operational impact of the COVID-19 pandemic on the IJB's partners, the IJB has continued to deliver its current strategic plan during the financial year. The Strategic Plan is delivered through the IJB's directions to the partners (Midlothian Council and NHS Lothian) and the IJB considered the delivery of these directions in detail at its April 2020 and December 2021 meetings and other matters pertaining to the delivery and the development of the Strategic plan have been discussed at other meetings. The IJB's Strategic Planning Group has met regularly during the financial year to reflect on and develop the IJB's Strategic Plan and this is discussed further below in the IJB's plan for future years

The IJB categorises its services into three broad areas –

### **Core Services**

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

### **Hosted Services.**

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

### **Set Aside Services**

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

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

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

## **Core Services**

### **Avoiding patient falls.**

An additional direction was issued by the IJB at its April 2021 meeting to support the delivery of the Midlothian Falls and Fracture Prevention Action Plan 2020-2022. This asked the partners to develop and integrate falls pathway across the HSCP and the Third Sector by December 2021.

### **Primary Care (GP Practices)**

The IJB continued to support the delivery of the Primary Care Implementation plan in the twelve GP Practices within Midlothian. The transfer of vaccination programmes from GP practices to services delivered by the HSCP has continued. The HSCP and the GP Practices continue to work closely together to deliver an integrated local care service and the work to progress the memorandums of understanding (MOU) between the Scottish Government and the GP Practices is a key in delivering the IJB's Primary Care Strategy. The MOU will lead to GPs being treated as specialist generalist medical staff to manage those patients that require their own specific input with a whole range of primary health care being delivered by the HSCP staff, community pharmacists and other appropriate services.

### **Respite Services**

The Cowan Court Respite Flat (Cowan Court is a local care home) went live in November 2021 and this will support the IJB's respite strategy.

### **Wellbeing Service (Mental Health)**

As part of an overall development of mental health services in Midlothian, the wellbeing service is on track to support 800 people during the financial year, with 447 referrals being made in the first six months of the service

### **Developments at Midlothian Community Hospital**

Midlothian Community Hospital (the services delivered there being part of the functions delegated by the IJB) is seen as a very useful local resource and plans were developed to ensure that it is fully utilised and that services which can be delivered locally are delivered at the hospital. One of the wards (Glenlee) has had its bed capacity increased to allow for 'step-up' and rehabilitation services from the community and further staff have been recruited to open fourteen beds.

### **Extra Care Housing**

As part of the IJBs Strategies, extra-care housing is being developed at Newmills Road, Dalkeith with an estimated completion date of November 2022.

### **Support to Carers**

The IJB continues to develop its carers strategy and a monitoring and evaluation framework is now in place to deliver qualitative data regarding service delivery and qualitative data relating to outcomes for carers

### **Hosted Services**

The IJB has considered and supported phase II of the REH business Case, this was considered at its meeting in October 2021. The Royal Edinburgh Hospital is an in-patient facility for Mental Health patients in Edinburgh. NHS Lothian have been working on rebuilding this hospital and providing modern fit-for purpose accommodation and services for patients. As part of the overall IJB's Mental Health Strategy, the IJB has been successful in reducing the in-patient bed usage at the REH and now requires fewer beds than it used previously. This is recognised in the phase II business case and the IJB was asked to agree to the proposed bed numbers (which it did) noting that financial releases will be available at the end of this development and that these resources can then be reinvested in local mental health services.

### **Set Aside Services**

The COVID-19 pandemic has generated serious pressures on the Acute Hospitals which support Midlothian Patients (the Royal Infirmary of Edinburgh and the Western General Hospital). This has not stopped the IJB's work on reducing its use of acute beds and reducing attendances at the Emergency Department but the IJB recognises the pressure on the Acute system caused by the pandemic and has concentrated on reducing that pressure as much as possible. This work has been delivered by the HSCP who have been developing intermediate care services to reduce admissions and lengths of stay as much as possible.

A full, detailed examination of the work of the IJB in 2021/22 will be published in October '22 as part of the IJB's Annual Report. This will be on the IJB's new website [insert link]

### **Review of the IJB's Strategic Plan and Preparation of the IJB's Strategic Plan for 2022-25**

A further key part of the work of the IJB in 2021/22 has been the development of the Strategic Plan covering the period 2022 – 2025. This has been developed through the IJB's Strategic Planning Group and was presented to the IJB at its March 2022 meeting. This is further discussed below

### **Other Issues**

There have been other further developments during the financial year which will impact on the future role of the IJB although the IJB has no influence over these events.

## **Review of the IJB's Integration Scheme.**

The IJB is constituted through the Integration Scheme drawn up by Midlothian Council and NHS Lothian. This requires revision every five years – although because of the COVID-19 pandemic the scheme had not been revised for six years - and Midlothian Council and NHS Lothian Council drafted a new scheme during the financial year which is currently out for consultation. This new scheme contains no material changes for the old scheme and therefore there should not be any impact on the IJB.

## **Consultation on the National Care Service**

The Scottish Government is undertaking a consultation on their proposal to set up a national care service. It seems that this will mean that the IJB, as it currently exists, will be wound up when new legislation to set up the NCS takes effect. The IJB has formally responded to the consultation and this was presented to the IJB at its November 2021 meeting

## **Lothian Strategic Development Framework**

NHS Lothian has drawn up a strategic development framework which includes a range of functions which have been delegated to the IJBs. NHS Lothian and the Lothian IJBs have committed to work jointly to deliver the ambitions in the IJBs' Strategic Plans

## **IJB's Financial Performance in 2021/22**

For the financial year ending 31<sup>st</sup> March 2022, the IJB was underspent by around £10,519,000. However this position includes a significant range of additional funds from the Scottish Government that were made available to the IJB in 2021/22 but were either not able to be used in year or, in the case of support for COVID-19 costs to be carried forward into 2022/23. The funds to be carried forward in the IJB reserves are detailed in the analysis of reserves below. The 2021/22 financial position is further detailed below in the section describing the IJB's financial performance in 2021/22.

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

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

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

- Adult Social Care



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

The IJB assumed formal responsibility for these functions in April 2016 including the budgets for the delivery of these functions. The strategic plan of each IJB must be reviewed and approved by the IJB every 3 years. The IJB has approved its second Strategic Plan which covers April 2019 to March 2022 and has prepared a further strategic plan covering the period from April 2022 to March 2025.

The membership of the IJB is laid out the Appendix to these annual accounts

# Plans for Next Year and beyond

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## Development of a revised strategic plan – 2022-2025

As was discussed above, the IJB has been developing, through its Strategic Planning Group and individual strategic planning programmes, a revised Strategic Plan for 2022-2025. This plan will be delivered by the IJB's partners through the issuing of detailed directions. Of course, the delivery of change and the achievement of the IJB's objectives cannot be achieved within a one or two year timeframe and a number of directions from previous periods will still be germane during 2022-2025 and these will be added to by revised and new directions. A revised process of the monitoring of the performance of the directions is being developed that will allow the IJB to more clearly understand the progress against the delivery of the directions and through those the delivery of the Strategic Plan. Progress with Directions is reported to the IJB every six months. To ensure all issued Directions are considered at each reporting point, a log has been created giving each action a reference number for tracking. This log will support effective reporting of progress and ensure that all previously issued Directions are also appropriately monitored. This will enable the IJB to maintain, and, where appropriate, adjust, the full programme of service delivery and redesign it is seeking to achieve through the work of its partners.

There are a range of areas wherein individual directions will include links to other elements of the strategic plan. Such cross-cutting and significant drivers for change include the frailty programme; the development of a falls programme; and the application of digital solutions. Only a small portion of the Public Health budget is delegated to the IJB and yet the objective of a strong programme of prevention and screening is dependent upon the skills and resources within Public Health. As such, the IJB are very committed to strengthening our joint working in this area.

The IJB is also keen to ensure the provision of good quality housing tailored to the needs of people with physical and mental health needs or disabilities is crucial to enabling people to manage as independently as possible. The plans to achieve this are laid out in the Housing Contribution Statement provided as an appendix to the Strategic Plan.

The Midlothian Strategic Commissioning Plan 2022-2025 outlines the way ahead for the development of health and social care services in Midlothian. The Plan explains the IJB's objectives in the delivery of health and social care services and, within each section of the plan, outlines specific actions to be taken to improve the delivery of services aimed at prevention and early intervention; support and treatment; and responding to crises.

The IJB is only empowered to issue Directions regarding functions delegated to it as outlined in the Integration Scheme. However there is a very clear link between good health and wellbeing and ease of access to services which meet people's basic needs. These include good housing, income and employment and transport. The Housing Contribution Statement outlines the main changes planned in the delivery of good housing to support health and

wellbeing. Alongside this, strong partnership working will continue to be crucial with non-delegated health services such as Public Health, Council services such as Lifelong Learning, the wider Community Planning Partnership, and local people and communities. The IJB will continue to support its partners in these areas.

A link to the revised plan will be included once approved [insert]

# The IJB's Financial Position: 31 March 2022

## Summary

For the year ending 31 March 2022, the IJB was underspent by £10.5m. 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.

	Income £000's	Expenditure £000's	Surplus £000's
Health Services	£127,825	£121,552	£6,273
Social Care Services	£50,598	£46,352	£4,246
<b>Total</b>	<b>£178,423</b>	<b>£167,904</b>	<b>£10,519</b>

This is the second year that the IJB has been underspent. The underspend in 2020/21 was a reflection of the impact of the COVID-19 pandemic on the health and social care system. Although the system was under a huge pressure additional financial resources were made available to cover that pressure but the shortage of staff and the impact on the pandemic on the third party providers of social care meant that some planned programmes couldn't be undertaken and the, in financial terms, the IJB was underspend and carried this money forward in its reserves.

In 2021/22, the underspend has been generated by three main areas

1. Additional funds have been received in year from the Scottish Government to support the COVID-19 pandemic beyond these required in 2021/22. This has been part of a specific policy to allow the IJBs to be able to carry forward into 2022/23 adequate funds to cover the projected costs of supporting the COVID-19 pandemic in that year.
2. Additional support was made available by the Scottish Government in November 2021 to support Winter pressures, in total c. £1,839,000. The IJB has not been able to utilise these funds in year and they have been added to the IJB's earmarked reserves. In addition further investments were made by the Scottish Government through NHS Lothian, again the IJB has not been able to utilise these funds in year
3. Having taken account of funds to be moved to earmarked reserves, the IJB was left with an operational underspend of £1,149,000. This being, as was the case in 2020/21, largely because of the inability of the IJB to fully utilise its planned programmes through the demands and pressures from the COVID-19 pandemic. These funds have been moved to the IJB's general reserve.

## Reserves

The movement in the IJB's reserves and the makeup of that reserve is detailed below. In summary the balance in the IJB's reserves on 31/3/2022 is £23,511,000. This is made up of

£9,703,000 for COVID-19 costs, £7,938,000 for earmarked reserves and £5,870,000 of general reserves. It is expected that the COVID-19 reserve will be utilised during 2022/23.

Elements of the general reserve are for very specific projects and the IJB will be encouraging the partners to progress these projects, however some elements (for example Additional Capacity in Care at Home) will support broader work and the IJB is committed to ensuring that the earmarked funds which can be appropriately used to develop the IJB's services are used in that way.

The IJB's general reserve is now in excess of the target set by the IJB's Reserves Policy. The IJB is considering how elements of that reserve can be used, albeit non-recurrently, to further develop work that will support the delivery of the Strategic Plan.

## 2022/23 Financial Outlook

The IJB set a balanced budget for 2022/23 at its March 2022 meeting, albeit using an indicative budget offer from NHS Lothian. The 22/23 Scottish Budget settlement included significant resources for the Integration Authorities to support further capacity and development in social care and these funds along with an appropriate utilisation of the IJB's reserves as discussed above allowed the IJB to set a balanced budget. That said, there are clearly a significant range of financial pressures impacting on the IJB's partners and the IJB is committed to supporting the partners in so far as the Integration Scheme allows.

## Analysis of the Financial Statements

The financial statements are all presented on a net basis.

	Health unaudited Budget £000's	Social Care unaudited Budget £000's	Health Expenditure £000's	Social Care Expenditure £000's	Variance £000's	Note
<b>Direct Midlothian Services</b>						
<b>Community AHPS</b>	£2,707		£2,789		-£82	
<b>Community Hospitals</b>	£5,716		£5,892		-£176	
<b>District Nursing</b>	£5,924		£5,876		£48	
<b>General Medical Services</b>	£33,883		£33,859		£23	
<b>Health Visiting</b>	£2,234		£2,222		£12	
<b>Mental Health</b>	£2,950		£2,826		£124	
<b>Other</b>	£1,260		-£4,876		£6,136	<b>1</b>
<b>Prescribing</b>	£19,102		£19,241		-£139	
<b>Resource Transfer</b>	£7,173		£7,173		-£0	<b>2</b>
<b>Older People</b>		£22,843		£19,001	£3,841	
<b>Learning Disabilities</b>		£16,549		£16,528	£21	
<b>Mental Health</b>		£1,177		£1,387	-£210	

	Health unaudited Budget £000's	Social Care unaudited Budget £000's	Health Expenditure £000's	Social Care Expenditure £000's	Variance £000's	Note
<b>Physical Disabilities</b>		£3,538		£4,087	-£549	
<b>Assessment &amp; Care Management</b>		£3,378		£2,987	£391	
<b>Other</b>		£3,113		£2,362	£752	<b>3</b>
<b>Midlothian Share of Pan Lothian</b>						
<b>Set Aside</b>	£20,549		£20,698		-£150	<b>4</b>
<b>Mental Health</b>	£2,662		£2,716		-£53	
<b>Learning Disabilities</b>	£1,416		£1,428		-£12	
<b>GP Out of Hours</b>	£3,144		£3,103		£41	
<b>Rehabilitation</b>	£879		£791		£88	
<b>Sexual Health</b>	£697		£676		£21	
<b>Psychology</b>	£847		£855		-£9	
<b>Substance Misuse</b>	£375		£364		£11	
<b>Allied Health Professions</b>	£1,622		£1,494		£128	
<b>Oral Health</b>	£1,854		£1,823		£31	
<b>Other</b>	£1,439		£1,210		£228	
<b>Dental</b>	£5,855		£5,855		£0	<b>5</b>
<b>Ophthalmology</b>	£1,742		£1,742		£0	<b>5</b>
<b>Pharmacy</b>	£3,796		£3,796		£0	<b>5</b>
	<b>£127,825</b>	<b>£50,598</b>	<b>£121,552</b>	<b>£46,352</b>	<b>£10,519</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.

## Reserves

The IJB has reserves at the end of 2021/22 of £23.512m, compared to reserves of £12.933m in March 2020. The movement can be described as follows:

	Opening Balance £000's	Movement £000's	Closing Balance £000's
<b>COVID-19 Funding</b>	5,492	4,211	9,703
<b>Local Programmes</b>	926	1,348	2,274
<b>Primary Care Investment Fund</b>	342	547	889
<b>Alcohol and Drug Strategy</b>	326	293	619
<b>Community Support Fund</b>	312	0	312
<b>Technology Enabled Care</b>	274	(66)	208
<b>Integrated Care Fund</b>	218	181	399
<b>Wellbeing Service</b>	189	59	248
<b>Action 15</b>	102	38	140
<b>EGIERDA Project</b>	79	(30)	49
<b>Autism Strategy</b>	12	0	12
<b>Interim Care</b>		603	603
<b>Care at Home</b>		934	934

	Opening Balance £000's	Movement £000's	Closing Balance £000's
<b>Multi-disciplinary Teams</b>		302	302
<b>Older People's Transformation Board</b>		22	22
<b>Carers Act</b>		679	679
<b>Equally Safe Fund</b>		29	29
<b>Trauma Informed Practice</b>		50	50
<b>Additional MHO Capacity</b>		80	80
<b>DBI/Penumbra Funding</b>		90	90
<b>General Reserves</b>	4,721	1,149	5,870
<b>Total</b>	<b>12,993</b>	<b>10,518</b>	<b>23,511</b>

It should be noted that of the total reserve of c. £23.5m, £9.7m 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-19 pandemic. These, and other earmarked funds should be expended in 2022/23 and will not be available to the IJB for any other purpose. The reserves available for contingency in future years is £5.9m.

## 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.

### 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:

[www.midlothian.gov.uk/downloads/file/3430/joint\\_needs\\_assessment\\_2019\\_final](http://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 do other social care and health services in a financially 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.

**Claire Flanagan**, Chief Finance Officer.

# Statement of Responsibilities

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## 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**, IJB 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 2022 and the transactions for the year then ended.

**Claire Flanagan**, Chief Finance Officer.

# Remuneration Report

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## 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 £8,929 per annum (PY £8,842). Carolyn Hirst is Chair of IJB and receives an additional day's remuneration specifically for this role as Chair of the IJB in 2021/22.

## 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. During 2021/22 the Chief Finance Officer (Claire Flanagan) was on maternity leave between the start of August 2021 until the end of March 2022. The Chief Finance Officer is employed by NHS Lothian and has three roles – the IJB's Chief Finance Officer, the Chief Finance Officer of East Lothian IJB and an operational role in the NHS Lothian finance team as a Finance Business Partner. On that basis, one third of the total remuneration for Claire Flanagan is shown below. Between August 2021 and March 2022, the role of Chief Finance Officer was undertaken on an Interim basis by David King. David King is retired but was paid on the NHS Lothian Staff bank (by NHS Lothian) on an ad hoc basis. David King also undertook the role of CFO in East Lothian IJB but did not undertake any duties as a finance business partner. NHS Lothian have provided the total costs of having employed David King during this time and half of these costs will be shown here (the other half shows in East Lothian IJB). David King is not superannuated.

### Other Officers

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

### Senior Employees: Salary, Fees & Allowances

Name	2020/21	2021/22
Morag Barrow	£48,241	£53,805
Claire Flanagan (to August 2021)	£25,000	£9,644
David King (from August 2021 to March 2022)	n/a	£14,047

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

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

#### **In year Pension Contributions:**

	For year to 2022	For year to 2021
Morag Barrow	£0	£0
Claire Flanagan	£7,028	£15,547

#### **Accrued Pension Benefits:**

	Pension (as at 31 March 2022) £000's	Lump Sum (as at 31 March 2022) £000's	Pension (Dif from 31 March 2021) £000's	Lump Sum (Dif from 31 March 2021) £000's
Morag Barrow	21	54	0	0
Claire Flanagan	18	27	2	1

### **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 2021/22.

**Carolyn Hirst**, IJB Chair.

**Morag Barrow**, Chief Officer.

# Annual Governance Statement 2021/22

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## Annual Governance Statement 2021/22

### Introduction

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

### Scope of Responsibility

The MIJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

To meet this responsibility, the MIJB has established arrangements for governance which includes a system of internal control. The system is intended to manage risk to support the achievement of the MIJB's policies, aims and objectives. Reliance is also placed on NHS Lothian and Midlothian Council's (the partners) systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the MIJB.

The system can only provide reasonable and not absolute assurance of effectiveness.

### The Governance Framework and Internal Control System

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

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

The main features of the governance framework and internal control system associated with the seven core principles of good governance defined in the MIJB Local Code in existence during 2021/22 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 (review and update in progress), which serves as the approved constitution, and Standing Orders to make sure that public business is conducted with fairness and integrity.



The Ethical Standards in Public Life (Scotland) Act 2000 provides for Codes of Conduct for local authority councillors and members of relevant public bodies. As a Public Body listed in schedule 3 of the Act, the MIJB is required to produce a Code of Conduct (review and revision in progress; the Code currently in place will continue to apply to the conduct of Members until such time as the revisions are approved).

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

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

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

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

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

#### **B. Ensuring openness and comprehensive stakeholder engagement**

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

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

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

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

The vision, strategic objectives and outcomes are reflected in the Midlothian Health & Social Care Integration Joint Board Strategic Plan 2019-2022, which has been updated to reflect on-going assessment of need and priorities (Strategic Plan 2022-2025). Implementation is underpinned by the associated Directions, on which progress reports are presented to the Board.

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

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

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

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

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

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

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

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

Members of the MIJB Board are provided with the opportunity to attend Development Sessions relevant to their role as part of their development programme.

There is the interim Workforce Plan 2021/22 (3 year Workforce Plan 2022/25 is being developed) to ensure it has the right people, with the right skills, in the right place, at the right time to support the delivery of its strategic objectives and priorities.

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

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

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

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

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

The MIJB also relies upon the partners for:

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

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

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

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

Performance Reports were presented to the Board for monitoring and control of achievement of Local Improvement Goals. An Annual Performance Report for 2021/22 is being prepared to outline progress against strategic objectives over the year.

The Annual Accounts and Report for 2021/22 setting out the financial position in accordance with relevant accounting regulations is being prepared.

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

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

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

In respect of the four improvement areas of governance identified by the MIJB in 2020/21, there have been developments during the year in three of these. Specifically, the significant work and consultation undertaken to prepare the updated Strategic Plan 2022-2025 (which was approved by the Board in April 2022), staff resources secured to progress the refresh of the Performance Management Framework, and the development of the Workforce Strategic Plan 2022-2025 by the Workforce Strategic Planning Group to ensure alignment with the updated Strategic Plan. These areas of improvement are not fully implemented and therefore continue to be noted in the section below, with enhancements added.

### **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 2022-2025 to local and national objectives and alignment of Directions.
- 2 Update the Financial Strategy to address significant deficits indicated in the Medium Term Financial Plan 2021/22 – 2024/25 and provide clarity on whether outcomes can be delivered on a sustainable basis within the resources that will be available, and implement actions arising from the self-assessment of 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 2022-2025.
- 4 Progress workforce plans for all delegated services to reflect the Strategic Plan 2022-2025 and possible changes required to address significant budgetary challenges.

The implementation of these actions to enhance the governance arrangements in 2022/23 will be driven and monitored by the MIJB Chief Officer in order to inform the next annual review. Internal Audit work planned in 2022/23 is designed to test improvements and compliance in governance.

### **Conclusion and Opinion on Assurance**

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the MIJB's governance arrangements and system of internal control, while recognising that further improvements are required to fully demonstrate compliance with the Local Code

in order for the MIJB to fully meet its principal objectives. Systems are in place to regularly review and improve governance arrangements and the system of internal control.

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Morag Barrow  
Chief Officer MIJB

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Carolyn Hirst  
Chair of the MIJB

# **Independent Auditor's Report**

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

**To be inserted, provided once the accounts have been audited**

# Comprehensive Income and Expenditure Statement

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

## IJB Comprehensive Income and Expenditure Statement

	2020/21 Net Expenditure £000's	2021/22 Net Expenditure £000's
Health Care Services - NHS Lothian	£113,266	£121,552
Social Care Services - Midlothian Council	£43,713	£46,352
<b>Cost of Services</b>	<b>£157,001</b>	<b>£167,904</b>
Taxation and Non-Specific Grant Income	(£165,373)	(£178,423)
Surplus on Provision of Services	8,372	10,519

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

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The movement in reserves statement shows the value of the IJBs reserve and how this has grown during 2021/22, a large proportion of this reserve is earmarked for future projects and commitments.

## Movements in Reserves during 2021/22

	General Fund Balance £000's	Unusable Reserves: Employee Statutory Adjustment Account £000's	Total Reserves £000's
<b>Opening Balance at 1 April 2021</b>	<b>£12,993</b>	<b>£0</b>	<b>£12,993</b>
Total Comprehensive Income and Expenditure	£10,519	£0	£10,519
Increase or Decrease in 2021/22	£10,519	£0	£10,519
<b>Closing Balance at 31 March 2022</b>	<b>£23,511</b>	<b>£0</b>	<b>£23,511</b>

# Balance Sheet

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

## IJB Balance Sheet

	31 March 2021 £000's	31 March 2022 £000's	Note
<b>Current Assets</b>			
Debtors	£12,993	£23,511	7
Creditors: amounts falling due within one year	0	0	8
Total assets less current liabilities	£12,993	£23,511	
<b>Capital and Reserves</b>			
Earmarked Reserve	£8,271	£8,272	
General Reserve	£4,721	£17,641	
Total Reserves	£12,993	£23,511	

See Notes 7 and 8 at end of document in NOTES section.

**Claire Flanagan**, Chief Finance Officer.



# Notes to the Financial Statements

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## 1 Significant Accounting Policies

### General Principles

The Financial Statements summarise the IJB's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022.

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 2021/22, 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 2021/2 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 (2021/22), 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 2022/23, and a medium term financial plan has been prepared through to 2025. The Scottish Government allocation has met all costs associated with the pandemic in 2021/22 (£5.488m). Additional support (£9.703m) has been transferred to reserves and is expected to be used to meet costs in 2022/23. 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 £ 23,511m at 31 March 2022.

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

### **IJB's useable reserve**

	2020/21 Closing Balance £000's
COVID-19 Funding	9,703
Local Programmes	2,274
Primary Care Investment Fund	889
Alcohol and Drug Strategy	619
Community Support Fund	312
Technology Enabled Care	208
Integrated Care Fund	399
Wellbeing Service	248
Action 15	140
EGIERDA Project	49
Autism Strategy	12
Interim Care	603
Care at Home	934
Multi-disciplinary Teams	302
Older People's Transformation Board	22
Carers Act	679
Equally Safe Fund	29
Trauma Informed Practice	50
Additional MHO Capacity	80
DBI/Penumbra Funding	90
<b>General Reserves</b>	<b>5,870</b>
<b>Total</b>	<b>23,511</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 2021/22 was £3,000 (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 2022 for which there is a significant risk of material adjustment in the forthcoming financial year

### Provisions

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

### 3 Subsequent Events

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

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts are authorised for issue. Two types of events can be identified.

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

### 4 Expenditure and Funding Analysis

Services specifically for Midlothian	2020/21 £000's	2021/22 £000's
Health	£69,130	£75,000
Social Care	£43,735	£46,352
Midlothian's share of Lothian Health Services (Hosted)	£25,107	£25,853
Midlothian's share of Lothian Health Services (Set Aside)	£19,029	£20,698
<b>Total</b>	<b>£157,002</b>	<b>£167,903</b>
Funded by: Midlothian Council	£44,985	£50,598
Funded by: NHS Lothian	£120,388	£127,825
<b>Total Funding</b>	<b>£165,373</b>	<b>£178,423</b>
<b>Surplus</b>	<b>£8,372</b>	<b>£10,519</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:

	2020/21 £000's	2021/22 £000's
Staff (Chief Officer)	£48	£54
CNORIS	£6	£3
Audit Fee	£27	£28
<b>Total</b>	<b>£81</b>	<b>£85</b>

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

## 6 Related Party Transactions

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

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.

	2020/21 £000's	2021/22 £000's
NHS Lothian	£113,266	£121,552
Resource Transfer	(£7,158)	(£7,173)
Social Care Fund	(£4,816)	(£4,816)
<b>Net NHS Lothian Expenditure</b>	<b>£101,292</b>	<b>£109,563</b>
Midlothian Council	£43,735	£46,352
Resource Transfer	£7,158	£7,173
Social Care Fund	£4,816	£4,816
<b>Gross Social Care Expenditure</b>	<b>£55,708</b>	<b>£58,341</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

	2020/21 £000's	2021/22 £000's
Funding due from NHS Lothian	£5,626	£11,898
Funding due from Midlothian Council	£7,367	£11,613
<b>Total</b>	<b>£12,993</b>	<b>£23,511</b>

## 8 Short Term Creditors

	2020/21 £000's	2021/22 £000's
Funding due to NHS Lothian	£0	£0
Funding due to Midlothian Council	£0	£0
<b>Total</b>	<b>£0</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 excluded any amounts related to VAT, as all VAT collected is payable to H.M. Revenue & Customs and all VAT paid is recoverable from it. The Council is not entitled to fully recover VAT paid on a very limited number of items of expenditure and for these items the cost of VAT paid is included within service expenditure to the extent that it is irrecoverable from H.M. Revenue and Customs.

Where the NHS is the provider, expenditure incurred will include irrecoverable VAT as generally the NHS cannot recover VAT paid as input tax and will seek to recover its full cost as income from the Commissioning IJB.

## Appendix 1

### Membership of Integration Joint Board

The IJB met virtually 9 times in 2021/22 for formal business meetings, there were two virtual workshops. The members of the IJB during 2020/21 were:

<b>Member</b>	<b>Nominated/Appointed by</b>	<b>Role</b>
Catherine Johnstone	Nominated by Midlothian Council	Voting Member
Carolyn Hirst	Nominated by NHS Lothian	Voting Member, Chair
Angus McCann	Nominated by NHS Lothian	Voting Member
Derek Milligan	Nominated by Midlothian Council	Voting Member, Vice Chair
Jim Muirhead	Nominated by Midlothian Council	Voting Member, Chair of Audit and Risk Committee
Jock Encombe	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 until August '21, then David King 'till March 2022	Appointed by the IJB	Chief Finance Officer
Alison White until June '21 then Joan Tranent	Nominated by Midlothian Council	Chief Social Worker
Fiona Stratton	Nominated by NHS Lothian	Chief Nurse
Johanne Simpson	Nominated by NHS Lothian	Medical Practitioner
Hamish Reid	Nominated by NHS Lothian	General Practitioner
James Hill	Appointed by the IJB	MLC Staff Side Representative
Fiona Huffer until September ' 21 then Hannah Cairns	Appointed by the IJB	Head AHP
Lesley Kelly	Appointed by the IJB	Voluntary Sector Representative
Keith Chapman	Appointed by the IJB	User Representative/Carer Representative



<b>Member</b>	<b>Nominated/Appointed by</b>	<b>Role</b>
Wanda Fairgrieve	Appointed by the IJB	NHS Staff Representative
Johanne Simpson	Nominated by NHS Lothian	Medical Practitioner

There will be changes to the IJB membership after 31<sup>st</sup> March 2022 and prior to the final signing of the 2021/22 Annual Accounts. Val de Souza will become Chair in June 2022. (replacing Carolyn Hirst), Clare Flanagan will resume her role as Chief Finance Officer in May 2022