



**WEST LOTHIAN INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS  
2021/22**



## CONTENTS

Accounts of West Lothian Integration Joint Board (IJB) for the period to 31 March 2022, prepared pursuant to Section 105 of the Local Government (Scotland) Act 1973 and in accordance with the terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

### **Statutory Accounts**

Independent Auditors Report	2
-----------------------------	---

### **Annual Accounts**

Management Commentary by Chief Officer	6
Statement of Responsibilities	21
Remuneration Report	23
Annual Governance Statement	26
Comprehensive Income and Expenditure Statement	40
Movement in Reserves Statement	41
Balance Sheet	42

### **Notes to the Annual Accounts**

Accounting Policies	Note 1	43
Critical Judgements and Estimation Uncertainty	Note 2	45
Provisions, Contingent Assets and Liabilities	Note 3	46
Reserves	Note 4	46
Corporate Expenditure	Note 5	47
Short Term Debtors	Note 6	47
Short Term Creditors	Note 7	48
Related Party Transactions	Note 8	48
Partner Expenditure Analysis (Unaudited)		49

## **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 2022 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the 2021/22 Code).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2021/22 Code of the state of affairs of the Integration Joint Board as at 31 March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 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 six 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.

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

#### Risks of material misstatement

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

#### 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 there is an intention to discontinue the Integration Joint Board's operations.

The Integration Joint Board 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 decisions of users taken on the basis of these financial statements.

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

- obtaining an understanding of the applicable legal and regulatory framework and how the Integration Joint Board is complying with that framework;
- identifying which laws and regulations are significant in the context of the Integration Joint Board;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

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

## **Reporting on other requirements**

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

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

### Other information

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

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 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 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 the 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;
- 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.

DocuSigned by:  
  
9579FF3D61BD4E4...

Stephen Reid, for and on behalf of Ernst & Young LLP  
Ernst & Young LLP  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

21 September 2022

## **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 2021/22 and how this has supported the delivery of the IJB's strategic priorities. The commentary also looks forward, outlining the 2022/23 budget and current financial planning assumptions for the period 2023/24 to 2027/28. 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 the ongoing impact of 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 2022 were as follows:

Member	Role
William McQueen	Voting Member, Chair
Harry Cartmill	Voting Member, Vice Chair
Martin Connor	Voting Member
Damian Doran-Timson	Voting Member
Jock Encombe	Voting Member
Katharina Kasper	Voting Member
Dom McGuire	Voting Member
George Paul	Voting Member
Karen Adamson	Non-Voting Member – Professional Advisor
Lesley Cunningham	Non-Voting Member – Staffing Representative
Elaine Duncan	Non-Voting Member – Professional Advisor
Steven Dunn	Non-Voting Member – Staffing Representative
David Huddleston	Non-Voting Member – Stakeholder Representative
Jo MacPherson	Non-Voting Member – Professional Advisor
Alan McCloskey	Non-Voting Member – Stakeholder Representative
Ann Pike	Non-Voting Member – Stakeholder Representative
Patrick Welsh	Non-Voting Member – Chief Finance Officer
Allison White	Non-Voting Member – Chief Officer
Linda Yule	Non-Voting Member – Professional Advisor

Note on changes during 2021/22 that have been reflected in the table above of IJB members at 31 March 2022:

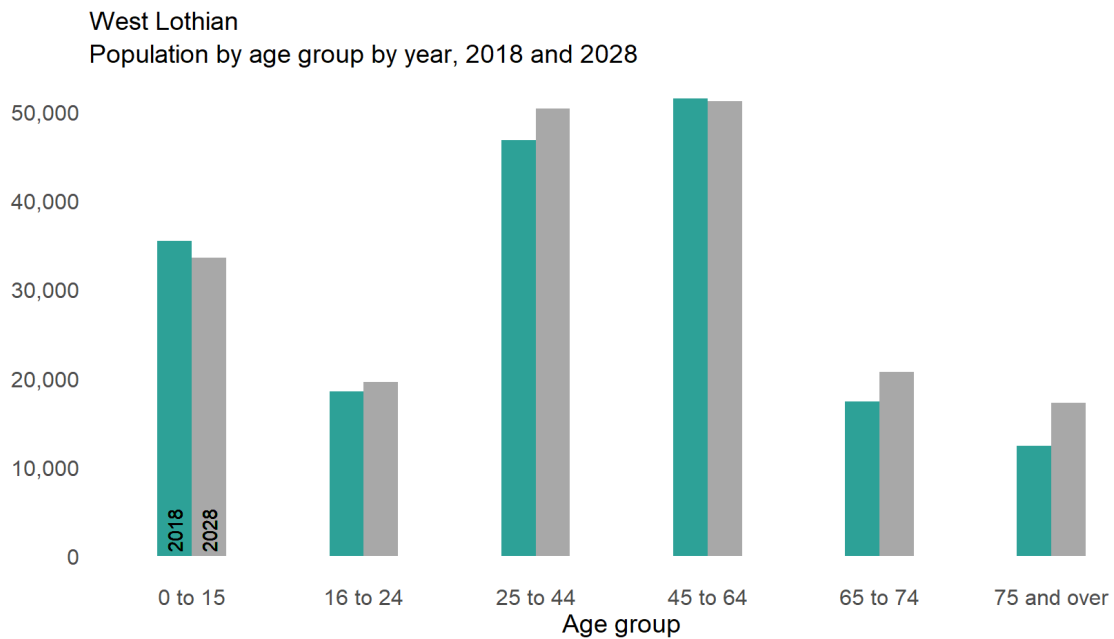
- NHS Lothian appointed Jock Encombe to replace Martin Hill as a voting Board member with effect from 2 December 2021.
- Alison White replaced Allister Short as Chief Officer effective from 5 July 2021.
- Karen Adamson replaced Rohana Wright as a professional advisor to the Board from 1 August 2021
- Lesley Cunningham replaced Caroline McDowall as NHS Lothian's staff representative effective from 3 September 2021
- Linda Yule replaced Mairead Hughes as a professional advisor to the Board effective from 6 October 2021

Also, following the outcome of the Local Government election on 5 May 2022, the Council appointed Anne McMillan, Ann Davidson and Tom Conn as voting members of the Board, replacing Harry Cartmill, George Paul and Dom McGuire.

## West Lothian Information

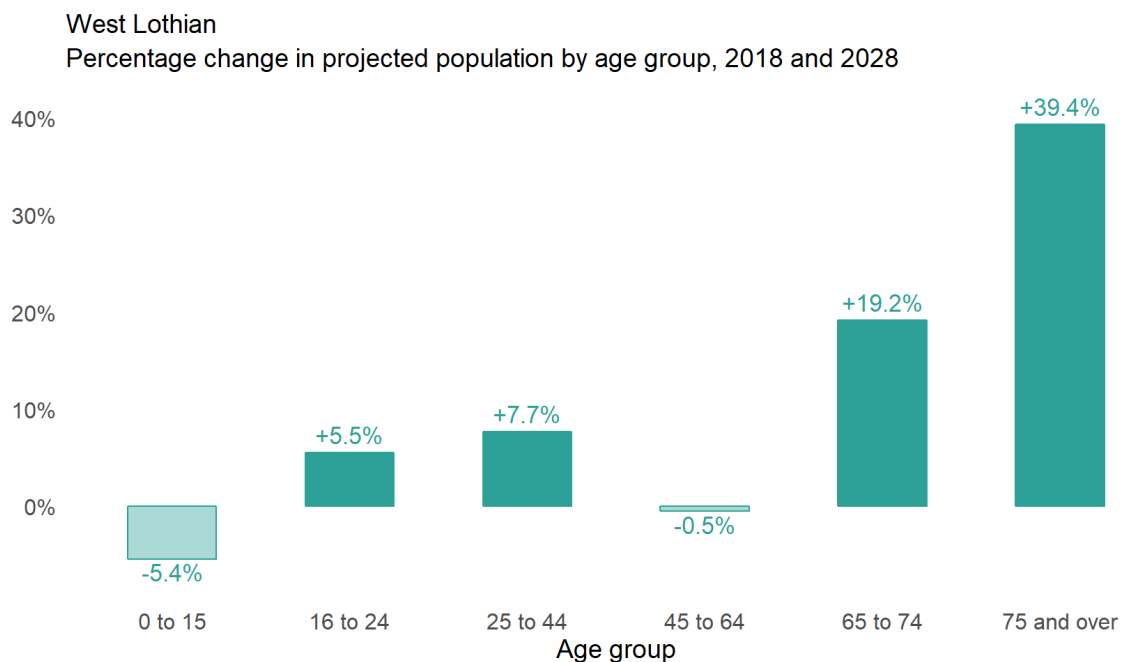
An important aspect of planning health and social care functions is understanding the needs of the West Lothian population. West Lothian has an estimated population of 183,820 of which approximately 51% are female and 49% are male. West Lothian faces a growing and ageing population over the medium to long term as shown in the diagrams below. Between 2018 and

2028, the population of West Lothian is projected to increase from 182,140 to 192,812. This is an increase of 5.9% which compares to a projected increase of 1.8% for Scotland overall.



Source: National Records of Scotland

West Lothian is facing an ageing population profile and compared to other local authorities West Lothian will see a significantly higher level of growth (2018 to 2028) in number of over 75s and 85s, who will typically have the highest social care needs. The percentage change in the projected population by age group over the period is shown in the table below



Source: National Records of Scotland

In terms of life expectancy, the average male life expectancy is 77.5 years while female average life expectancy is 80.5 years. 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. The Scottish Index of Multiple Deprivation (SIMD) ranks all data zones in Scotland by a number of factors being Access, Crime, Education, Employment, Health, Housing and Income.

Approximately 15% of the West Lothian population live in the most deprived SIMD quintile 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 has widened 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**

### National Care Service Consultation

On the 9 August 2021, the Scottish Government launched the consultation, a National Care Service for Scotland, which sought the public's views ahead of the proposed creation of a National Care Service (NCS). The consultation set out proposals for the delivery of social care in Scotland following the recommendations of the Independent Review of Adult Social Care (IRASC) and covers the following areas:

- National Care Service
- Improving care for people
- Reformed Integration Joint Boards: Community Health and Social Care Boards
- Commissioning of services
- Regulation
- Valuing people who work in social care

The Board agreed a collective response to the consultation at its meeting of 9 November 2021. The National Care Service Bill was published on 21 June 2022 and makes provision for the

establishment of new Care Boards and will make Scottish Ministers accountable for adult social care in Scotland. There remains uncertainty at this stage on the specific implications of the Bill and it is noted that a co-design approach will be taken and that a number of future decisions will be made through secondary legislation. The Scottish Government have indicated that the NCS will be operational by the end of this parliament and the position will continue to be kept under close review. On the 17 August 2022, the IJB approved a submission to the Scottish Government on the National Care Service (Scotland) Bill consultation.

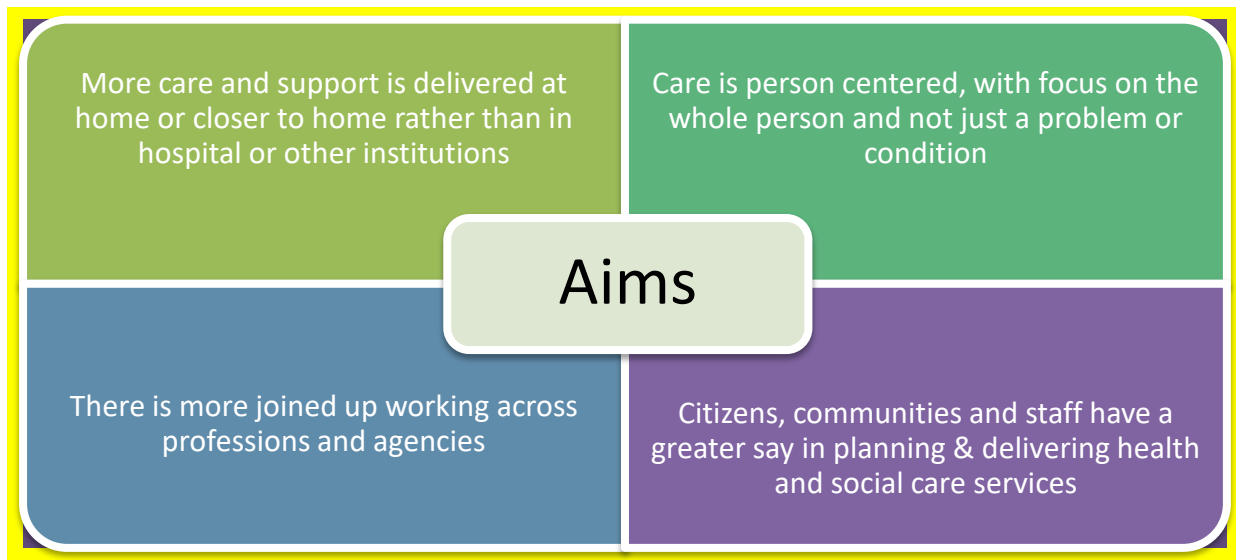
### Strategic Planning and Commissioning

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 2021/22, this reflected ongoing review of the implications arising from Covid-19 on commissioning plans. This included a review of the impact of Covid-19 on strategic priorities in April 2021 reflecting that planning for the longer term requires to recognise the lasting impact of the pandemic. Taking account of this, the IJB reviewed and updated the strategic priorities in each of the commissioning plans.

Regular review and update was made to strategic commissioning plans during the year through reports provided to the Board. Despite the significant staffing and operational challenges experienced as a result of Covid-19, planning and commissioning boards continued to meet and progress the actions identified in all the plans. The annual review of the IJB's strategic planning structure agreed that the planning structure was working well and was enabling identified priorities to be progressed and it was agreed to continue with the existing structures for the duration of the current strategic plan and for a full review to be undertaken as the new Strategic Plan is developed.

Updates on progress in implementing the action plan resulting from the Joint Inspection of the Effectiveness of Strategic Planning in the West Lothian Health and Social Care Partnership has continued to be reported to the IJB on a six-monthly basis, and take account of Covid-19. The update report to the Board in January 2022 noted that good progress had been made on many of the actions despite the ongoing challenges resulting from the pandemic.

### Home First Programme

There is substantial evidence to show that being admitted to hospital can result in poor outcomes for people, especially frail, older people. Older patients who are admitted to hospital can experience deterioration in both their physical and mental health even if they recover from the illness or injury for which they were admitted.

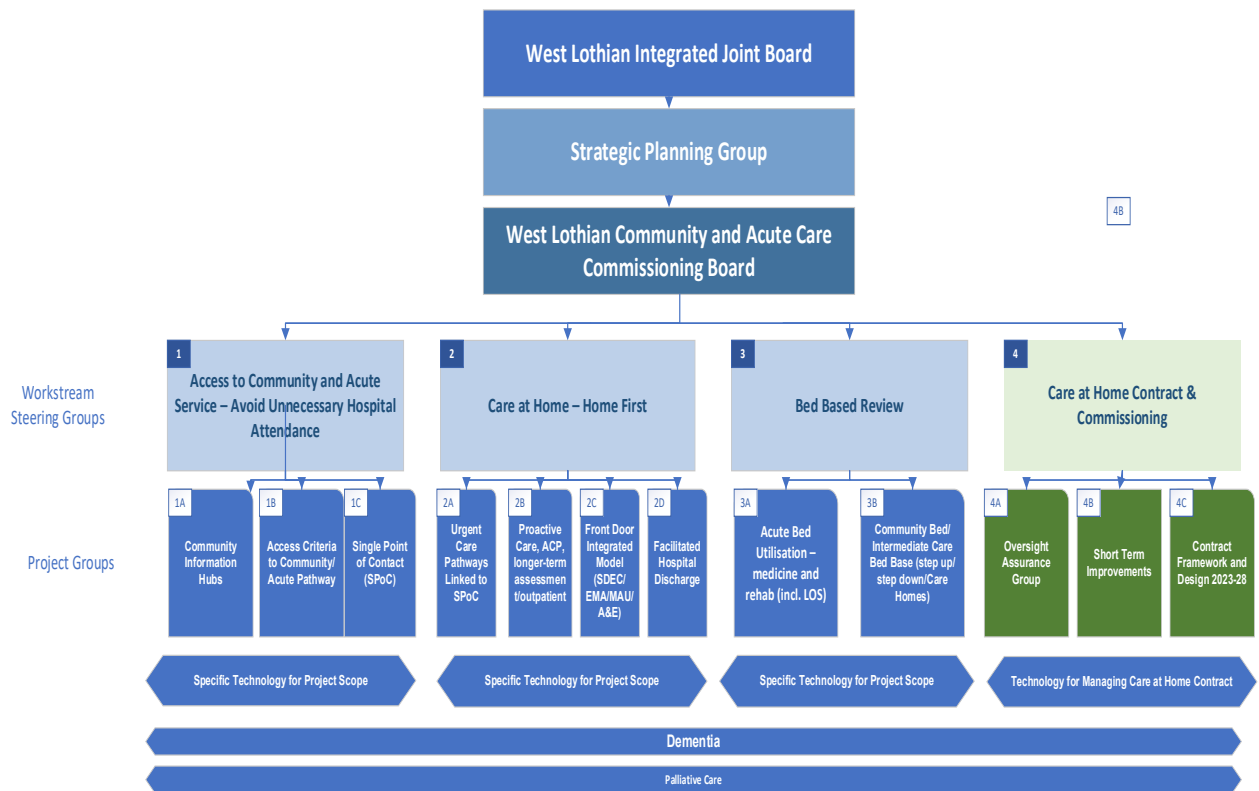
The IJB's Strategic Plan clearly sets out the 2020 vision for Health and Social care; supporting everyone being able to live longer healthier lives at home or in a homely setting, moving to a more integrated health and social care system where there is focus on prevention, anticipation and supported self-management.

The IJB's Home First programme aims to improve access to prevention and early intervention, to integrated informal and formal health, social and third sector care by empowering people, family and communities to take care of their own health. Consistent with Strategic Plan objectives, the Home First approach assesses and supports people to remain independent at home, reduces unnecessary hospital presentation and admission and reduced hospital length of stay. The principles of Home First are:

- Greater focus on better, integrated and evidence-based outcomes for our service users
- Promoting flexibility and agile ways of working to meet surges in demand and changes in need
- Maximising digital solutions

- Whole system approach and benefit realisation

The West Lothian Community and Acute Commissioning Board, chaired by the IJB Chief Officer, represents the key officer decision making body for the Home First Programme, which in turn reports to the Strategic Planning Group and West Lothian IJB, as shown below.



There are four workstreams including the recently added care at home contract and commissioning workstream. This addition reflects the strategic importance of maximising the effectiveness and capacity available from the new care at home contract that will be developed over 2022/23 with the new contract intended to commence from 1 October 2023.

1. Workstream 1 – Access to Community and Acute Services – Avoidance of Unnecessary Hospital Attendance
2. Workstream 2 – Care at Home – Home First
3. Workstream 3 – Bed Based Review
4. Workstream 4 – New Care at Home Contract and Commissioning

Progress on the Home First programme will be closely monitored with updates on progress reported to the Board during 2022/23.

## 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 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 2021/22, quarterly performance was reported to the Board based on the latest data available on the core suite of integration indicators, the Ministerial Strategic Group (MSG) integration indicators and social care benchmarked data. The approach to performance reporting is designed to provide assurance to the IJB on delivery of the Strategic Plan. This 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.

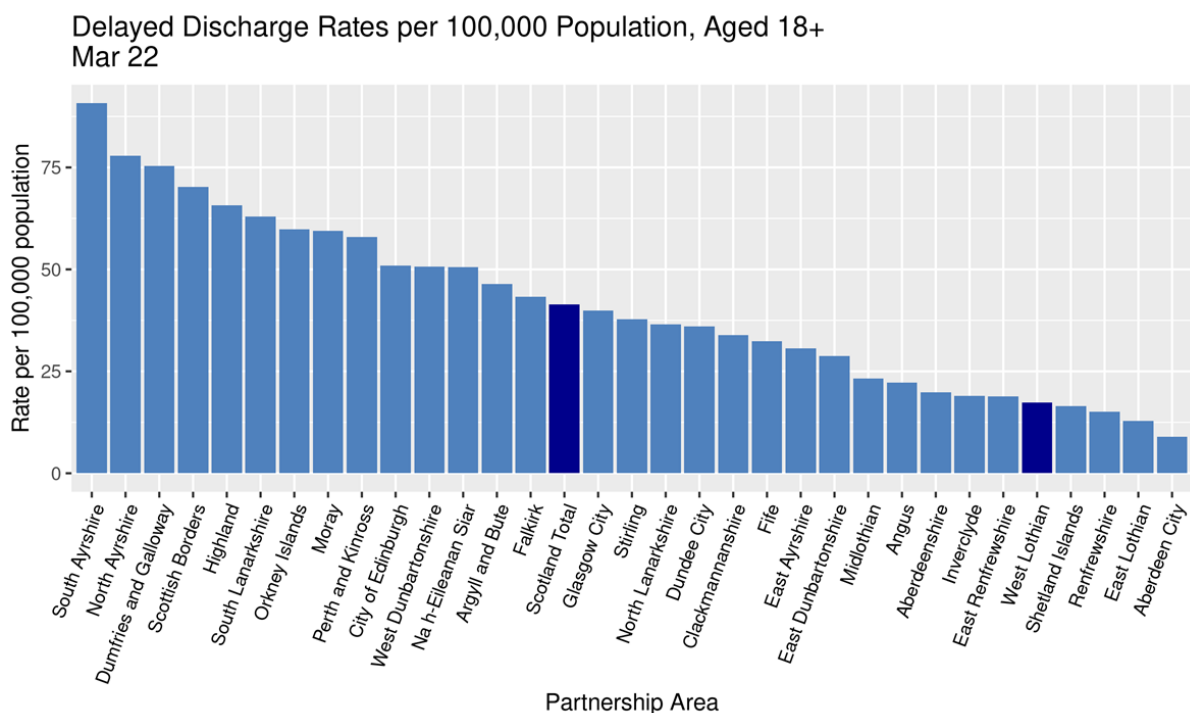
This includes arrangements established that have integrated NHS and council performance teams with regular integrated team meetings providing a platform for reviewing progress and agreeing objectives for the ongoing development of performance information.

Performance reports are reported at a number of levels, including on a quarterly basis to the IJB Strategic Planning Group and Board, and on a monthly basis to the Finance, Performance and Transformation Board chaired by the Chief Officer.

A key area of challenge within West Lothian and at a national level is performance in respect of delayed discharges with main contributing factors being Care at Home and Care Home capacity. A range of measures have been implemented in 2021/22 to mitigate against challenges and maximise performance on reducing delays. These include the establishment of a weekly Care at Home Assurance meeting, a review of care at home package matching arrangements, a number of initiatives progressed on recruitment of additional care at home staff and the development of enhanced performance data on care at home provision and unmet needs.

Through an increasing emphasis on a joined up working approach and the integration of teams there has been improvements in delivery of overall health and social care community services and a more streamlined approach to decision making. This has reduced often lengthy referral processes and helped to minimise delayed discharges in challenging circumstances.

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



Data Source: Public Health Scotland Delayed Discharges May 2022 Publication

Substantial efforts were made during the year to sustain service delivery across IJB functions taking account of the ongoing implications of the pandemic. Overall performance for West Lothian IJB functions is reflected in the 2021/22 Annual Performance report which was approved by the Board on 29 June 2022 and is available at the following link:

[https://westlothianhscp.org.uk/media/54169/West-Lothian-IJB-Annual-Performance-Report-2021-2022/pdf/West\\_Lothian\\_IJB\\_Annual\\_Performance\\_Report\\_2021-2022\\_bmf6u2g38lh5.pdf?m=637946958238130000](https://westlothianhscp.org.uk/media/54169/West-Lothian-IJB-Annual-Performance-Report-2021-2022/pdf/West_Lothian_IJB_Annual_Performance_Report_2021-2022_bmf6u2g38lh5.pdf?m=637946958238130000)



## **Financial Performance 2021/22**

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 2021/22.

### 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. A report to the Board on 13 January 2022 noted the IJB's compliance with the Code and that this will be reviewed on an annual basis.

A financial assurance process was undertaken on the core baseline funding contributions for 2021/22 made available by NHS Lothian and West Lothian Council. Through this, the overall budget contributions made available to the IJB were assessed as being sufficient to meet initial estimated spend requirements for 2021/22.

The impact of Covid-19 has continued to create an unprecedented challenge in respect of service delivery and challenges continued during 2021/22. Taking account of this, Health Boards and Integration Authorities worked with the Scottish Government to submit regular COVID-19 cost returns 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 in 2021/22 are set out below:

- Additional Staffing Costs – this includes the recruitment of additional Homefirst / REACT staff to help prevent hospital admission and facilitate supported discharge, additional costs of social care staff to help ensure services are maintained across internal care at home and care homes, and additional support in the community for mental health concerns and to reduce the backlog of service referrals.
- Additional Prescribing Costs – this includes the impact of increased volumes and price increases directly due to the pandemic. The pandemic has had a significant impact on unit price and volume and this area will continue to be subject to close monitoring.
- Additional Support to Care at Home providers – this relates to increased hourly rate payments based on commissioned hours to cover costs resulting from Covid-19, such as staffing and PPE, and ensure providers are supported to remain financially sustainable.
- Additional Support to Care Homes – this reflects additional costs to external care homes to help ensure they are 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. Payments for reduced occupancy ceased at the end of October 2021, other than in exceptional circumstances, but significant additional staffing costs continue.
- Reduced Care Income – non-residential care contributions are under budget in 2021/22 due to reduced capacity in day care and other chargeable services. Contributions from care home residents are also lower than budget this year.

- Unachievable Savings – delays due to Covid-19 in a number of savings and recovery plans have resulted in extra costs for 2021/22 which can be claimed through the Mobilisation Plan process.

The additional spend associated with Covid-19 in 2021/22 was just over £11.3 million and this was fully funded via existing IJB Covid reserves and additional Scottish Government funding.

At the year end a core underspend of £2.685 million was achieved taking account of the final disaggregation of Covid-19 costs and underspends against budget in a number of areas. In terms of one-off earmarked funding, the Scottish Government provided additional funding of over £21 million for Covid-19 related 2021/22 spend and for ongoing Covid-19 costs beyond 2021/22. Taking account of the additional Covid-19 costs incurred in 2021/22, a balance remaining £15.285 million has been established as ringfenced IJB reserves. Further ringfenced reserves relating largely to Scottish Government funding provided for specific and ongoing purposes of £11.026 million are also available at 31 March 2022.

The overall financial position for 2021/22 expenditure on IJB functions is shown in the table below. Taking account of Scottish Government funding provided this represented an accounting surplus of £20.772 million.

<b>Delegated Health Functions – NHS Lothian</b>	<b>2021/22 Expenditure £'000</b>	<b>2020/21 Expenditure £'000</b>
Core West Lothian Health Services	142,591	139,961
Share of Pan Lothian Hosted Services	28,006	25,584
Share of Acute Hospital Services	38,269	35,717
Non-Cash Limited Services	23,926	23,158
<b>Health Functions - Total</b>	<b>232,792</b>	<b>224,420</b>
<b>Delegated Social Care Functions – West Lothian Council</b>		
Adult Social Care Services	72,355	62,412
<b>Social Care Functions</b>	<b>72,355</b>	<b>62,412</b>
<b>TOTAL</b>	<b>305,147</b>	<b>286,832</b>

IJB delegated services faced significant challenges during 2021/22. The main areas of significant additional spend incurred due to the pandemic included:

- Additional Care Home Beds and Sustainability / Support Payments - £3.750 million
- Additional Care at Home Costs / Support to Providers - £1.551 million
- Loss of Income from Social Care Client Contributions - £599,000
- Additional Prescribing Costs - £888,000
- Additional General Practice Costs - £1.213 million

As noted, these and other additional costs resulting from Covid-19 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 2021/22 was £23.926 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 2022/23 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 2022/23 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 2022/23 spend forecast.

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 2022/23 costs resulting from Covid-19 are still expected to be material. The Quarter 1 Covid-19 cost return to the Scottish Government submitted at the end of July 2022 estimated additional West Lothian Covid-19 costs of £4.496 million for 2022/23.

The 2022/23 budget position will be 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 2022/23.

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 and wider economic risks, particularly high inflation, 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.

The preparation of a medium-term financial plan (MTFP) for the next strategic planning period covering 2023/24 to 2027/28 continues to progress taking account of an ongoing update of expenditure and income assumptions for the period. An initial financial outlook for the five-year period was reported to the Board on 17 March 2022 and a further update on the MTFP was provided to the Board on 29 June 2022. There remain a number of material uncertainties including around persistent inflationary pressures, increasing demands including demographic pressures and also the implications arising from the outcome of the National Care Service consultation. These will continue to be closely monitored over the coming months, and 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 the range of concurrent risks noted only increase 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 2022/23 based on integrated financial planning that will support transformation and the delivery of strategic commissioning plans. This will align financial planning to the next IJB Strategic Plan covering the same period 2023/24 to 2027/28 with both the medium-term financial plan and new Strategic Plan intended to be reported to the IJB in March 2023.

Significant risks over 2022/23 and the medium term can be summarised as follows:

- Covid -19 – The pandemic has impacted across the whole of health and social care with resulting significant financial implications associated with service delivery. There remains uncertainty around the implications associated with Covid-19 and there are likely to be material ongoing additional costs in a number of areas
- Inflationary Pressures. There are material risks around the ongoing impact of high inflation that has impacted significantly in areas such as energy and fuel and more generally across supplies and services. There is a high risk that inflation will continue to increase in 2022/23 which could increase costs in excess of budget available.
- Future Pay Awards - While budget assumptions have been made based on current Scottish Government announced plans and local authority staff pay award assumptions for 2022/23, negotiations will be required with relevant stakeholders and there is a risk that final pay awards agreed will exceed current budget assumptions.
- Demographics/Service Demands - West Lothian has the fastest growing elderly population in Scotland and there is a risk that demand and cost increases will outstrip

the assumptions and resources available. In addition, there is a risk that insufficient capacity will be available through external care providers and through internal capacity. Difficulties in recruitment to key roles continues to be a risk at a local and national level.

- Acute Services – based on the current funding contribution to the IJB, there remains a shortfall in the level of resources provided by NHS Lothian to deliver acute services. Close monitoring and collaborative working will be required with NHS Lothian colleagues during the year to ensure this funding shortfall is managed. Main pressure areas relate to staffing and also growing pressures in acute drugs.
- Prescribing - there remains a high risk attached to GP prescribing around volumes and unit prices that will require to be closely monitored.
- Delayed Discharge. Pressures in this area continue to be a budget risk and will require ongoing joint working to reduce bed days lost and increase community capacity.
- Delivery of savings required to ensure spend is managed within available 2022/23 resources. There are significant savings assumed for 2022/23 and the delivery of these will require to be closely monitored during the year.
- Mental Health. The continuing growing demand for mental health services could have additional cost implications and funding provided by the Scottish Government may not be sufficient to achieve desired outcomes

An update on the position with key financial risks, including mitigating actions being progressed, is provided at each meeting of the Board to ensure there is effective scrutiny and monitoring of these 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 last twelve months has continued to see 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 and further developed throughout 2021/22. 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 2021/22 and has taken action through the Mobilisation Plan process 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 part service providers.

There has been increased joint working across health and social care to integrate service delivery including through the establishment of the Home First programme 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 ongoing impact of Covid-19 has created a further unprecedented challenge to health and social care service delivery to the public and this will continue to be closely monitored. 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 express our appreciation of the exceptional efforts of all health and social care staff in supporting the IJB towards meeting the ongoing challenges and demands presented by Covid-19 in 2021/22. 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.



William McQueen, CBE  
West Lothian IJB Chair:



Alison White  
Chief Officer:



Patrick Welsh  
Chief Finance Officer:

20 September 2022

## **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 20 September 2022.

Signed on Behalf of West Lothian Integration Joint Board



William McQueen, CBE  
Chair of West Lothian Integration Board  
20 September 2022

## **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).

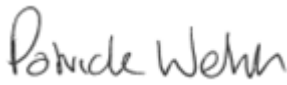
In preparing the Annual Accounts, the chief financial officer has:

- 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 2022 and the transactions for the year then ended.



Patrick Welsh  
Chief Finance Officer  
20 September 2022



## 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.

Name	Post(s) Held	Nominated by
Harry Cartmill	Chair 01/04/21 to 20/09/21	West Lothian Council
	Vice Chair 21/09/21 to 31/03/22	
William McQueen	Vice Chair 01/04/21 to 20/09/21	NHS Lothian
	Chair 21/09/21 to 31/03/22	

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 has held the position of Vice Chair and then Chair of West Lothian IJB, has received an additional day's remuneration specifically for his role as Vice Chair and then Chair of the IJB in 2021/22. This remuneration was £8,930 in 2021/22 (£8,842 for 2020/21). 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 2021/22 (2020/21 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.

<b>Total 2020/21 £'000</b>	<b>Senior Employees</b>	<b>Salary, Fees &amp; Allowances £'000</b>	<b>Compensation for Loss of Office £'000</b>	<b>Total 2021/22 £'000</b>	<b>Full Year Equivalent 2021/22 £'000</b>
102	Allister Short Chief Officer  01/04/21 to 02/05/21	8	Nil	8	100
0	Alison White Chief Officer  05/07/21 to 31/03/22	89	Nil	89	124
72	Patrick Welsh Chief Finance Officer	73	Nil	73	73
<b>174</b>	<b>Total</b>	<b>170</b>	<b>Nil</b>	<b>170</b>	<b>297</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 31/03/21 £	For Year to 31/03/22 £		Difference from 31/03/21 £'000	As at 31/03/22 £'000
Allister Short Chief Officer <small>01/04/21 to 02/05/21</small>	21,066	1,741	Pension	4	28
			Lump sum	2	45
Alison White Chief Officer <small>05/07/21 to 31/03/22</small>	0	19,303	Pension	2	2
			Lump sum	0	0
Patrick Welsh Chief Finance Officer	15,839	15,966	Pension	2	26
			Lump sum	1	27
<b>Total</b>	<b>36,905</b>	<b>37,010</b>	<b>Pension</b>	<b>11</b>	<b>128</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 2020/21	Remuneration Band	Number of Employees in Band 2021/22
1	£70,000 - £74,999	1
0	£85,000 - £89,999	1
1	£100,000 - £104,999	0

### Exit Packages

The IJB did not support, nor did it direct to be supported by its partners, any exit packages during 2021/22 (2020/21 Nil).



Alison White  
Chief Officer



William McQueen, CBE  
Chair

20 September 2022

## **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 having 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, procedures and controls 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 internal control
- The Best Value Assurance Statement by the Chief Financial Officer
- The Local Code of Corporate Governance
- Progress made on tackling governance areas of concern
- Information on the impact of COVID-19 on governance arrangements
- The conclusions reached in the external auditor's report for 2020/21
- Implementation of the CIPFA Financial Management Code

Areas where ongoing work is required have been identified, however, the Board and the West Lothian community can be assured that the Board's corporate governance standards have been substantially met in 2021/22.

### **Structure and Powers**

The Board is a statutory body established by the Scottish Parliament. It is responsible for the social work, social care and health care 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 far 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, social work 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 under the aegis of the West Lothian Health and Social Care Partnership.

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. The process was resumed in 2021/22 and the statutory consultation and review process has been concluded amongst the health board and the four councils in its area. The revised Scheme was approved by the council in April 2022 and approved by the health board in June 2022. It is currently subject to ministerial approval and will come into effect, and be binding on the Board, on the date specified by the Ministers. The current Integration Scheme will remain in place and the operation of the Board will not be affected in the meantime.

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 departing Chief Officer. A successful process was followed in partnership with the council and the health board and the new Chief Officer took 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. The external auditor attends its meetings
- It established the Strategic Planning Group in accordance with legislation and guidance in relation to development, review and progressing the strategic plan. The Group and its structure were fully reviewed in 2019 and again in April 2021. In March 2022 the Board decided to retain the structure and the framework of strategic commissioning plans as the means to develop the replacement strategic plan due to come into effect in 2023
- It established a Health and Clinical Care Governance Group, chaired initially by a Board member and latterly 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

Those changes apart, the remits, powers, operating arrangements and reporting structures of all of these internal bodies have continued. The next periodic reviews have been timetabled and included in the Board's work plan, considered at every Board meeting.

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 Planning & Commissioning Boards
- Scheme of Delegation to Officers setting out the responsibilities and powers allocated to senior officers
- Members' Role Descriptions, reviewed and approved by the Board in April 2021
- 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 and committee remits were all reviewed by the Board in January 2022. Financial Regulations were updated at the Board meeting in January 2022 to ensure the requirements of the CIPFA Financial Management Code (2019), adopted in 2020/21, are properly implemented. Their next scheduled reviews have been timetabled and appear 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. Annual and interim performance reports are considered at Board meetings and so all members are aware of performance information and concerns. Ad hoc reports are brought for the Board's information and scrutiny, such as the reports on the Primary Care Improvement tracker and Primary Care Performance Indicators in January and March 2022. The Board's statutory annual performance reports are available on its website.

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. Full compliance with the CIPFA Financial Management Code in respect of IJB financial arrangements was reported in January 2022. The sole action identified in the external auditor's report for 2019/20 was completed on schedule and reported in June 2021.

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. The committee receive reports on high risks and the risk register as a whole at alternate meetings. High risks are considered twice annually by the Audit, Risk & Governance Committee and the risk register as a whole is reported to the Board annually, the most recent in November 2021. The Risk Management Annual Report is considered in June each year by the committee.

## **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. A further periodic review is now overdue and will be taken forward as a governance issue of concern in 2022/23.

There have been some changes to the Board's voting members during the year. Non-voting membership has been largely unchanged, ensuring continuity and the acquisition of knowledge and expertise. Induction and development sessions have taken place where required. In accordance with the Integration Scheme, the chair was held by a councillor voting member from September 2019 until September 2021 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 all rotated again in September 2021, lasting till September 2023.

The Board continues to meet approximately every six weeks. It maintains a Work Plan and a schedule of periodic/cyclical reporting, which are reviewed at every meeting. The Board's work has been assisted by a series of Board development sessions outside the constraints of a formal meeting when discussions 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 have been open to the public, with meetings of the Appointments Committee the only ones from which the public have been 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. It is contributing through participation at Partnership Board level and in the supporting thematic forums to the development of the Local Outcomes Improvement Plan scheduled for agreement in 2022/23.

The Board now also participates in the Strategic Planning Forum, a strategic partnership forum amongst the health board and the four integration joint boards within the health board area. It aims to increase cooperation amongst the bodies involved and secure and promote efficient planning where there are common themes and pressures shared by all concerned.

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 powers 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 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 powers and responsibilities are set out in the Board's Scheme of Delegations. In accordance with its Best Value Framework, 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 reported full and timeous compliance with the CIPFA Financial Management 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. The Board's Internal Audit Charter, as required by PSIAS, was refreshed and approved in December 2021. 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. The relationship with the internal audit services for council and health board was further developed in the reporting year to help ensure that the Board is able to draw assurance from the internal audit work of its partner bodies. As a result, the Audit and Risk principles were agreed at committee on 1 December 2021.

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. That work feeds into the Board's risk register, reported regularly to Audit, Risk & Governance Committee and the Board.

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 the council's Governance Manager as its Standards Officer. He is responsible for maintaining the Board members' Register of Interests and advising 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. In 2021/22 he has been instrumental in the process of adopting a revised Members' Code of Conduct to reflect the national Model Code approved by the Scottish Parliament in 2021 and brought into effect in December of that year.

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 statutory 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 another 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 2021/22. The Internal Audit Charter was reviewed and approved in the reporting year.

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 auditor's 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 external auditor's report for 2020/21 gave a "green" assessment on the wider-scope aspects of governance and transparency. It concluded that the key features of good governance were in place and operating effectively. It observed that the Board had made material progress in addressing outstanding areas for improvement.

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 December 2021. No issues of concern arose. Work is ongoing in relation to a refreshed approach to that cooperation and support, following on from a report to Audit, Risk & Governance Committee on 17 June 2021. That led to the adoption of Audit and Risk Committee Principles at committee on 1 December 2021, and, as an example, the Board's internal audit of its budget monitoring arrangements being referred on form Audit, Risk & Governance Committee in February 2022 to the health board's Audit & Risk Committee.

The Internal Audit Annual Report for 2021/22 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. The committee has also considered external reports from bodies such as Audit Scotland, for example, the annual overview reports on the health service and of local government.

### **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; risk management; and project management disciplines.

The Board must, by law, conduct a periodic review of its system of internal control. It does that annually, through the Audit, Risk & Governance Committee, as part of its consideration of the Internal Audit Annual Report each June. The Internal Auditor provides an assessment and an opinion to the committee on the system's adequacy and effectiveness for its consideration. That review 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 2021/22, the Internal Auditor's conclusion, reported to and accepted by committee in June 2022, is that the Board has a sound framework of governance, risk management and control.

### **Code of Corporate Governance**

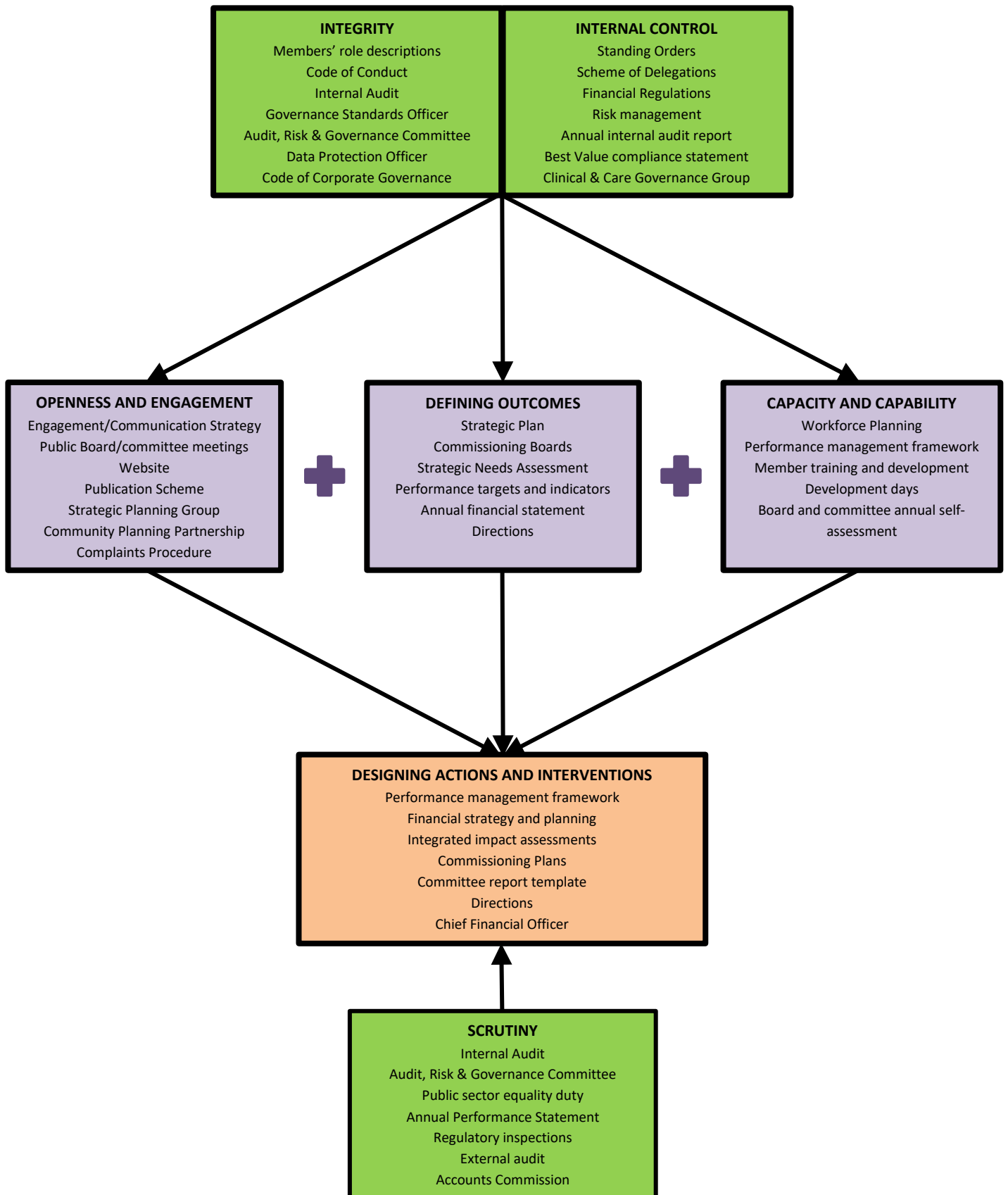
The Board's governance arrangements are assessed and reported in accordance with statutory requirements and under a Framework and accompanying Guidance for Scotland called "Delivering Good Governance in Local Government", produced by CIPFA/SOLACE in 2016. In 2017/18 a new Local Code of Corporate Governance 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. It was subject to a full review on 2021/22, reported to the Board in September 2021.

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 following diagram.

**GOVERNANCE PRINCIPLES**



The Code was formally reviewed in the current reporting year. Its form, content and operation were in September 2021 found by the Board to be fit for purpose and remained unchanged. The Code has been populated and produced this year in accordance with arrangements approved then. 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 2022. Last year's improvement in compliance with the Code's standards has been maintained. There are only 6 standards which are of concern and where the evidence indicates that work is required to secure improvement. They are all related to the still outstanding work on ensuring full compliance with the GDPR and Data Protection Act 2018 and the appointment of a permanent suitable 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 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. It includes an assessment of compliance with seven elements of best value (vision and leadership, governance and accountability, effective use of resources, partnership and collaborative working, working with communities, sustainable development, and fairness and equality). That statement was reported to Audit, Risk & Governance Committee in June 2022. The external auditor noted in its annual report for 2020/21 that the Board had a number of the key characteristics of Best Value in place and that the Board's Best Value Framework allowed it to demonstrate that Best Value was being achieved. 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 2021/22.

### **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 adopted the CIPFA Financial Management Code (2019) in 2020/21. The year 2020/21 was 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 was expected to adopt processes and procedures to demonstrate adherence to six principles of good financial management and 17 underlying financial management standards.

The information provided by the Chief Financial Officer to and accepted by the Board when adopting the Code indicated that it was already compliant to a significant extent and was well-placed to secure full compliance on time. Completion of the actions identified was included as a governance issue for future monitoring in 2022/23 and full compliance was reported to and accepted by the Board in January 2022

### **Past and Present Governance Issues**

Governance reporting in previous years has identified areas of concern and issues 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 2021. 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 2022 as part of the end of year reporting in the governance cycle.

There was again very substantial progress made in tackling the governance issues identified in last year's statement. After reporting on governance issues to the committee and the Board in June 2021 there were 16 issues to take forward in 2021/22. When the interim progress report was made to the committee in December 2021 that had been reduced to 10. Reporting in June 2022 shows that only three issues remained to be completed. Those will be carried forward to 2022/23. They 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 process for adopting and implementing a revised Members' Code of Conduct.

Work continued during the year to ensure full data protection compliance and discussions with council now seem likely to be successful in securing adequate 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 remains. 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 new legislation coming into effect in 2022/23. Scottish Ministers have approved the Board's Members' Code of Conduct and this was formally adopted by the Board on 17 August 2022 and implementation plans agreed.

## **COVID-19**

CIPFA Guidance for the previous two reporting years was to include in the annual governance statement information about the impact of the coronavirus pandemic on governance arrangements. That has been repeated as advice this year. The annual governance statements for 2019/20 and 2020/21 included information about the impact of Covid on governance arrangements. The effects of the pandemic continued, whilst declining and receding, throughout this reporting year. The governance framework continued to prove to be robust in those extreme circumstances rather than requiring significant revision and amendment in response.

Meetings of the Board, committees and the Strategic Planning Group continued by remote access/online platforms. Public access was ensured through live audio webcasting and making recordings available. The Board has started to consider whether those arrangements should continue, for how long, and whether plans should be made to return to physical or even hybrid meeting arrangements. The Board will consider that subject for the first time in any detail at its meeting on 29 June 2022.

Once again, 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 during the pandemic. 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. The resilience of the Board's governance arrangements was demonstrated in 2021/22 in relation to St Michael's Hospital in Linlithgow. Due to health board staffing shortages and pressures a decision had to be taken as a matter of urgency to temporarily cease operations there. Engagement with service users took place. Emergency powers already contained in Standing Orders and the Scheme of Delegation were used by the Chief Officer, in consultation with the Chair and Vice-Chair, to enable appropriate action to be taken swiftly. Those actions were followed up by periodic reports back to the Board to ensure Board and public awareness.

Powers conferred by emergency coronavirus legislation allowing the postponement of compliance with statutory duties to publish annual and other reports concerning Board functions and services were 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 and will be again this year.

Council and health board staff engaged in the provision of the services delegated to the Board worked largely from home 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 by staff. Staff members of both partner bodies will be subject to their respective plans to return to the workplace as the threat and risks posed by the pandemic recede.

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. Relevant information about the financial impacts of the pandemic have been included where appropriate.

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.

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. Based on the sources and evidence previously referred to, 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 2021/22 require to be qualified or restricted as a result of Covid-19.

### **Issues To Be Addressed in 2022/23**

Arising from the sources described in this statement and other areas of knowledge and operation, these are the issues that the Board is recommended to address in 2022/23:

- The 3 uncompleted governance issues referred to above 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 process for adopting and implementing a revised Members' Code of Conduct
- Actions which may emerge as a result of the Scottish Government's implementation of the Feeley Report's recommendations on the establishment of a national care service
- Continued monitoring of progress towards completion of actions arising from the joint inspection of strategic planning
- Implementation of any actions required to ensure compliance with the revised Integration Scheme once it is approved by the Scottish Ministers
- 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) once it is amended to make it intra vires of the Scottish Parliament and brought into force
- Implementation of a revised Members' Code of Conduct after ministerial approval of the draft submitted in April 2022
- The overdue review of membership of Board, committees and other bodies in the IJB structure should be completed
- The publication scheme required under the Freedom of Information (Scotland) Act 2002 is due for a review and refresh
- The Engagement and Communication Strategy is due for review following the successful recruitment of an officer to progress that aspect of the Board's operation
- The Board should ensure compliance with the Scottish Government's requirements in relation to workforce planning
- A return to physical meetings, or their continuation by remote access, should be resolved, having regard especially to the means of ensuring that meetings are open to the public
- The Board could usefully review and rationalise its pattern of periodic reviews of significant "constitutional" documents which has grown up on a piecemeal basis and lacks some clarity and consistency

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 2021/22.



Alison White  
Chief Officer



William McQueen, CBE  
Chair

20 September 2022

## 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 below 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 2021/22.

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.

2020/21				2021/22		
Gross Expenditure £'000	Gross Income £'000	Net Position £'000		Gross Expenditure £'000	Gross Income £'000	Net Position £'000
224,420	0	224,420	Health Services	232,792	0	232,792
62,382	0	62,382	Social Care Services	72,324	0	72,324
30	0	30	Corporate Expenditure	31	0	31
286,832	0	286,832	Cost of Services	305,147	0	305,147
0	(296,077)	(296,077)	Taxation and Non-Specific Grant Income	0	(325,919)	(325,919)
<b>286.832</b>	<b>(296,077)</b>	<b>(9,245)</b>	<b>(Surplus) on Provision of Services</b>	<b>305,147</b>	<b>(325,919)</b>	<b>(20,772)</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 2021/22**

	General Fund Balance £'000
Opening Reserve Balance at 1 April 2021	9,308
Drawdown of Reserve Balance During Year	(8,224)
Addition to Reserves During Year	28,996
(Decrease) or Increase in Reserves in 2021/22	20,772
<b>Closing Reserve Balance at 31 March 2022</b>	<b>30,080</b>

### **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>

## 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 2021 £'000		Notes	31 March 2022 £'000
9,308	Short term Debtors	6	30,080
9,308	<b>Current Assets</b>		30,080
0	Short term Creditors	7	0
0	<b>Current Liabilities</b>		0
0	Provisions	3	0
0	<b>Long-term Liabilities</b>		0
9,308	<b>Net Assets</b>		30,080
8,224	Earmarked Reserves: General Fund	4	26,311
1,084	General Reserves	4	3,769
9,308	<b>Total Reserves</b>		30,080

The unaudited accounts were issued on 29 June 2022 and the audited accounts will be authorised for issue on 20 September 2022.



Patrick Welsh  
Chief Finance Officer  
20 September 2022

## 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 2022 and its income and expenditure for the year then ended.

The Annual Accounts summarise the Integration Joint Boards transactions for the 2021/22 financial year and its position at the year end of 31 March 2022.

#### 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 2021/22 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 accordance with the CIPFA Code of Local Government Accounting (2022/23), the IJB is required to prepare its financial statements on a going concern basis unless informed by the relevant national body of the intention for dissolution without transfer of services or function to another entity. The accounts are prepared on the assumption that the IJB will continue in operational existence for the foreseeable future.

The IJB's funding from and commissioning of services to partners has been confirmed for 2022/23, and medium-term financial planning for the period 2023/24 to 2027/28 continues to

progress. The IJB is continuing to work within the context of the Covid-19 pandemic, and work is ongoing through the Covid-19 cost returns prepared by the IJB at the request of the Scottish Government to quantify the ongoing impact of the pandemic. 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 2021/22, from our assessment we have not identified any financial impact on the 31 March 2022 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 material estimates in the IJB's Balance Sheet at 31 March 2022.

### **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 2022.

### **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 minimum level of uncommitted general reserves of £2 million.



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>2021/22 £'000</b>	<b>2020/21 £'000</b>
<b>Earmarked Reserves</b>		
Covid-19 Ongoing Costs	15,285	5,471
Unscheduled Care Fund	2,647	819
Primary Care Funding	2,466	939
Care at Home Capacity	1,249	0
Mental Health	977	0
Interim Care	739	0
Alcohol & Drugs Partnership	718	0
Community Living Fund	645	645
Multi-Disciplinary Teams	570	0
Action 15 Mental Health	307	350
GP Premises Improvement WL	157	0
Oral Health	148	0
Workforce Wellbeing	126	0
Dementia Post Diagnostic Support	110	0
LUCS	76	0
Expansion of Primary Care Estate	62	0
Telecare	29	0
<b>Uncommitted Reserves</b>		
General Reserve	3,769	1,084
<b>Total</b>	<b>30,080</b>	<b>9,308</b>

## 5. CORPORATE EXPENDITURE

	<b>2021/22 £'000</b>	<b>2020/21 £'000</b>
Audit Fee	28	27
CNORIS Fee	3	3
<b>Total</b>	<b>31</b>	<b>30</b>

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

## 6. SHORT TERM DEBTORS

	<b>2021/22 £'000</b>	<b>2020/21 £'000</b>
West Lothian Council	12,442	6,941
NHS Lothian	17,638	2,367
<b>Total</b>	<b>30,080</b>	<b>9,308</b>

## 7. SHORT TERM CREDITORS

	<b>2021/22 £'000</b>	<b>2020/21 £'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 2021/22 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>2021/22 £'000</b>	<b>2020/21 £'000</b>
NHS Lothian	(248,063)	(226,724)
West Lothian Council	(77,856)	(69,353)
<b>Total</b>	<b>(325,919)</b>	<b>(296,077)</b>

<b>Expenditure – payments for delivery of integrated functions</b>	<b>2021/22 £'000</b>	<b>2020/21 £'000</b>
NHS Lothian	232,792	224,420
West Lothian Council	72,355	62,412
<b>Total</b>	<b>305,147</b>	<b>286,832</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 2021/22 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>2021/22 Expenditure £'000</b>	<b>2020/21 Expenditure £'000</b>
<b>Core Services</b>		
Community Hospitals	1,215	2,285
District Nursing	3,941	3,838
General Medical Services (GMS)	33,128	31,638
Mental Health	18,638	18,078
Other	24,669	13,986
Prescribing	37,388	36,091
Resource Transfer	16,472	26,416
Therapy Services	7,140	6,045
Corporate	0	1,584
<b>Total</b>	<b>142,591</b>	<b>139,961</b>
<b>Hosted Services</b>		
GMS	6,059	2,116
Learning Disabilities	2,998	2,840
Lothian Unscheduled Care Services	2,751	2,655
Oral Health Services	3,827	3,606
Other	1,798	4,966
Psychology Service	2,857	2,350
Rehabilitation Medicine	1,661	1,269
Sexual Health	1,420	1,309
Substance Misuse	710	710
Therapy Services	2,728	2,374
UNPAC	1,197	1,389
<b>Total</b>	<b>28,006</b>	<b>25,584</b>

<b>Health Services (cont.)</b>	<b>2021/22 Expenditure £'000</b>	<b>2020/21 Expenditure £'000</b>
<b>Non Cash Limited Services</b>		
Dental	12,296	11,942
Ophthalmic	3,659	3,581
Pharmacy	7,971	7,635
<b>Total</b>	<b>23,926</b>	<b>23,158</b>
<b>Set Aside Services</b>		
Cardiology	1,469	1,514
ED & Minor Injuries	6,840	6,248
Gastroenterology	3,492	2,499
General Medicine	7,912	7,064
Geriatric Medicine	6,158	5,640
Infectious Disease	2,955	2,355
Junior Medical	1,966	2,168
Other	4,811	5,353
Respiratory Medicine	2,666	2,876
<b>Total</b>	<b>38,269</b>	<b>35,717</b>
<b>Total Health Services</b>	<b>232,792</b>	<b>224,420</b>
<b>Adult Social Care Services</b>		
Learning Disabilities	21,627	19,763
Physical Disabilities	7,189	6,885
Mental Health	5,170	5,070
Older People Assess & Care	38,928	33,353
Care Homes & Housing with Care	11,041	10,291
Contracts & Commissioning Support	3,509	3,564
Other Social Care Services	(9,608)	(9,573)
Scottish Gov / NHS Lothian Additional Funding	(5,501)	(6,941)
<b>Total Adult Social Care Services</b>	<b>72,355</b>	<b>62,412</b>
<b>TOTAL EXPENDITURE ALL SERVICES</b>	<b>305,147</b>	<b>286,832</b>