



**WEST LOTHIAN INTEGRATION JOINT BOARD**  
**ANNUAL ACCOUNTS**  
**2020/21**



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Accounts of West Lothian Integration Joint Board (IJB) for the period 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.

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## **Independent auditor's report to the members of West Lothian 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 West Lothian 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 West Lothian 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.

## **Independent auditor's report to the members of West Lothian Integration Joint Board and the Accounts Commission (continued)**

### **Responsibilities of the Chief Finance Officer and West Lothian Integration Joint Board Audit, Risk and Governance Committee for the financial statements**

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

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the 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, Risk and Governance 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.

## **Independent auditor's report to the members of West Lothian Integration Joint Board and the Accounts Commission (continued)**

### **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

**Independent auditor's report to the members of West Lothian Integration Joint Board and the Accounts Commission (continued)**

- 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

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21 September 2021

## **MANAGEMENT COMMENTARY**

### **Introduction**

The Public Bodies (Joint Working) (Scotland) Act 2014 established the legal framework for integrating health and social care in Scotland. The West Lothian Integration Joint Board (IJB) was established as a body corporate by order of Scottish Ministers on 21 September 2015 and is a separate and distinct legal entity from West Lothian Council and NHS Lothian. The arrangements for the IJB's operation, remit and governance are set out in the Integration Scheme which has been approved by West Lothian Council, NHS Lothian and the Scottish Government.

Functions and associated budget resources for relevant IJB functions, per the approved Integration Scheme, were delegated to the IJB from 1 April 2016.

The Management Commentary outlines the key messages on the IJB's planning and performance for the year 2020/21 and how this has supported the delivery of the IJB's strategic priorities. The commentary also looks forward, outlining the 2021/22 financial plan and future financial considerations over the medium term. In addition, key risks and challenges are set out that will need to be managed to best meet the needs of the West Lothian population going forward. A key aspect of this is COVID-19 which has resulted in significant challenges to the delivery of health and social care services.

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

The IJB's primary purpose is to set the strategic direction for the delegated functions through the development of a Strategic Plan. The IJB is delegated relevant health and social care functions and budget resources from West Lothian Council and NHS Lothian to enable it to plan the delivery of delegated functions at an overall health and social care level and deliver on strategic outcomes. The IJB is responsible for the strategic commissioning of health and social care services across client groups and functional areas, and gives directions to the council and NHS Lothian for the operational delivery of functions and the resources available to them for this. This arrangement recognises that the IJB does not employ any staff directly delivering services or procure services from third parties, and does not hold cash resources or operate a bank account of its own.

The IJB's role and responsibility is to plan for the delivery of the functions which have been delegated to the IJB by West Lothian 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 St John's Hospital, the Royal Infirmary of Edinburgh and the Western General Hospital).



## Membership of West Lothian IJB

The IJB meets on a six weekly basis and comprises eight voting members, made up of four elected members appointed by West Lothian Council and four NHS Lothian non-executive directors appointed by NHS Lothian. The members of the IJB at March 2021 were as follows:

<b>Member</b>	<b>Role</b>
Harry Cartmill	Voting Member, Chair
William McQueen	Voting Member, Vice Chair
Martin Connor	Voting Member
Martin Hill	Voting Member
Katharina Kasper	Voting Member
Dom McGuire	Voting Member
George Paul	Voting Member
Damian Doran-Timson	Voting Member
Elaine Duncan	Non-Voting Member – Professional Advisor
David Huddleston	Non-Voting Member – Stakeholder Representative
Mairead Hughes	Non-Voting Member – Professional Advisor
Alan McCloskey	Non-Voting Member – Stakeholder Representative
Caroline McDowall	Non-Voting Member – Staffing Representative
Jo MacPherson	Non-Voting Member – Professional Advisor
Steven Dunn	Non-Voting Member – Staffing Representative
Ann Pike	Non-Voting Member – Stakeholder Representative
Allister Short	Non-Voting Member – Chief Officer
Patrick Welsh	Non-Voting Member – Chief Finance Officer
Rohana Wright	Non-Voting Member – Professional Advisor

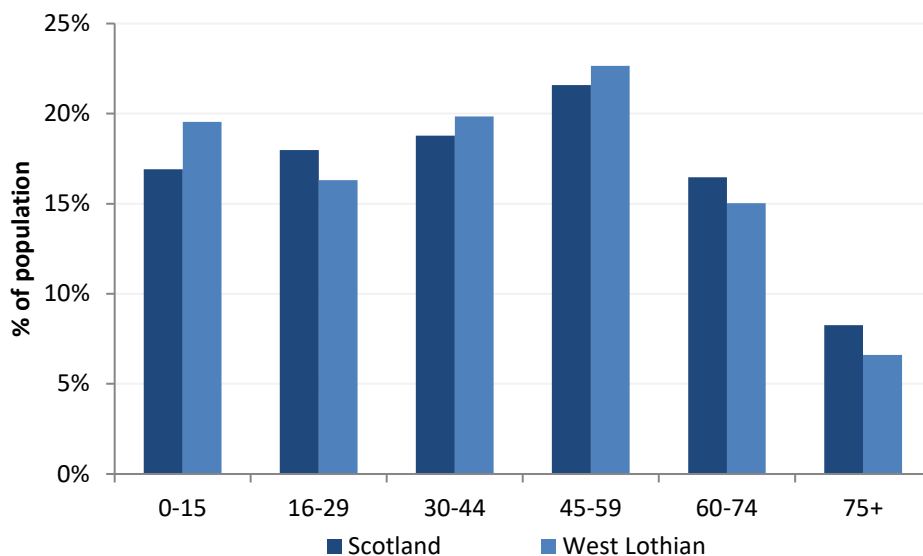
Note on changes during 2020/21:

- NHS Lothian appointed Katharina Kasper to replace Alex Joyce with effect from 12 August 2020.
- Steven Dunn replaced Martin Murray as West Lothian Council's staff representative effective from 22 September 2020.

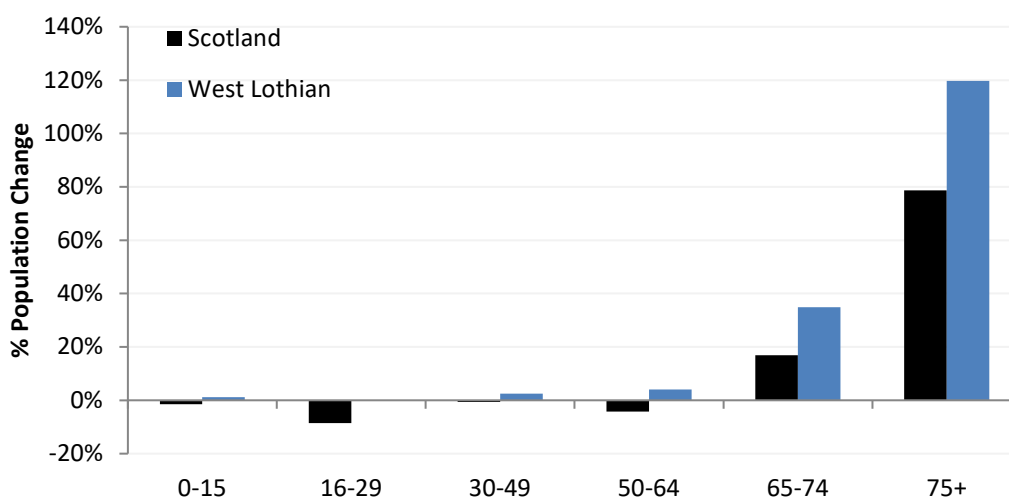
Also, in terms of 2021/22 it should be noted that following the resignation of Allister Short, Alison White was appointed Chief Officer for West Lothian IJB and took up the post on 5 July 2021.

## West Lothian Information

An important aspect of planning health and social care functions is understanding the needs of the West Lothian population. West Lothian faces a growing and ageing population over the medium to long term as shown in the two diagrams below (source: National Records of Scotland). In terms of age, the West Lothian population is broken down below



West Lothian is facing an ageing population profile that represents a significant challenge. Compared to other local authorities West Lothian will see significantly higher level of growth (2016 to 2041) in number of over 75s and 85s, who will typically have increasing social care needs. This is shown in the graph below which shows West Lothian's population aged 75 and over is forecast to increase by 119.7% by 2041.



Healthy life expectancy is the number of years an individual is expected to live in good health. The difference between healthy life expectancy and life expectancy highlights the length of time an individual is expected to live in poor health. Although female life expectancy is higher than that of males, more years are spent in poorer health.

The physical, mental and social wellbeing of the local population is influenced by the wider determinants of health, including deprivation, employment, education, housing and the environment. Approximately 41% of the West Lothian population live in the most deprived quintiles and for almost every health indicator there is a clear gradient showing progressively poorer health and decreasing affluence and influence which has a direct impact on demand and complexity across General Practice, unscheduled hospital admissions and community care.

It will be important to take account of this through IJB planning for future service delivery. In addition, there is increasing evidence that the impact of COVID-19 is likely to widen existing inequalities and may have a disproportionate impact on groups of people already facing challenges and disadvantages.

It is recognised therefore that the IJB needs to work collaboratively with stakeholders across health and social care, community planning and the third sector to build new ways of working to support people in the management of their physical and mental health.

The Public Bodies (Joint Working) (Scotland) Act 2014 and the West Lothian Integration Scheme stress the importance of the IJB acting as a means of ensuring progress on integration and improved joint working across council delivered social care services and NHS delivered health care services. An effective working relationship and consistent understanding of future care models from planning through to operational delivery is an essential requirement across the IJB, NHS Lothian and West Lothian Council in order to meet future challenges.

## **Organisational Developments and Performance**

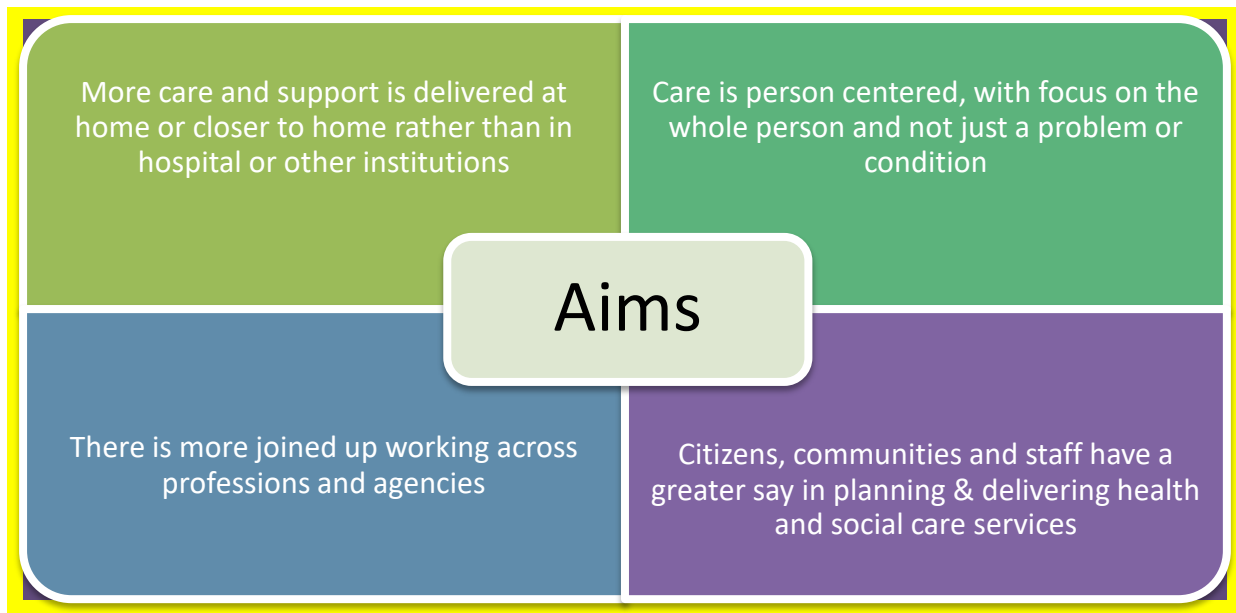
### Strategic Planning and Commissioning

It is recognised both nationally and locally that whilst health and care needs of individuals are closely intertwined, there is scope to further improve the coordination and integration of services. The way health and social care services are delivered can have a significant impact on shifting the balance of care from hospital to community care, reducing health inequalities and reducing emergency admissions and delayed discharge.

The current Strategic Plan was approved by the Board on 23 April 2019. The development of the Strategic Plan was subject to a two stage consultation process with the public and scrutiny by the Strategic Planning Group before being approved by the Board.

The current Strategic Plan covers the period 2019/20 to 2022/23 and sets out how the IJB intends to deliver its vision to increase wellbeing and reduce health inequalities across all communities in West Lothian, and to deliver the nine national health and wellbeing outcomes through agreed strategic priorities and transformational change programmes. The Strategic Plan and Strategic Commissioning Plans can be found at the following link: <https://westlothianhscp.org.uk/IJB-strategic-plan>

The Plan's key strategic aims are set out below.



Strategic commissioning plans reflect updated needs assessments based on consultation and engagement with service users, carers and families, service providers, staff and other stakeholders.

Based on this, areas of service development are identified in the plans along with agreed actions that will be undertaken to progress the developments. The Strategic Commissioning Plans take account of the medium term financial planning framework and resource assumptions and provide more detail on future service delivery plans and transformation required to support an informed approach to planning and prioritising future service delivery.

Progress against each plan is reported to the Board on a regular basis. During 2020/21, a key aspect of reviewing progress against plans was reviewing the implications arising from COVID-19. An initial review by the Strategic Planning Board in July 2020 to consider whether strategic priorities need to be changed due to and the implications of the pandemic was presented to the IJB in September 2020 incorporating the findings from the review.

A further review of strategic priorities contained in plans was undertaken in April 2021 reflecting that planning for the longer term with the objective that priorities will enable services to respond to the lasting impact of the pandemic. A key aspect of this is the impact of COVID-19 on existing levels of inequality. Taking account of this, the IJB have reviewed and updated the strategic priorities in each of the commissioning plans.

A report on the outcome of a Joint Inspection of the Effectiveness of Strategic Planning in the West Lothian Health and Social Care Partnership was reported to the IJB in September 2020. Between January and March 2020 the Care Inspectorate and Healthcare Improvement Scotland visited West Lothian and spoke to the senior leadership team and a range of staff and stakeholders which informed the outcome of their report.

The report evaluations across assessment areas were a range of good and adequate and recommendations contained in the report were discussed at an IJB Development Session and following subsequent discussion by the Board, an action plan addressing the recommendations from the Joint Inspection was approved by the IJB on 10 November 2020. It was also agreed that formal progress updates should be provided on a six monthly basis.

## National Care Service Consultation

On 9 August 2021, the Scottish Government launched a consultation on 'A National Care Service for Scotland' to seek the public's views ahead of the proposed creation of a National Care Service. This follows on from the Independent Review of Adult Social Care (IRASC) report which was commissioned to recommend improvements to adult social care in Scotland.

The review provided a number of high level areas of focus and recommendations and the consultation has now extended the scope of the review to other service areas including children and families, community justice, alcohol and drug services and social work. As part of the consultation, the proposals include that IJBs will become Community Health and Social Care Boards, funded directly by the Scottish Government and accountable to Ministers. The consultation closes on 18 October 2021 and at the end of the consultation process, all feedback will be analysed and conclusions will be used to shape and develop new legislation. The ongoing implications of the consultation and legislation will be monitored closely by the Board.

## Performance Management

Integration through IJBs aims to deliver the Scottish Government's nine national health and wellbeing outcomes for integration. These are the high level outcomes of health and social care integration which form the foundation for the West Lothian Strategic Plan and against which integration will be measured against.

- People are able to look after and improve their own health and wellbeing and live in good health for longer
- 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
- People who use health and social care services have positive experiences of those services, and have their dignity respected
- Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services
- Health and social care services contribute to reducing health inequalities
- People who provide unpaid care are supported to look after their own health and wellbeing, including reducing any negative impact of their caring role on their health and wellbeing
- People who use health and social care services are safe from harm
- 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
- Resources are used effectively and efficiently in the provision of health and social care services

West Lothian IJB has developed a range of performance indicators to allow progress against the health and wellbeing outcomes and integration indicators to be measured. Below the nine National Health and Wellbeing Indicators there is a core suite of integration indicators which all health and social care partnerships use to report their performance against.

The IJB has a strong performance management culture in partnership with NHS Lothian and West Lothian Council. As set out above, a wide range of performance information is used to provide the IJB with regular reports on the delivery of commissioned services and progress against associated targets and outcomes. Close joint working arrangements are in place between the IJB, NHS Lothian and West Lothian Council to ensure robust and accurate information on strategic and operational performance is provided.

During 2020/21, a revised performance reporting format was developed to allow greater oversight of operational performance to help identify areas of good practice and areas where performance is giving cause for concern. In addition, the format of the integrated performance report has been reviewed to ensure that it reports integration indicators in a way which is more clearly aligned to IJB priorities as set out in the Strategic Plan.

This new integrated approach to performance reporting is consistent with recommendations contained within the Joint Inspection of the Effectiveness of Strategic Planning report by the Care Inspectorate and Healthcare Improvement Scotland.

This includes arrangements established that have integrated NHS and council performance teams with regular integrated team meetings providing a platform for reviewing progress and agreeing objectives for the ongoing development of performance information.

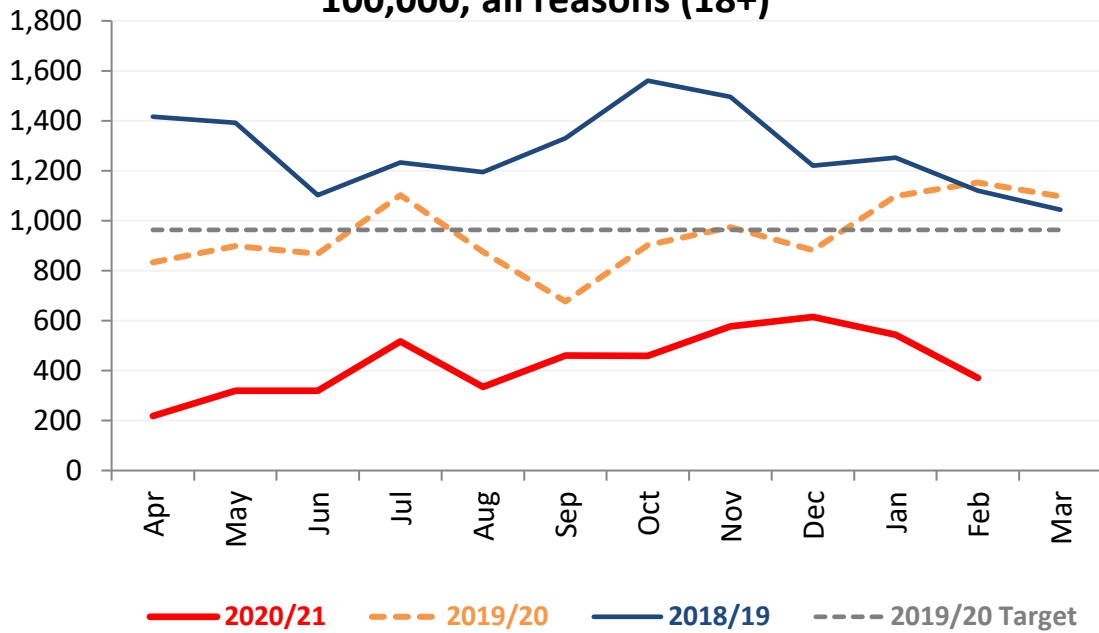
The new integrated performance reports are reported at a number of levels, including on a quarterly basis to the IJB Strategic Planning Group and the Board, and on a monthly basis to the Health and Social Care Partnership Management Team.

A key area of challenge in recent years has been performance in respect of delayed discharges with main contributing factors being Care at Home and Care Home capacity. A range of measures implemented have seen a sustained positive impact on reducing delays in 2020/21. These include the establishment of the Integrated Discharge Hub and additional resources in the Discharge to Assess team.

In addition, our community Rapid Elderly Assessment and Care Team (REACT), including Hospital at Home have made a significant contribution to delivering care, treatment and rehabilitation in the community despite the challenges of the pandemic.

Through a joined up working approach and the integration of teams there has been a more seamless and streamlined approach to decision making. This has reduced often lengthy referral processes and contributed to a significant reduction in delayed discharges compared to previous years, as shown in the table below.

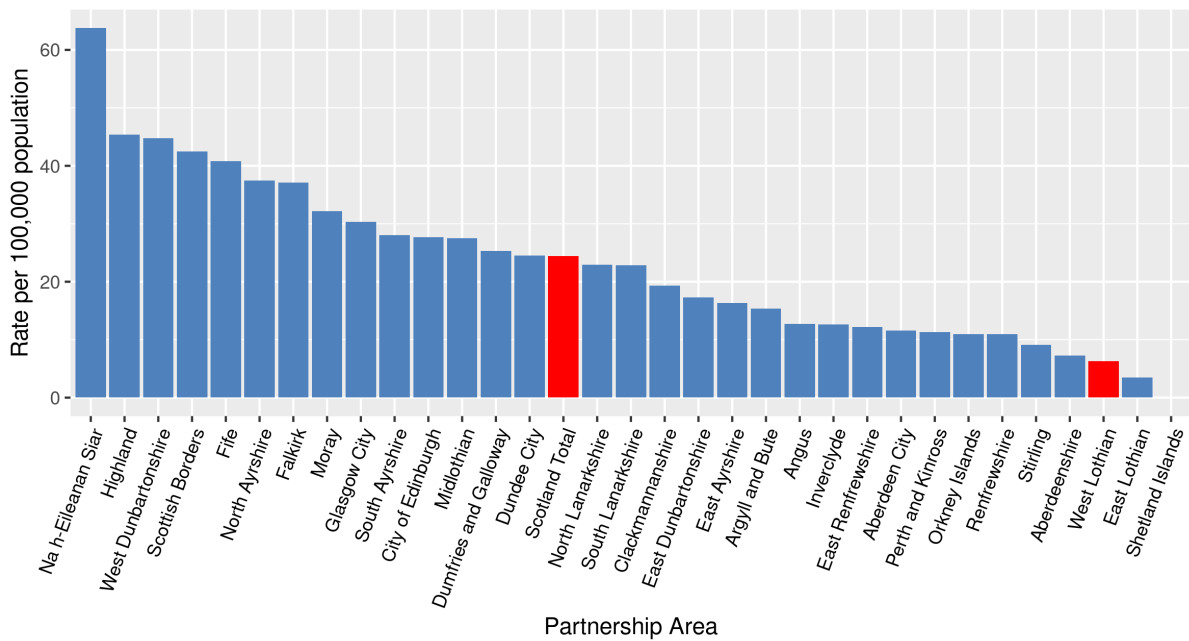
### West Lothian Delayed discharge bed days per 100,000, all reasons (18+)



Source: Ministerial Strategic Group Data Release May 2021

In addition, West Lothian’s position in relation to delayed discharges relative to the overall Scotland position is shown in the table below.

Delayed Discharge Rates per 100,000 Population, Aged 18+ Apr 21



Data Source: Public Health Scotland Delayed Discharges June 2021 Publication

Substantial efforts were made during the year to sustain service delivery across IJB functions taking account of the pandemic. Overall performance for West Lothian IJB functions is reflected in the 2020/21 Annual Performance report which was approved by the Board on 29 June 2021 and is available at the following link:

[https://westlothianhscp.org.uk/media/49675/West-Lothian-IJB-Annual-Performance-Report-2020-2021/pdf/West\\_Lothian\\_IJB\\_Annual\\_Performance\\_Report\\_2020-21.pdf?m=637632484118770000](https://westlothianhscp.org.uk/media/49675/West-Lothian-IJB-Annual-Performance-Report-2020-2021/pdf/West_Lothian_IJB_Annual_Performance_Report_2020-21.pdf?m=637632484118770000) .

### **Financial Performance 2020/21**

Financial information is part of the performance management framework with regular reporting of financial performance to the IJB. This section summarises the main elements of financial performance for 2020/21.

### **Expenditure on IJB Delegated Functions**

Financial management, governance and accountability arrangements for IJB delegated functions are set out in the West Lothian Integration Scheme, the Financial Regulations and also reflect the requirements of the CIPFA Financial Management Code which the IJB agreed to adopt from 2021/22, the first year that compliance is required.

A financial assurance process was undertaken on the core baseline funding contributions for 2020/21 made available by NHS Lothian and West Lothian Council. Through this, baseline pressures of just over £1.1 million were identified in the Health budget contribution confirmed by the NHS Lothian Director of Finance to the IJB for 2020/21, with the council contribution assessed as representing a balanced budget contribution.

The impact of COVID-19 created an unprecedented challenge in respect of service delivery and the associated additional financial implications during 2020/21. Taking account of this, Health Boards and Integration Authorities worked with the Scottish Government to prepare Local Mobilisation Plans (LMPs) detailing how they were responding to the resulting impact on the delivery of care services. A key element of this was assessing and reporting on the additional financial implications of this in excess of core baseline funding provided by partners. A summary of the key areas where material additional spend resulted are set out below:

- Additional Staffing Costs – this included the recruitment of additional Homefirst / REACT staff to help prevent hospital admission and facilitate supported discharge. Also, included additional costs of social care staff to help ensure services were maintained across internal care at home and care homes
- Additional Prescribing Costs – this included the impact of increased volumes and price increases. Price per item in 2020/21 was significantly higher than anticipated in original budget plans prepared pre the pandemic
- GP Practice Costs – This related to additional payments made to GP practices for additional practice costs and extending opening required as a result of the pandemic
- Additional Care Home Capacity – this related to contractual arrangements put in place at the start of the pandemic to purchase additional care home beds to increase capacity available over the short term
- Additional Support to Care at Home providers – this related to increased hourly rate payments based on commissioned hours to cover costs resulting from COVID-19,



such as staffing and PPE, and helped ensure providers were supported to remain financially sustainable

- Additional Support to Care Homes – this reflected additional costs to external care homes to help ensure they were sustainable during the pandemic. Sustainability payments will cover additional provider costs linked to reduced bed occupancy, staff sickness, additional staffing, PPE and other costs as resulting from COVID-19
- Reduced Care Income – charging for eligible non-residential care was suspended as a result of COVID-19 due to the impact it has had on delivery of chargeable care (e.g. closure of day care centres). This recommenced from 1 October 2020, for those receiving relevant care services. Contributions from care home residents were also lower than budget in 2020/21

The additional spend associated with COVID-19 in 2020/21 was just over £9 million and this was fully funded by the Scottish Government through the Mobilisation Plan process.

During the year the IJB worked closely with NHS Lothian to identify measures to mitigate the funding shortfall in the NHS Lothian baseline contribution and at the year end a core underspend of £1.084 million was achieved taking account of the final disaggregation of COVID-19 costs and reduced spend in a number of areas due to the pandemic.

In terms of council delivered social care services, spend was in line with funding available and a breakeven position as achieved. The overall achievement of an underspend against the core IJB baseline budget allowed for the establishment of a general IJB reserve of £1.084 million.

In terms of one off earmarked funding, the Scottish Government provided an additional £15.1 million of COVID-19 related funding for 2020/21 and ongoing costs beyond 2020/21. Taking account of the £9 million additional COVID-19 costs incurred in 2020/21, the remaining £6.1 million has been established as ringfenced IJB reserves.

Further ringfenced reserves relating to the Primary Care Improvement Fund (£939,370 million), Action 15 (£349,697) and Unscheduled Care (£819,000) were also established at 31 March 2021. The overall financial position for 2020/21 expenditure on IJB functions is shown in the table below.

<b>Delegated Health Functions – NHS Lothian</b>	<b>2020/21 Expenditure £'000</b>	<b>2019/20 Expenditure £'000</b>
Core West Lothian Health Services	138,377	122,584
Corporate Payments (Cost of Additional Pay Award / Staff Remuneration)	1,584	0
Share of Pan Lothian Hosted Services	25,584	21,318
Share of Acute Hospital Services	35,717	34,747
Non-Cash Limited Services	23,158	20,448
<b>Health Functions - Total</b>	<b>224,420</b>	<b>199,097</b>
<b>Delegated Social Care Functions – West Lothian Council</b>		
Adult Social Care Services	62,412	69,728
<b>Social Care Functions</b>	<b>62,412</b>	<b>69,728</b>
<b>TOTAL</b>	<b>286,832</b>	<b>268,825</b>

IJB delegated services faced significant challenges during 2020/21. The main areas of significant additional spend incurred in 2020/21 due to the pandemic included:

- Additional Care Home Beds and Sustainability / Support Payments - £3.750 million
- Additional Care at Home Support to Providers - £807,000
- Loss of Income from Social Care Client Contributions - £845,000
- Additional Prescribing Costs - £1.621 million
- Additional General Practice Costs - £763,000

As noted, these and other additional costs resulting from COVID-19 of just over £9 million included in the 2020/21 expenditure were fully funded by the Scottish Government through the Mobilisation Plan process.

The Health figures include expenditure and income for non-cash limited services such as community opticians, community pharmacists and community dentists. NHS Boards receive non-cash limited budgets for such items, whereby the Scottish Government will adjust the NHS Board budget for any over or under spends at the year end.

These are however still NHS Board budgets and for the purposes of the IJB accounts it has been agreed by the Scottish Government and CIPFA that they should be included in the delegated budget and services within the IJB's remit.

The spend and income associated with West Lothian IJB non-cash limited services in 2020/21 was £23.158 million (2019/20 - £20.448 million).

Both West Lothian Council and NHS Lothian have confirmed that there will be no charge to the IJB for central administration functions they provide in support of the IJB.

It will be important moving forward to 2021/22 and future years that expenditure is managed within the financial resources available and this will require close partnership working between the IJB as service commissioner, and NHS Lothian and West Lothian Council as operational providers of services.

### **Future Financial Plans and Outlook**

The 2021/22 budget contributions from NHS Lothian and West Lothian Council have been taken account of in Directions issued to Partners. Based on the financial assurance undertaken, both West Lothian Council and NHS Lothian budget contributions indicate a balanced budget position compared to initial 2021/22 spend forecast.

It is important to note however that these budget contributions do not take account of the additional cost implications anticipated to arise as a result of COVID-19. While there remains significant uncertainty around COVID-19 implications going forward and resulting costs, at this stage additional 2021/22 costs resulting from COVID-19 in relation to West Lothian are estimated to be £8.2 million. This is based on the 2021/22 Quarter 1 Mobilisation Plan submission to the Scottish Government. Based on COVID-19 reserves held by the IJB of £5.417 million, further Scottish Government funding of almost £2.8 million would be required based on this initial expenditure estimate.

Taking account of this, it will be crucial that the 2021/22 budget position is closely monitored with regular updates being provided to the Board, including options to manage budget pressures arising and ensure a balanced position is achieved for 2021/22.

The IJB has a statutory responsibility for delegated health and social care functions in relation to the strategic planning of future health and social care delivery. Plans for this are developed via the health and social care management team and council and NHS Lothian staff supporting the IJB. The IJB's strategic plan and strategic commissioning plans will help inform decisions around prioritisation of resources, new models of service delivery and disinvestment decisions, all of which will be necessary in the medium term financial planning process associated with health and social care services. The implications arising from COVID-19 on delivery of care services are being taken account of in the ongoing review of strategic commissioning plans

As part of the agreed IJB Directions to NHS Lothian and West Lothian Council, there is a requirement for the Partners to work with the IJB on the preparation of a medium term financial strategy for IJB delegated functions. This reflects that strategic planning of future service delivery and financial planning are intrinsically linked. An informed approach to future service delivery must take account of assumptions around available resources as resource availability will be a key determinant in shaping future service delivery.

With regard to future years, health and social care services will be faced with significant challenges to meet demands and operate within tight fiscal constraints for the foreseeable future. The implications associated with COVID-19 will further increase the financial challenges and may impact on current plans to meet demands. In line with the Board's agreed approach to IJB financial planning, budget plans have been and continue to be developed across IJB health and social care functions with the objective that overall health and social care considerations are taken into account in joint IJB / Partner financial planning.

An update on the existing financial plan to 2022/23 taking account of latest funding and expenditure assumptions was reported to the Board on 29 June 2021. At this stage, there remains uncertainty around COVID-19 financial implications and these will be closely monitored during 2021/22. As funding and cost implications linked to COVID-19 become clearer over the coming months, current future year planning assumptions will be updated accordingly.

The nature of medium to long term financial planning means that identifying expenditure and funding growth for future years is challenging and uncertain under any circumstances and COVID-19 only increases the uncertainty. However, it is widely acknowledged by bodies such as Audit Scotland and CIPFA that a short-term annual budgeting process is not conducive to achieving the aims consistent with planning to meet future demands and prioritising resources to achieve this and therefore the objective will be to further develop the medium term financial plan during 2021/22 and develop a framework for integrated financial planning that will support transformation and the delivery of strategic commissioning plans. This will seek to align financial planning to the next IJB Strategic Plan covering the period 2023/24 to 2027/28. The implications of proposals on establishing a National Care Service will require to be taken account of in future financial planning as relevant.

Significant risks over 2021/22 and the medium term can be summarised as follows:

- COVID-19 represents an unprecedented challenge for delivery of health and social care services and, as part of this, it is evident that there will be continue to be material financial cost implications and ongoing risks around delivery of health and social care functions
- The wider financial environment continues to be challenging, with a high degree of uncertainty in the economy due to COVID-19. Significant increase in Government debt levels associated with the range of economic measures introduced to support the economy may have implications for public sector funding levels over future years
- Uncertainty around Brexit remains a significant risk particularly around the implications of the new Trade and Cooperation agreement with particular emphasis on monitoring continuity of supply chains and price inflation
- Increased demand and expectations around services alongside constrained resources could impact on delivery of health and social care services
- The impact of demographic changes is particularly relevant to West Lothian, which is forecast to have the highest growth in Scotland in the over 75 years age group
- Additional costs associated with new legislative and policy requirements may not be accompanied with adequate additional funding resources
- Failure to implement new models of care which are necessary to shift the balance of care, and allow effective care to be delivered within the resources available and in line with the IJBs Strategic Plan

Risks are monitored on a monthly basis to ensure early identification of any adverse financial implications emerging and to allow timely actions to be taken to mitigate financial risks. An update on the position with key financial risks identified in year and also more strategic financial risks is provided at each meeting of the Board to ensure there is effective scrutiny and monitoring of these risks. Key internal control and mitigation measures include the ongoing development of the IJB financial plan and development of saving plans to take account of issues arising from monitoring of risks.

### **IJB Risk Management**

In accordance with the Risk Management Strategy approved by the IJB, all agreed risks are reported to the IJB Senior Management Team every two months, to the IJB Audit, Risk and Governance Committee every 6 months, and to the IJB annually. In addition, an update on all risks categorised as high are reported to each meeting of the Audit, Risk and Governance Committee.

Key aspects used in the reporting of IJB risks are the internal controls in place to reduce the level of risk and updates on risk action measures which are intended to further reduce the level of risk.

### **Conclusion**

The sixth year since the establishment of West Lothian Integration Joint Board has seen an unprecedented challenge for health and social care services resulting from the COVID-19 pandemic. Despite this, key elements of service provision have been sustained throughout 2020/21. As well as further development of performance reporting, and managing the financial challenges resulting from the pandemic, the IJB has successfully overseen the

delivery of services to the public in West Lothian during 2020/21 and took action through the Mobilisation Plan to proactively respond to COVID-19 through measures that supported the continuation of health and social care service delivery across IJB functions including those provided via third party service providers.

There has been increased joint working across health and social care to integrate service delivery including through the Integrated Discharge Hub to support older people to stay in their homes and to return home from hospital as soon as possible. Prudent financial management and close joint working with NHS Lothian and West Lothian Council has allowed the IJB to successfully deliver on a range of outcomes and manage delegated financial resources within a financial and operating environment that has created unique difficulties.

The pace of change will continue to be challenging and the impact of COVID-19 has created a further unprecedented challenge to health and social care service delivery to the public, the full impact of which is still uncertain. A joined up approach to strategic and financial planning, taking account of the impact of COVID-19 on service delivery, will be key to ensuring that the future delivery of quality care services to the West Lothian population is managed within available resources.

Finally, we would like to acknowledge the exceptional efforts of all health and social care staff in supporting the IJB towards meeting the increased challenges and demands presented by COVID-19 in 2020/21. The IJB would also like to record its gratitude to the many care providers, third sector organisations, and individuals across West Lothian who have played an essential role in meeting patient and client needs during the pandemic.

Chair:



Chief Officer:



Chief Finance Officer:



21 September 2021

## 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 Financial 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 West Lothian Integration Joint Board on 21 September 2021.

Signed on Behalf of West Lothian Integration Joint Board



Chair of West Lothian Integration Board  
21 September 2021

## **Responsibilities of the Chief Finance Officer**

The Chief Financial Officer is responsible for the preparation of the Integration Joint Board'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 financial 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 financial 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 West Lothian Integration Joint Board as at 31 March 2021 and the transactions for the year then ended.



Chief Finance Officer  
21 September 2021

## 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 and all other sections of the Remuneration Report will be reviewed by Ernst and 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 West Lothian Council and NHS Lothian. 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.

The details of the Chair and Vice Chair appointments are shown below.

<b>Name</b>	<b>Post(s) Held</b>	<b>Nominated by</b>
Harry Cartmill	Chair	West Lothian Council
William McQueen	Vice Chair	NHS Lothian

NHS Lothian remunerates its non-executive members on a notional day basis. That is, they are paid a fixed annual amount which is considered to represent payment for one day per week. Those non-executive members of the NHS Lothian Board, who are also Chairs or Vice Chairs of IJBs, are given an additional day's remuneration per week by NHS Lothian in recognition of the additional time required to undertake those roles. William McQueen, as a non-executive member of NHS Lothian Board who is also the Vice Chair of West Lothian IJB, has received an additional day's remuneration specifically for his role as Vice Chair of the IJB in 2020/21. This remuneration was £8,842 in 2020/21 (£4,292 for 2019/20 covering the period October 2019 to March 2020). No specific additional remuneration is provided by the council for Councillors holding the IJB Chair or Vice Chair role.

There were no IJB specific expenses recorded for voting members of the IJB during 2020/21 (2019/20 Nil). Any expenses claimed by voting members are paid through the relevant IJB Partner organisation.

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



## Remuneration: Officers of the IJB

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

The remuneration of the Chief Officer is set by the employing body. In line with the Public Bodies (Joint Working) (Scotland) Act 2014, the Chief Officer and the Chief Finance Officer are regarded as employees of the Integration Joint Board when undertaking duties for the Board in relation to delegated functions. Both the Chief Officer and Chief Finance officer also have operational roles within NHS Lothian and / or West Lothian Council and it is estimated that approximately 50% of their time is associated with IJB duties. For the purposes of the IJB remuneration report and transparency of their salary costs, their full year or full year equivalent remuneration has been shown.

Total 2019/20 £'000	Full Year Equivalent 2019/20 £'000	Senior Employees	Salary, Fees & Allowances £'000	Compensation for Loss of Office £'000	Total 2020/21 £'000
46	96	Allister Short Chief Officer	102	Nil	102
71	71	Patrick Welsh Chief Finance Officer	72	Nil	72
<b>117</b>	<b>167</b>	<b>Total</b>	<b>174</b>	<b>Nil</b>	<b>174</b>

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 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 IJB's funding during the year to support officers' pension benefits. The table also shows the total value of accrued pension benefits which may include benefits earned in other employment positions and from each officer's own contributions.

Senior Employee	In Year Pension Contributions		Accrued Pension Benefits		
	For Year to 31/03/20 £	For Year to 31/03/21 £		Difference from 31/03/20 £'000	As at 31/03/21 £'000
Allister Short Chief Officer	9,634	21,066	Pension	3	24
			Lump sum	4	43
Patrick Welsh Chief Finance Officer	15,027	15,839	Pension	2	24
			Lump sum	0	26
<b>Total</b>	<b>24,661</b>	<b>36,905</b>	<b>Pension</b>	<b>9</b>	<b>117</b>

### Disclosure by Pay Bands

As required by the regulations, the following table shows the number of persons whose remuneration for the year was £50,000 or above, in bands of £5,000

Number of Employees in Band 2019/20	Remuneration Band	Number of Employees in Band 2020/21
1	£70,000 - £74,999	1
0	£100,000 - £104,999	1

### Exit Packages

The IJB did not support nor did it direct to be supported by its partners, any exit packages during 2020/21 (2019/20 Nil).



Chief Officer

21 September 2021



Chair

## **ANNUAL GOVERNANCE STATEMENT**

### **Executive Summary**

Corporate governance is comprised of the systems, processes, culture and values by which the Board is directed and controlled, and the activities through which it is accountable to, engages with and leads the West Lothian community in relation to its statutory functions. It is the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. The Board, Board members and individuals working for and supporting them must try to achieve the Board's objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

The Board and its members, voting and non-voting, have overall responsibility for good governance arrangements – for establishing the Board's values, principles and culture, for ensuring the existence and review of an effective governance framework, and for putting in place monitoring and reporting arrangements. Corporate governance is an essential back-office corporate service necessary to assist the effectiveness of setting, monitoring, achieving and reporting on priorities and outcomes, both national and local.

Whilst retaining its responsibility and overview of those arrangements, the Board has entrusted the delivery of some of those tasks to committees (principally its Audit, Risk & Governance Committee), to its Chief Officer and to officers employed by West Lothian Council and NHS Lothian who serve and support the Board. That delegation does not remove or negate the responsibility of all the Board's members for governance.

The statutory relationship amongst the Board, the council and the health board is a complex one. The Integration Scheme contains the agreement reached between the council and the health board in seeking to have the Board established. It cannot be changed without going through a formal statutory review process. The Board's governance arrangements provide the additional guidance and control necessary to make that relationship work for the benefit of service users and other stakeholders.

The governance framework is made up of corporate documents, policies and procedures which are designed to guide and assist the Board in doing its business in accordance with the law and with proper standards and principles, so ensuring that public money is safeguarded and used economically, efficiently and effectively, and fulfilling the statutory duty to secure best value.

The conclusion and assurance in this statement is based on:-

- The Internal Auditor's opinion on the effectiveness of the Board's system of governance, risk management and control
- The Internal Auditor's opinion on the effectiveness of the Board's system of governance, risk management and control
- The Local Code of Corporate Governance
- Progress made on tackling governance areas of concern
- Information on the impact of COVID-19 on governance arrangements
- Readiness for implementation of the CIPFA Financial Management Code

Areas of concern where work is required have been identified and the full extent and impact of the COVID-19 pandemic is not yet known. However, the Board and the West Lothian community can be assured that the Board's corporate governance standards have been substantially met in 2020/21.

### **Structure and powers**

The Board is a statutory body established by the Scottish Parliament. It is responsible for the integrated functions delegated to it by the council and the health board. It makes a strategic plan for delivery of the health and social care services which go along with the integrated functions. It receives financial contributions from the council and health board, and to a lesser extent directly from the Scottish Government.

It then directs the council and the health board in how they should deliver the integrated functions on its behalf and allocates financial resources to allow them to do so. The Board has responsibility for adult and older people's health and social care services. Those for children and young persons and criminal justice services are delivered directly by the council and the health board through separate voluntary partnership working arrangements.

Legislation requires that the Integration Scheme is reviewed by the council and the health board at least every five years. The Board does not share that legal duty and has no control over that process. That review ought to have been concluded by June 2020. The process was started and a timetable was agreed with the Board being a formal consultee. Due to the intervention of the COVID-19 emergency the process could not be progressed and it was formally abandoned in late 2020. At the time Scottish Government Ministers indicated their acceptance that reviews underway during the Covid-19 emergency could not be completed and indicated that councils and health boards may leave current schemes in place, whilst undertaking to revisit the reviews at the earliest practicable opportunity.

Arrangements have now started amongst the health board and four councils in its area to start the review processes in each area. The intention is to conclude the procedure by the end of 2021. The current Integration Scheme will remain in place and the operation of the Board will not be affected.

The Board has delegated some of its responsibilities to other internal bodies:-

- It established an Appointments Committee to fill the posts of Director, Chief Financial Officer, Internal Auditor and Standards Officer. It met in 2021 to secure the replacement of the Chief Officer who had resigned. A successful process was followed in partnership with the council and the health board and the new Chief Officer is due to take up post on 5 July 2021
- It established an Audit Risk & Governance Committee with scrutiny powers in relation to risk management, corporate governance and internal and external audit reports. It meets quarterly and the public has access to its meetings and meeting papers
- It established the Strategic Planning Group in accordance with legislation and guidance in relation to development, review and progressing the strategic plan

- It established a Health and Clinical Care Governance Group, chaired initially by a Board member and presently by the council's Chief Social Work Officer, to provide a focus for clinical and social care issues and concerns and to advise the Board where appropriate
- In April 2019 the Board approved a revised strategic planning structure. It is designed around Planning & Commissioning Boards with remits designed to ensure delivery of the revised Strategic Plan 2019/23

The remits, powers, operating arrangements and reporting structures of all of these internal bodies were reviewed in 2019/20 and changes were approved by the Board after considering officers' recommendations. Those structures and reporting arrangements have continued. A review of the strategic planning structure was carried out and reported to the Board this year. The commissioning plans underpinning the strategic planning process were reviewed and changes approved to reflect the findings of the independent external statutory inspection of strategic planning arrangements.

All of the Board's activities are carried out within the terms of relevant legislation, guidance and the statutory Integration Scheme. Its decision-making is carried out under Standing Orders and other internal rules and procedures which are reviewed on a three-year cycle. They are principally made up of:-

- Standing Orders, governing the way Board and committee meetings are conducted
- Remits and procedural rules for committees, working groups and the new Planning & Commissioning Boards
- Scheme of Delegation to Officers setting out the responsibilities and powers allocated to senior officers
- Financial Regulations which set the rules and procedures for financial, budget and treasury management
- Strategic Plan and its accompanying Annual Financial Statement

Standing Orders, the Scheme of Delegations, Financial Regulations, committee remits were all reviewed in 2019/20 with recommended changes approved by the Board. Their next scheduled review has been timetabled and appears in the work plan considered at every Board meeting.

The Board must publish a statutory performance report within 4 months of the end of any financial year. It requires information from the council and the health board in relation to their performance of the integrated functions which have been specified in Directions issued by the Board. That also means that regular and periodic information is required to allow service performance to be assessed continuously and to inform the annual report.

That information is provided with reference to a list of agreed indicators and from that the Board maintains its own performance records against the commitments and outcomes given in its Strategic Plan. Those reports are considered at Board meetings and so all members are aware of performance information and concerns. Performance management and reporting arrangements have been under review during the year. All of the Board's statutory annual performance reports are available on its website. An internal audit of performance management arrangements carried out this year found control to be effective.

The Board's Financial Regulations call for quarterly budget monitoring reports to be presented to the Board. They also call for regular periodic budget and financial assurance reports to the Board to enable it to proceed with the budgetary process, the publication of its annual financial statement and issuing Directions to the council and health board. These reports have been and will continue to be made as required.

An internal audit of financial planning arrangements carried out this year found control to be effective.

The Board has adopted a Risk Management Strategy. There is a regular and recurring pattern of reporting to the Board and to Audit Risk & Governance Committee on high risks and on the risk register as a whole.

### **The Board**

The Board's membership and operating arrangements are controlled by statute. Board decisions are made by eight voting members, four from each of the council and the health board. It also has non-voting members who are senior council or health board professionals or are representatives of the users and providers of health and social care services. A full review of membership of the Board was carried out in 2019/20.

There have been some changes to the Board's voting members during the year but fewer than in the preceding year. Induction and development sessions have taken place. In accordance with the Integration Scheme, the chair has been held by a councillor voting member since September 2019 with a health board voting member taking the position of Vice-Chair. The positions of Chair and Vice-Chair of the Audit Risk & Governance Committee are held the opposite way around. Those positions will switch again in September 2021, lasting till September 2023.

The Board continues to meet approximately every six weeks. It maintains a Work Plan which is reviewed at every meeting. That is now accompanied at every meeting by an annual calendar of reporting and review deadlines. The Board's work has been assisted by a series of Board development sessions outside the constraints of a formal meeting when discussions could take place about issues of growing or particular concern and the long-term plans for the Board and its work.

The Board deals with significant strategic and financial decisions and monitors and oversees financial and service performance and risk monitoring arrangements. It meets in public except in very strictly defined circumstances. All of its meetings in the year were open to the public, with meetings of the Appointments Committee the only ones from which the public were excluded.

The Board has developed its participation in the West Lothian Community Planning Partnership. The Board is a statutory community planning partner and is represented on the Community Planning Partnership Board by the Chief Officer. Periodic reports are brought to the Board, or in the Chief Officer's report, to inform Board members of developments within the Partnership.

The Board participates in partnership working with council, health board and the other IJBs in the NHS Lothian area through vehicles such as the Strategic Planning Forum (now wound up and replaced by other arrangements), a liaison group amongst Chief Financial Officers,

and a newly-formed oversight group in relation to the reviews of the integration schemes for those four council areas. The coronavirus pandemic saw an extension into other areas, for example, weekly meetings amongst Chief Social Work Officers, liaison through those with the Office of Chief Social Work Advisor to the Scottish Government, and the daily meetings of the Care Homes Oversight Group mandated by Scottish Government guidance.

Chief Officer reports are now standing items on the agendas for Board meeting and those enable things like the community planning activities to be brought to the attention of the Board and the public.

## **Management**

Under the terms of the governing legislation the Board only has one member of staff – its Chief Officer, who heads the joint management team and staff responsible for delivering the integrated services in accordance with Board directions. The Chief Officer is accountable to the Board, and also to the Chief Executives of the council and the health board. The remit and responsibilities of the post are set out in the Board's Scheme of Delegations. The Chief Officer is a non-voting Board member. A new Chief Officer, Alison White, took up post on 5 July 2021 following a successful recruitment exercise carried out in partnership with the council and health board.

The legislation which applies to the Board in relation to accounting and finance matters requires the Board to appoint a Chief Financial Officer. That role is to be performed in accordance with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016). It sets out the requirement for the Chief Financial Officer to be professionally qualified and sets out the criteria for that qualification. The Board has appointed its Chief Financial Officer who fulfils these criteria and operates in accordance with the Board's Financial Regulations, reporting regularly to the Board on budgetary performance and compliance and on financial assurance. The Chief Financial Officer produces the Board's annual financial statement.

The role is undertaken in accordance with the relevant statutory rules, guidance and standards. The Chief Financial Officer is a non-voting Board member. His place and responsibilities are set out in the Board's Scheme of Delegations. In accordance with its Best Value Framework adopted during the year, the Chief Financial Officer reports each year on the extent of the Board's delivery of its statutory best value duty. That informs both the Internal Auditor's review of the system of internal control and this annual governance statement. During the year the Chief Financial Officer secured the Board's approval to the adoption of the mandatory CIPFA Financial Management Code with effect from 2021/22. As part of this, the Board noted that the IJB's approach was already largely consistent with the approach set out in the Code.

The Board is required to operate a professional and objective internal audit service. The council's Audit Risk & Counter Fraud Manager is appointed as the Board's Internal Auditor. Internal audit is an independent appraisal function which examines and evaluates systems of financial and non-financial control. Internal audit operates in accordance with the "Public Sector Internal Audit Standards: Applying the IIA International Standards to the UK Public Sector" (PSIAS).

An annual audit plan is prepared based on an assessment of risk and is approved by the Audit Risk & Governance Committee. Internal audit reports are issued to the committee in relation to the outcome of all work. There is annual reporting to the committee of internal audit activities and to give assurance about the independence, effectiveness and soundness of the service.

Risk management is supervised on the officer side of the Board by the Internal Auditor. Risk management is also embedded at a service level in the senior management team which is responsible for the delivery of the Board's integrated functions. The management team monitors, assesses and mitigates risk at service level as a matter of routine at their management team meetings. That process continues at lower levels in the integrated management structure.

The Board must appoint a Standards Officer. The Standards Officer is responsible for ensuring the Board and its members meet their obligations under ethical standards legislation and the Board's Code of Conduct. The Board has appointed a Standards Officer who maintains the Board members' Register of Interests and advises on Code of Conduct issues and concerns. His appointment was approved by the Scottish Ministers in 2016.

He plays a wider role in supporting the Board in meeting its expected and adopted standards of good corporate governance. He prepares this annual governance statement and reports to the Board when required on governance matters, including compliance with the Board's adopted Local Code of Corporate Governance. An internal audit of governance arrangements carried out this year found control to be effective.

The council has to appoint a senior officer with social work qualifications and experience to the statutory role of Chief Social Work Officer. The post carries the significant responsibility for statutory delivery of social care services and the right to have direct access to the council and its elected members. The Chief Social Work Officer is a non-voting member of the Board and the Board's Standing Orders ensure a similar right of access to the Board and Board members in relation to areas of professional concern.

The health board has appointed an officer to a similar post in relation to health care. The holder of that post is also a non-voting member of the Board. The Board's Standing Orders give the same right of access to the Board and Board members as the Chief Social Work Officer has. Each delivers a formal annual report to the Board in connection with the discharge of their duties in relation to health and social care governance and statutory compliance.

### **Audit Risk & Governance Committee**

The Audit Risk & Governance Committee monitors the independence and effectiveness of the Internal Audit service provided by the council and its Audit, Risk and Counter Fraud Manager. To ensure the required degree of independence it is given periodic assurance in relation to non-internal audit functions (risk management) through the internal audit manager of Falkirk Council.

The committee approves an annual audit plan and receives reports about its completion. It considers reports brought forward in relation to the work, both programmed and reactive work. It approves the annual governance statement on behalf of the Board before the



Board considers it as part of its unaudited accounts and financial and other statements. Its remit and powers were reviewed in 2019/20.

Internal Audit reports are presented to committee for information and scrutiny. They contain a finding as to the soundness of control based on the audit carried out and whether controls are satisfactory or require improvements. They set out improvement actions which have been agreed with officers. Implementation of actions and any other committee recommendations are the responsibility of the Chief Officer.

The committee also receives the external auditors' Annual Plan. Its remit enables it to consider the external audit annual report and audited accounts prior to their consideration and approval by the Board itself.

The committee also receives reports in relation to governance matters, principally reports issued by the Accounts Commission and/or Audit Scotland in relation to the Board or local government or the health and care sector as a whole. The committee also receives the annual report on corporate governance and the annual governance statement. It also receives reports on progress on the governance issues identified for attention in annual governance statements and from other sources during the year.

Arrangements have been in place for liaison and information sharing with the Internal Auditors for the health board, the council and the other IJBs in the health board area. The Risk Management Annual Reports for council and health board were reported to the committee in 2018/19. No issues of concern arose and committee did not determine that it was necessary that the reports for 2019/20 be presented. Work is ongoing in relation to refreshed cooperation and support and a report was presented to the Audit Risk & Governance Committee on 17 June 2021.

The Internal Audit Annual Report for 2020/21 provides details of the risk based audits undertaken for the Board, and the conclusions arising from that work. The Internal Audit plan was fully completed. Reports with recommendations and agreed actions had all been submitted to the committee in the course of the year. Three significant parts of the Board's governance arrangements were audited during the year – governance, performance management and financial planning. Control was found to be effective in all three.

### **System of internal control**

A significant part of the Board's governance framework is its system of internal control (financial and other). It is an ongoing process designed to identify risks to the achievement of the Board's objectives; to evaluate the likelihood of those risks occurring; to consider the potential impact of the risks; and to manage them effectively. Those controls can never eliminate risk or failure to achieve objectives entirely – they can only provide reasonable and not absolute assurance. The design, development and management of the system of internal control are undertaken by officers who support the Board and approved where required by the Board or its Audit, Risk & Governance Committee.

The system of internal financial control is designed to provide assurance on the effectiveness and efficiency of operations and the reliability of financial reporting. It is based on a framework, which includes financial regulations and a system of management supervision, delegation and accountability, supported by regular management information, administrative procedures and segregation of duties.

Its key elements include a documented internal control framework relating to financial processes, procedures and regulations; a comprehensive budgeting and monitoring framework; scrutiny of periodic and annual financial and operational performance reports; performance management information; and project management disciplines.

Reporting to the Board on the effectiveness of the system of internal control is a statutory requirement carried out by the Board's Internal Auditor. It is included in his Internal Audit Annual Report in May or June each year. Its consideration precedes and informs this statutory annual governance statement which requires approval by or for the Board and incorporation into the annual accounts and financial statements.

Based on internal audit work and reports throughout the year the Internal Auditor identifies areas where improvements are required and confirms that recommendations will be followed up and reported. The Audit, Risk & Governance Committee is informed of agreed actions and deadlines for completion. It seeks assurances from responsible officers on progress through follow-up reports where so advised.

Following the review for 2020/21, the Internal Auditor's conclusion, reported to and accepted by committee in June 2021, is that the Board has a sound framework of governance, risk management and control.

### **Code of Corporate Governance**

The Board's governance arrangements are assessed and reported in accordance with statutory requirements and under a Framework and accompanying Guidance for Scotland called "Delivering Good Governance in Local Government", produced by CIPFA/SOLACE in 2016. In 2017/18 a new Local Code of Corporate Governance was developed and adopted under that Framework and Guidance. The annual governance statement was produced under that Framework for 2017/18 and has been since.

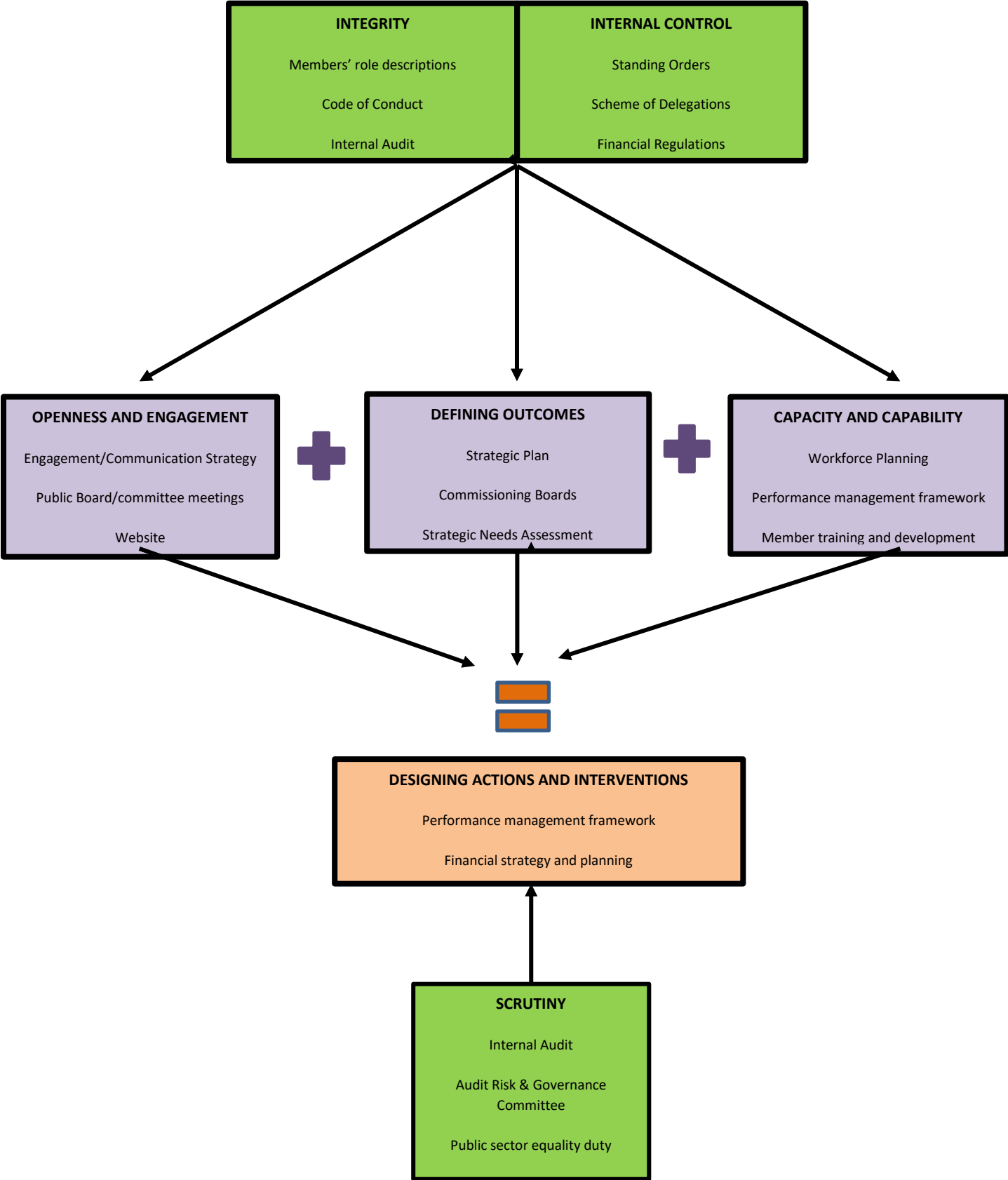
The Code adopts the seven over-arching principles from the Framework which are: behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law; ensuring openness and comprehensive stakeholder engagement; defining outcomes in terms of sustainable economic, social, and environmental benefits; determining the interventions necessary to optimise the achievement of the intended outcomes; developing the Board's capacity, including the capability of its leadership and the individuals within it; managing risks and performance through robust internal control and strong public financial management; and implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Each of those principles is broken down into sub-principles and then separate elements to allow a more focused approach to the components of each. A list of sources of evidence is included and the Board's actions and performance over the year are assessed to determine where it exceeds, meets or fails to meet the required standards.

Areas of concern are picked out and reported on through the annual reporting process. Actions are identified and allocated and progress monitored through reporting to Board and committee. The Code is used to inform the drafting and approval of the annual governance statement.

The seven principles and their interaction and some of the key evidence for each are shown in the diagram below.

**GOVERNANCE PRINCIPLES**



The Code was formally reviewed in 2019/20. The Code has been populated and produced this year in accordance with arrangements approved then and with the amendments approved by the Board in September 2019. No additions to or deletions from the standards listed in the Code have been proposed this year.

The fully-populated Code was reported to committee in June 2021. Compliance with the Code's standards has improved significantly. There are only 9 standards where the evidence indicates that work is required to secure improvement. The most significant are around the outstanding work on compliance with the GDPR and Data Protection Act 2018 and the appointment of a permanent Data Protection Officer. Overall however, substantial compliance has been achieved.

The Chief Financial Officer has again prepared a best value framework annual statement. It is part of the framework approved by the Board in September 2018 and newly revised and approved in March 2021 to enable it to gain the assurance it requires on the extent of its compliance with its statutory best value duty. That statement was reported to Audit Risk & Governance Committee in June 2021. Along with the Internal Auditor's review of the system of internal control and the Board's Code of Corporate Governance it informs and underpins this annual governance statement. The Chief Financial Officer has concluded and has certified that the Board has demonstrated substantial compliance with its best value duties in 2020/21.

### **CIPFA Financial Management Code**

As part of its legal obligation to comply with accepted accounting standards and Code of Practice under the local authority accounting regime, the Board requires to adopt the CIPFA Financial Management Code (2019). The year 2020/21 is in effect a shadow year with the Board expected to move towards full compliance in 2021/22. The Code is designed to support good practice in financial management and assist in demonstrating financial sustainability. The Board is expected to adopt processes and procedures to demonstrate adherence to six principles of good financial management and 17 underlying financial management standards.

CIPFA Guidance for the annual governance statement for 2020/21 advises including an assessment of the extent of current compliance and the identification of areas for improvement, accompanied by an action plan to secure full compliance in 2021/22. In doing so CIPFA's advice is to take a proportionate approach and to use existing reports and documentation.

The Board adopted the Code in March 2021. Before adoption the Code was presented for consideration to Audit Risk & Governance Committee. The report by which its adoption was secured (18 March 2021) was a lengthy and comprehensive exposition and explanation of the Code – its purpose, the principles and the management standards. It included a description of the available evidence of present compliance, the extent of that compliance and the areas where improvement was indicated. It included a list of actions with associated timescales, all designed to secure compliance in full for the reporting year 2021/22.

The information provided by the Chief Financial Officer to and accepted by the Board indicates that it is already compliant to a significant extent and is well-placed to secure full compliance on time. Completion of the actions identified has been included later in this statement as a governance issue for future monitoring.

### **Past and present governance issues**

Governance reporting in previous years has identified areas of improvement and matters to be addressed by officers and members. Issues carried forward from previous years have been amalgamated together and with new issues arising with a view to monitoring progress and demonstrating the continuous improvement in governance terms and showing how issues have been dealt with where they cross the ends of the reporting years. Those issues were reported regularly to the Chief Officer's senior management team throughout the year for monitoring. A report against progress was made to the Audit Risk & Governance Committee in December 2020. Progress made since then has been noted and considered at management team meetings. Issues have been added as they have arisen during this reporting year. Some of those have been pursued and addressed already, some are longer-term issues for future monitoring and reporting. These past and present matters of concern were reported in detail to the committee in June 2021 as part of the end of year reporting in the governance cycle.

There was very substantial progress made in tackling the governance issues identified in last year's statement. Progress included reviewing the Strategic Planning group structure, reviewing risks posed by Brexit, reviewing role descriptions for Board members and updating the Best Value Framework. Only three issues remained outstanding and to be carried forward at the year end. Those were ensuring full compliance with requirements around data protection procedures, raising awareness of the statutory UK anti-terrorism regimes known as PREVENT and CONTEST, and completion of the sole action emerging from the external audit report for 2019/20, relating to addressing the significant budget gap at the end of the current medium term financial plan to 2022/23.

Work started during the year to ensure full data protection compliance and discussions are continuing with council and health board to secure support. The Board holds little personal data at all and no personal data in relation to service users or carers: that is held by council and health board. An interim Data Protection Officer appointment has been made. In those circumstances the risk presented by any non-compliance is not considered to threaten or materially affect the operations or finances of the Board while this issue is fully addressed. The work required in relation to PREVENT and CONTEST is being reviewed as a result of new guidance from the UK government and progress is expected during 2021/22. Good progress has been made on the external audit action (in relation to medium-term financial planning) with a significant reduction in the extent of the budget gap in the existing financial plan being reported to the Board on 29 June 2021. Medium term financial planning assumptions will continue to be reviewed on an ongoing basis.

### **COVID-19**

CIPFA Guidance for 2020/21 advises the inclusion of information about the impact of the coronavirus pandemic on governance arrangements. The annual governance statement for 2019/20 included information about the impact of COVID-19 on governance arrangements although most of the effects were felt after the end of that reporting year. The effects of the

pandemic continued throughout this reporting year, although the governance framework has proved to be robust in those extreme circumstances rather than requiring significant revision and amendment in response.

One Board meeting (April 2020) was cancelled when the first lockdown restrictions were imposed. In reliance on council support, a software platform was established to allow meetings to take place by remote access. That was achieved earlier than expected and remote access Board and committee meetings commenced from 27 May 2020. Meetings of Board and committees and Strategic Planning Group were able to continue thereafter by remote access and are continuing on that basis. Public access was ensured through live audio webcasting. The Board will have to consider whether those arrangements should continue, for how long, and whether plans should be made to return to physical meetings.

No amendments were required to Standing Orders, including the Scheme of Delegations to Officers, to enable decisions to be made and the Board's operations to continue. Board members were kept informed of developments through email briefings by the Chief Officer. Overall, existing arrangements were able to be used and practices adapted to meet the demands of the pandemic without requiring changes to Standing Orders and other governance procedures.

Powers conferred by emergency coronavirus legislation allowed the postponement of compliance with statutory duties to publish annual and other reports concerning Board functions and services. That power was not exercised. All statutory reporting due to take place during the emergency period was and will be carried out to normal timescales. That includes the preparation and approval of the annual accounts and financial statements. Those were completed in accordance with the statutory timescales in both 2019/20 and 2020/21 despite regulations being passed allowing some slippage for this reporting year.

A separate power to suspend statutory duties to make hard copies of certain documents available for physical inspection and copying was used in relation to the right to physically inspect the Board's unaudited accounts. That power was exercised in 2019/20 and 2020/21 as a measure to help minimise the risk of infection and transmission.

Council and health board staff engaged in the provision of the services delegated to the Board worked from home, and continue to do so, where required or possible and in accordance with the HR policies and procedures of council and health board as their employers. Remote meeting platforms were used extensively.

Reporting on the financial consequences of the pandemic has taken place on a regular basis. The normal pattern of budget-monitoring and other financial reporting continued. The required timescales for reporting on financial contributions from council and health board, the Board's budget for the year and the directions issued to council and health board were adhered to.

The Chief Officer's report to every Board meeting has been used as a vehicle to communicate and ensure discussion of significant issues, such as the work of the care homes oversight group and the vaccination programme. Stand-alone reports have been considered as well, where appropriate and where instructed, such as the report on the response of services to the pandemic (August 2020), and on care homes oversight group (November 2020).

Audit Risk & Governance Committee continued its usual work without disruption and as part of its oversight of the Risk Register ensured that account was taken of the pandemic on the Board's risks and risk management.

Consideration has been given to the extent of the information available about the impact of the pandemic on the council's governance arrangements with a view to determining if assurances should be qualified. The following sources have been taken into account: -

- The commentary and assessments in the Local Code of Corporate Governance include information about the impact of COVID-19 on normal arrangements
- The Best Value Compliance Statement by the Chief Financial Officer includes information about significant COVID-19 impacts
- Completion of the Internal Audit Annual Plan and the positive conclusions of the investigations carried out and reported
- The review of the system of internal control and the Internal Auditor's annual opinion on the framework of governance, risk management and control, in which there was no qualification or limitation of scope due to COVID-19
- The schedule of completed and ongoing governance issues that accompanied this statement when it was presented for approval
- The work of the Audit Risk & Governance Committee throughout
- The Internal Audit Annual Report and the Risk Management Annual Report
- The views of the external auditors set out in their annual audit report on the 2019/20 accounts and their annual plan for 2021/22
- The financial reporting carried out by the Chief Financial Officer
- Minutes of Board and committee meetings, which continued throughout with the exception of one Board meeting in April 2020

In reliance on all those sources it is judged that sufficient information has been available to inform this statement. It has not been considered that the assurances given in relation to corporate governance for 2020/21 require to be qualified or restricted as a result of Covid-19.

#### **Matters to be addressed in 2021/22**

Arising from the sources described in this statement and other areas of knowledge and operation, these are the matters for the Board to take forward in 2020/21:-

- The 3 issues referred to that were carried forward from last year's statement being, ensuring full compliance with requirements around data protection procedures, raising awareness of statutory UK anti-terrorism regimes known as PREVENT and CONTEST, and completion of the sole action emerging from the external audit report for 2019/20
- Further work required to secure improvements in 9 standards within the Local Code of Corporate Governance
- Actions required by the Scottish Government's implementation of the Feeley Report's recommendations on the establishment of a national care service
- Implementation of "Planning with People", the Scottish Government's recent guidance on community engagement and participation

- Compliance with newly-acquired statutory duties in relation to emergency planning under the Civil Contingencies Act 2004
- Monitoring progress towards completion of actions arising from the Joint Inspection of strategic planning reported in 2020/21
- Participating in the resumed review by the council and health board of the Integration Scheme
- Steps required to ensure compliance with the UN Convention on the Rights of the Child Incorporation (Scotland) Act 2021 (which applies to young persons up to the age of 18)
- Approval and implementation of a revised Code of Conduct after the Scottish Parliament approves a revised Model Code (as yet unscheduled)
- Consideration of recommendations arising from a recent Mental Welfare Commission report on the legality of moving patients from hospitals to care homes during the pandemic
- Monitoring and completion of the actions identified to secure full compliance with the CIPFA Financial Management Code
- A return to physical meetings, or their continuation by remote access, will have to be considered
- An assessment of Issues arising as a result of the pandemic and measures taken towards recovery

Progress will be tracked through senior management team meetings and interim reports to committee. Committee has the power to call for stand-alone reports on individual issues causing particular concern.

### **Conclusion and assurance**

Based on the Board's governance framework described in this statement the Board and the West Lothian community can be assured that the Board's corporate governance standards have been substantially met in 2020/21.

There are however areas for improvement which should be addressed by officers and referred to Audit Risk & Governance Committee for monitoring and control. Consideration should be given as to whether any of those issues and actions require formal recognition or reassessment in the Board's Risk Register.



Chief Officer



Chair

21 September 2021



## **COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

This statement shows the cost of providing services for the year according to accepted accounting practices.

The figures within the income and expenditure account above take account of all relevant accounting entries to reflect the year end income and expenditure recorded in the ledgers for NHS Lothian and West Lothian Council in respect of West Lothian IJB functions for 2020/21.

The figures have been prepared in line with appropriate accounting policies required to provide a true and fair view in accordance with annual accounts requirements.

2019/20				2020/21		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
199,097	0	199,097	Health Services	224,420	0	224,420
69,697	0	69,697	Social Care Services	62,382	0	62,382
31	0	31	Corporate Expenditure	30	0	30
268,825	0	268,825	Cost of Services	286,832	0	286,832
0	(268,408)	(268,408)	Taxation and Non-Specific Grant Income	0	(296,077)	(296,077)
<b>268,825</b>	<b>(268,408)</b>	<b>417</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>286,832</b>	<b>(296,077)</b>	<b>(9,245)</b>

## MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the IJB's reserves. The movements which arise due to statutory adjustments which affect the General Fund balance are separately identified from the movements due to accounting practices.

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

	General Fund Balance £'000
Opening Reserve Balance at 1 April 2020	63
Drawdown of Reserve Balance During Year	0
Addition to Reserves During Year	9,245
(Decrease) or Increase in Reserves in 2020/21	9,245
<b>Closing Reserve Balance at 31 March 2021</b>	<b>9,308</b>

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

	General Fund Balance £'000
Opening Reserve Balance at 1 April 2019	480
Drawdown of Reserve Balance During Year	(480)
Addition to Reserves During Year	63
(Decrease) or Increase in Reserves in 2019/20	(417)
<b>Closing Reserve Balance at 31 March 2020</b>	<b>63</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 of the IJB (assets less liabilities) are matched by the reserves held by the IJB.

31 March 2020 £'000		Notes	31 March 2021 £'000
63	Short term Debtors	6	9,308
63	<b>Current Assets</b>		9,308
0	Short term Creditors	7	0
0	<b>Current Liabilities</b>		0
0	Provisions	3	0
0	<b>Long-term Liabilities</b>		0
63	<b>Net Assets</b>		9,308
63	Earmarked Reserves: General Fund	4	8,224
0	General Reserves	4	1,084
63	<b>Total Reserves</b>		9,308

The unaudited accounts were issued on 29 June 2021 and the audited accounts will be authorised for issue on 21 September 2021.



Chief Finance Officer  
21 September 2021

## NOTES TO THE ANNUAL ACCOUNTS

### **1. ACCOUNTING POLICIES**

#### 1.1 General Principles

The West Lothian Integration Joint Board is formed under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a joint venture between West Lothian Council and NHS Lothian.

Integration Joint Boards (IJBs) are specified as section 106 bodies under the Local Government (Scotland) Act 1973 and as such are required to prepare their Annual Accounts in compliance with the Code of Practice on Accounting for Local Authorities in the United Kingdom. The Statement of Accounts present a true and fair view of the financial position of the Integration Joint Board as at 31 March 2021 and its income and expenditure for the year then ended.

The Annual Accounts summarise the Integration Joint Boards transactions for the 2020/21 financial year and its position at the year end of 31 March 2021.

#### 1.2 Accruals of expenditure and income

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

- All known specific and material sums payable to the IJB have been brought into account.
- Suppliers are recorded as expenditure when they are consumed. Expenses in relation to services received are recorded as expenditure when the service is received rather than when payments are made.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

#### 1.3. Going Concern

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. The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future, in this case for a period of at least 12 months from the approval of these financial statements to the end of September 2022. 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. 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 2020/21, and a medium term financial plan has been prepared through to 2022/23. The IJB is working within the context of the Covid-19 pandemic, an unprecedented global crisis. Work will be ongoing through the mobilisation plan returns prepared by the IJB at the request of the Scottish Government to quantify the ongoing 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.

#### 1.4 Accounting Convention

The accounts are prepared on a historical cost basis.

#### 1.5 Funding

The Integration Joint Board receives contributions from its funding Partners namely West Lothian Council and NHS Lothian to fund its services. Expenditure is incurred in the form of charges for services provided to the IJB by these Partners.

#### 1.6 Post Balance Sheet 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 Finance Officer following approval by the Board.

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.

In terms of 2020/21, from our assessment we have not identified any financial impact on the 31 March 2021 financial position.

#### 1.7 Material Items of Income and Expense

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Income and Expenditure Statement or in the notes to the Accounts, depending on how significant the items are to an understanding of the IJB's financial performance.

#### 1.8 Related Party Transactions

Related parties are organisations the IJB can control or influence or who can control or influence the IJB. As Partners in the Joint Venture of West Lothian IJB, both West Lothian

Council and NHS Lothian are related parties and material transactions with those bodies are shown in line with the requirements of IAS 24 Related Party Disclosures.

### 1.9 Support Services

Support services were not delegated to the IJB and are provided by the Council and the Health Board free of charge as a 'service in kind'. This is consistent with VAT advice and means that support services to the IJB are outside the scope of VAT. This arrangement was set out in a report to the IJB on 16 February 2016. The list of support services provided to the IJB by West Lothian Council and NHS Lothian is summarised as follows:

- Human Resources
- Internal Audit and Risk Management
- Information Technology
- Buildings Accommodation
- Property / Facilities Management
- Learning and Development
- Health and Safety
- Committee Services
- Procurement Services
- Financial Services
- Corporate Communications
- Legal Services

### 1.10 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.

## **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 contain 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 year.

### **3. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

#### 3.1 Provisions

Provisions are made where an event has taken place that gives the IJB a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of obligation.

Provisions are charged as an expense to the appropriate service line in the Income and Expenditure Statement in the year that the IJB becomes aware of the obligation and measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision held in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.3.2

#### 3.2 Contingent assets and liabilities

A contingent asset or liability arises where an event has taken place that gives the IJB a possible obligation or benefit whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the IJB. Contingent liabilities or assets also arise in circumstances where a provision would otherwise be made but, either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent assets and liabilities are not recognised in the Balance Sheet but disclosed in a note to the Accounts where they are deemed material.

A review of potential contingent assets and liabilities has been undertaken for the IJB and none have been identified at 31 March 2021.

### **4. RESERVES**

The IJB holds a balance on the General Fund for two main reasons:

- To earmark, or build up funds which are to be used for specific purposes in the future, to meet known or predicted liabilities or commitments. This supports strategic financial management
- To create an uncommitted reserve contingency to cushion the impact of unexpected events or emergencies. The IJB's approved reserves policy has a target level of uncommitted general reserves of £2 million to be established over a period of time

recognising the balance between prudent financial planning and budget funding constraints.

The table below shows the movements on the General Fund balance, analysed between those elements earmarked for specific purposes and the amount of uncommitted reserves.

	<b>2020/21 £'000</b>	<b>2019/20 £'000</b>
<b>Earmarked Reserves</b>		
Covid-19 Ongoing Costs	5,471	0
Covid-19 Community Living Fund	645	0
Action 15 Mental Health	350	63
Unscheduled Care Fund	819	0
Primary Care Improvement Fund	939	0
<b>Uncommitted Reserves</b>		
General Reserve	1,084	0
<b>Total</b>	<b>9,308</b>	<b>63</b>

## 5. CORPORATE EXPENDITURE

	<b>2020/21 £'000</b>	<b>2019/20 £'000</b>
Audit Fee	27	28
CNORIS Fee	3	3
<b>Total</b>	<b>30</b>	<b>31</b>

Note – the corporate expenditure is shown within the segmental reporting expenditure and funding table.

## 6. SHORT TERM DEBTORS

	<b>2020/21 £'000</b>	<b>2019/20 £'000</b>
West Lothian Council	6,941	0
NHS Lothian	2,367	63
<b>Total</b>	<b>9,308</b>	<b>63</b>

## 7. SHORT TERM CREDITORS

	<b>2020/21 £'000</b>	<b>2019/20 £'000</b>
Central Government Bodies	0	0
Other Local Authorities	0	0
<b>Total</b>	<b>0</b>	<b>0</b>



## 8. RELATED PARTY TRANSACTIONS

In the 2020/21 financial year the following transactions were made with NHS Lothian and West Lothian Council relating to integrated health and social care functions.

<b>Income – payments for integrated functions</b>	<b>2020/21 £'000</b>	<b>2019/20 £'000</b>
NHS Lothian	(226,724)	(198,970)
West Lothian Council	(69,353)	(69,438)
<b>Total</b>	<b>(296,077)</b>	<b>(268,408)</b>

<b>Expenditure – payments for delivery of integrated functions</b>	<b>2020/21 £'000</b>	<b>2019/20 £'000</b>
NHS Lothian	224,420	199,097
West Lothian Council	62,412	69,728
<b>Total</b>	<b>286,832</b>	<b>268,825</b>

Details of debtor balances with partner bodies are set out in Note 6 to the accounts.

### **PARTNER EXPENDITURE ANALYSIS (UNAUDITED)**

The following analysis sets out the 2020/21 expenditure incurred across IJB delegated functions. Information is provided to the Board throughout the year to enable them to review the financial performance of delegated functions.

<b>Health Services</b>	<b>2020/21 Expenditure £'000</b>	<b>2019/20 Expenditure £'000</b>
<b>Core Services</b>		
Community Hospitals	2,285	2,512
District Nursing	3,838	3,701
General Medical Services (GMS)	31,638	29,537
Mental Health	18,078	16,976
Other	13,986	7,231
Prescribing	36,091	36,829
Resource Transfer	26,416	18,869
Therapy Services	6,044	6,929
<b>Total</b>	<b>138,377</b>	<b>122,584</b>
<b>Corporate</b>	<b>1,584</b>	<b>0</b>
<b>Total</b>	<b>1,584</b>	<b>0</b>
<b>Hosted Services</b>		
GMS	2,116	2,438
Learning Disabilities	2,840	3,149
Lothian Unscheduled Care Services	2,655	2,702
Oral Health Services	3,605	3,584
Other	4,966	1,132
Psychology Service	2,350	1,839
Rehabilitation Medicine	1,269	816
Sexual Health	1,309	1,351
Substance Misuse	710	874
Therapy Services	2,374	2,428
UNPAC	1,389	1,005
<b>Total</b>	<b>25,584</b>	<b>21,318</b>

<b>Health Services (cont.)</b>	<b>2020/21 Expenditure £'000</b>	<b>2019/20 Expenditure £'000</b>
<b>Set Aside Services</b>		
Cardiology	1,514	1,821
ED & Minor Injuries	6,248	5,439
Gastroenterology	2,499	1,177
General Medicine	7,064	7,651
Geriatric Medicine	5,640	5,291
Infectious Disease	2,355	1,924
Junior Medical	2,168	5,589
Other	5,353	3,323
Respiratory Medicine	2,876	2,532
<b>Total</b>	<b>35,717</b>	<b>34,747</b>
<b>Non Cash Limited Services</b>		
Dental	11,941	10,734
Ophthalmic	3,581	3,574
Pharmacy	7,635	6,140
<b>Total</b>	<b>23,158</b>	<b>20,448</b>
<b>Total Health Services</b>	<b>224,420</b>	<b>199,097</b>
<b>Adult Social Care Services</b>		
Learning Disabilities	19,763	18,748
Physical Disabilities	6,885	7,585
Mental Health	5,070	3,944
Older People Assess & Care	33,353	33,672
Care Homes & Housing with Care	10,291	11,489
Contracts & Commissioning Support	3,564	3,724
Other Social Care Services	(9,573)	(9,434)
Scottish Gov / NHS Lothian Additional Funding	(6,941)	0
<b>Total Adult Social Care Services</b>	<b>62,412</b>	<b>69,728</b>
<b>TOTAL EXPENDITURE ALL SERVICES</b>	<b>286,832</b>	<b>268,825</b>