

EAST AYRSHIRE

Health & Social Care
Partnership

Integration Joint Board

Annual Accounts

2022/23

Working together with all of our communities to improve and sustain wellbeing, care and promote equity.



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SECTION 1

Management Commentary

INTRODUCTION

This publication contains the Annual Accounts of East Ayrshire Integration Joint Board (IJB) for the year ended 31 March 2023. The Management Commentary provides an overview of the key messages in relation to the IJB's financial planning and performance for the 2022/23 financial year and how this has supported delivery of the IJB's core objectives. This commentary also looks forward and provides an indication of the challenges and risks, which may impact upon the finances of the IJB in the future as we strive to meet the health and social care needs of the people of East Ayrshire.

The Management Commentary has been prepared in accordance with the requirements of the Local Authority Accounts (Scotland) Regulations 2014 (SSI 2014/200) and the statutory guidance in Finance Circular 5/2015.

EAST AYRSHIRE IJB

In accordance with the Public Bodies (Joint Working) (Scotland) Act 2014, East Ayrshire Council and NHS Ayrshire & Arran prepared an Integration Scheme for the area of the Local Authority. Scottish Ministers approved the initial Integration Scheme between the two parent organisations on 3 March 2015, and the Scottish Ministers by order established the East Ayrshire IJB as a body corporate on 1 April 2015 as part of the establishment of the framework for the integration of health and social care in Scotland. The Integration Scheme was updated in March 2018 and is scheduled to be updated again in 2023, to align with the requirement of the Public Bodies (Joint Working) (Scotland) Act 2014 for a five yearly review.

The initial East Ayrshire Integration Joint Board membership was confirmed including voting and non-voting members and stakeholder members in April 2015. The IJB accepted the Integration Scheme and agreed to exercise the decision making functions of the Council in relation to Council services and NHS Ayrshire & Arran services (through the Local Scheme of Delegation) delegated to the Board and agreed to provide assurance to the relevant Council and NHS Committees on effective operational arrangements in relation to professional and care governance, corporate governance and employee relations.

The voting members of the Integration Joint Board are appointed through nomination by NHS Ayrshire & Arran and East Ayrshire Council. The arrangements for the Chair and Vice Chair, who are drawn from the nominations of the Parties, are set out in clause 2.4 of the Integration Scheme, where the role of Chair alternates between voting members nominated by East Ayrshire Council and NHS Ayrshire & Arran.

Local Government Elections were held on 5 May 2022, and therefore elected members' term of office came to an end at midnight on 4 May 2022. The Governance Update report to the IJB on 22 June 2022 noted that, following the relevant statutory East Ayrshire Council meeting on 19 May 2022, appointments were made and the Council confirmed that the following elected members had been appointed to the IJB: Councillor Douglas Reid, Councillor Elaine Cowan, Councillor Maureen McKay and Councillor Neill Watts. Councillor Douglas Reid was appointed as Leader of the Council, and therefore retained his role as Chair of the IJB. The report also noted that Councillor Reid will remain as the Chair until June 2023, at which time the Chair will rotate to an NHS Board appointed Chairperson.

The Governance Update report presented to the IJB on 19 October 2022 noted that NHS Board confirmed that Mr Michael Breen had announced his intention to resign as Non-Executive Board Member from 31 October 2022. The NHS Board began the process of recruiting for a replacement Non-Executive Board Member however as the process was expected to take several months, interim appointments required to be made. The NHS Board, at their meeting on 3 October 2022, approved Dr Sukhomoy Das to assume the

role of Vice Chair of the IJB and Chair of the Strategic Planning and Wellbeing Delivery Group from 31 October 2022 on an interim basis. At the same meeting, the NHS Board approved that Mr. Adrian Carragher, Non-Executive Board Member, also join East Ayrshire IJB on an interim basis. Both of these appointments to remain in place until the recruitment process was complete, thus ensuring four voting members of the IJB nominated by NHS Board.

The Governance Update report presented to the IJB on 29 March 2023 noted that NHS Board nominated Dr Sukhomoy Das, Non-Executive Director, as a voting member of the IJB on 1st March 2020. Nomination to the IJB is for a period of three years and therefore Dr Das' term expired on 28 February 2023. The NHS Board, at their meeting on 30 January 2023, re-nominated Dr Das as a Voting Member of the IJB and reconfirmed his position as Interim Vice-Chair of the IJB and Chair of the Strategic Planning and Wellbeing Delivery Group.

The recruitment process for a new Non-Executive Board Member has been completed and appointment has been confirmed by Scottish Government. A report was presented to the NHS Board on 23 May 2023 to confirm the appointment of the new Non-Executive Board Member Mr. Neil McAleese and their nomination as an IJB Voting Member (replacing Mr. Adrian Carragher). At the same time, the NHS Board confirmed their nomination of the NHS appointed IJB Chair Dr. Sukhomoy Das, from June 2023. A Governance report will be presented to the IJB on 21 June 2023 to confirm the nominations.

The following table provides detail of voting members of the IJB at 31 March 2023:

Voting Members	Representing
Councillor Douglas Reid (Chair)	East Ayrshire Council
Dr Sukhomoy Das (Interim Vice Chair)	Non-executive Director – NHS Ayrshire & Arran
Ms. Sheila Cowan	Non-executive Director – NHS Ayrshire & Arran
Ms. Jennifer Wilson	Nurse Director – NHS Ayrshire & Arran
Mr. Adrian Carragher (Interim)	Non-executive Director – NHS Ayrshire & Arran
Councillor Elaine Cowan	East Ayrshire Council
Councillor Maureen MacKay	East Ayrshire Council
Councillor Neil Watts	East Ayrshire Council

The Director of Health and Social Care, Craig McArthur is the lead professional advisor to the IJB in his role as Chief Officer. Non-voting members of the IJB comprise employee and trade union representatives, carers and people who use our services, the third and independent sectors and medical, clinical, social work, finance and governance professionals.

OBJECTIVES AND STRATEGY OF THE IJB

The main purpose of integration is to improve the wellbeing of families, our communities and of people who use health and social care services, particularly those whose needs are complex and involve support from health and social care at the same time. In addition, the IJB provides specific health care services across Ayrshire.

Significant inequalities exist within and between our communities in East Ayrshire and while progress has been made in tackling these inequalities, there continues to be more to be done to enable people to live longer and have healthier and more independent lives within stronger communities. The integration of health and social care provides an important framework to address health and wellbeing inequalities. The following profile displays key characteristics of the East Ayrshire population with information from community engagement:

East Ayrshire

Spans 490 square miles in the South West of Scotland

Incorporates both urban and rural communities



Has a population of 122,020 - approximately 2.2% of Scotland's total population

Is expected to see its population fall by 1.05% by 2028

Age Profile



Aged 0-15 years

20,792

17% of the population

(Scotland 16.6%)



Expected to fall by 5.6% by 2028

(Scotland 4.6%)



Aged 16-64 years

75,654

62% of the population

(Scotland 63.8%)



Expected to fall by 3% by 2028

(Scotland 0.8%)



Aged 65+ years

25,574

21% of the population

(Scotland 19.6%)



Expected to rise by 7.9% by 2028

(Scotland 10%)

Life Expectancy



Male, 74.9 years

(Scotland 79.3 years)

Healthy life expectancy for men, 56.8 years

(Scotland 60.4 years)

75.9% of life spent in good health

(Scotland 78.9% years)



Female, 79.3 years

(Scotland 80.8 years)

Healthy life expectancy for women, 59.9 years

(Scotland 61.1 years)

75.5% of life spent in good health

(Scotland 75.6% years)

Deprivation

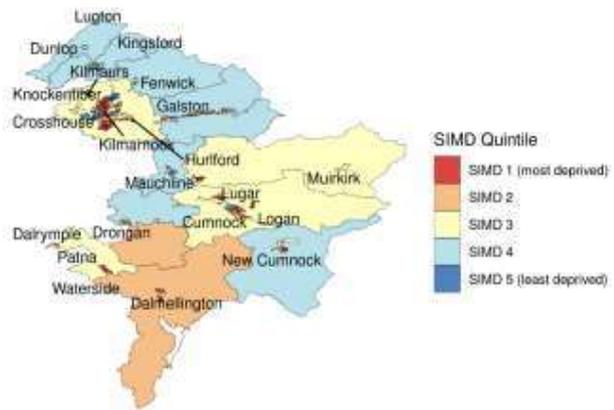


East Ayrshire has the 7th highest level of deprivation amongst Scottish Local Authorities

30.6% of the population within East Ayrshire live within the most deprived Scottish Index of Multiple Deprivation quintile

The following table details the percentage of data zones within East Ayrshire in the 2020 Scottish Index of Multiple Deprivation (SIMD) most deprived quintiles for each domain and the ranking of East Ayrshire amongst the 32 Scottish Local Authorities for each domain.

East Ayrshire	% of data zones	Rank
Income	28.8%	7
Employment	32.5%	6
Education	25.8%	8
Health	28.2%	8
Access	24.5%	13
Crime	22.7%	8
Housing	2.5%	25
Overall	31.3%	7



Source: Scottish Government, Public Health Scotland

Early Years

19.1% of babies in East Ayrshire are exclusively breastfed at 6-8 weeks

(Scotland 31.9%)



75.5% of East Ayrshire children have no concerns across all domains at 27-30 month review

(Scotland 74.5%)



63.9% of children in East Ayrshire have a healthy weight in Primary 1

(Scotland 69.8%)



71.1% of East Ayrshire children have no obvious dental decay in Primary 1

(Scotland 75.2%)



Health and Wellbeing

54% of adults in East Ayrshire have at least one long term illness

(Scotland 47%)



63% of East Ayrshire adults consider their health to be Good or Very Good

(Scotland 73%)



The rate of multiple emergency hospital admissions aged 65+ years is 6,021 per 100,000 population in East Ayrshire

(Scotland 4,998)



The rate of premature deaths in East Ayrshire (under 75 years) is 521 per 100,000 population

(Scotland 449.8 per 100,000)



Mental Health

20.9% of East Ayrshire residents are prescribed medication for anxiety/depression/psychosis

(Scotland 19.3%)



Within East Ayrshire, the rate of deaths by suicide is 18.3 per 100,000 population

(Scotland 14.1 per 100,000)



The rate of psychiatric hospitalisations in East Ayrshire is 174.8 per 100,000 population

(Scotland 229.8 per 100,000)



In March 2023, the average waiting time for treatment from the East Ayrshire Primary Care Mental Health Team was 32 weeks



Harmful Behaviours

The rate of alcohol related hospitalisations in East Ayrshire is 540.6 per 100,000 population

(Scotland 610.9 per 100,000)



During 2021, there were 38 drug related deaths in East Ayrshire, a rate of 33.2 per 100,000 population

(Scotland 25.2 per 100,000)



129 incidents of domestic abuse were recorded in East Ayrshire per 10,000 population

(Scotland 118 per 10,000)



17.1% of mothers in East Ayrshire smoke during pregnancy

(Scotland 12.9%)



Community

The crime rate in East Ayrshire is 524 per 10,000 population

(Scotland 529 per 10,000)



91% of East Ayrshire residents feel positive about living in their community

(Scotland 94%)



The rate of non-accidental fires in East Ayrshire is 518.8 per 100,000 population

(Scotland 298.7 per 100,000)



In East Ayrshire, the rate of violent crime is 13.5 per 10,000 population

(Scotland 16.4 per 10,000)



Economic Status

In 2022, 25.5% of East Ayrshire children were living in low income families (relative), up from 19.9% in 2021



24.3% of economically inactive East Ayrshire residents want a job

(Scotland 19.6%)



19.5% of East Ayrshire children are registered for free school meals

(Scotland 17.4%)



71.7% of East Ayrshire residents are in employment

(Scotland 74.5%)



The IJB is the decision-making body that regularly meets to discuss, plan and decide how health and social care services are delivered to tackle health and wellbeing inequalities in East Ayrshire in line with the Strategic Plan. It then directs East Ayrshire Council and NHS Ayrshire & Arran (the Parties) to work together in partnership to deliver services based on decisions made by the IJB, and this is being done under the banner of East Ayrshire Health and Social Care Partnership.

The partnership will deliver positive outcomes for our residents by ensuring that children and young people get the best start in life, that people live healthier, longer lives and are supported to be independent and have choice and control no matter who they are or where they live. In East Ayrshire, integration underpins the Community Planning Partnership, with the IJB taking a strategic lead for delivery of the wellbeing theme of the Community Plan 2015-30.

The Strategic Plan must have regard for national health and wellbeing outcomes and with the full scope of the delegated functions also include the National Outcomes for children, young people and justice. As part of the approval of the Integration Scheme, NHS Ayrshire & Arran and East Ayrshire Council agreed that Children's and Family Health, Social Work and Justice services should be included within functions and services to be delegated to the IJB,

The vision for the integration of health and social care is to produce better outcomes for people through services that are planned and delivered seamlessly from the perspective of the patient, service user or carer. Prior to its formal establishment in April 2015, a vision was developed for how the East Ayrshire IJB would operate in consultation with stakeholders. This vision has driven activity over the last eight years and will continue to do so and is set out in our Strategic Plan as:



The IJB is committed to putting people and communities first and believe that everyone should have a say in our own health and social care services. Our Stakeholder Forum meets eight times per year to provide an opportunity for people, users of services, carers and organisations from the community to come together to share their views on what will be discussed at our board and committee meetings. Forum members also share experiences, local issues and bring suggestions for how we can improve our services together.



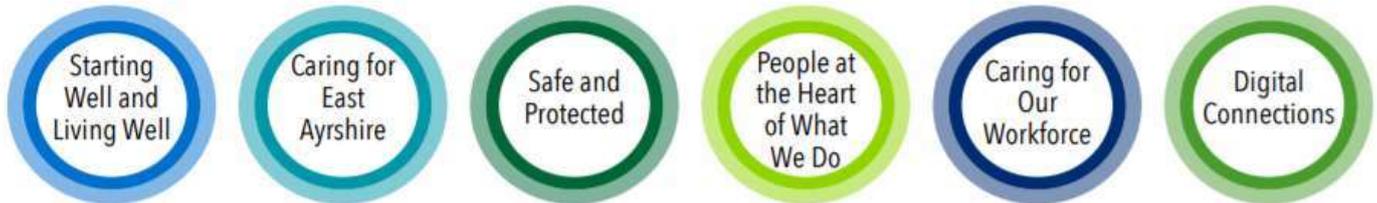
In addition, our locality groups bring a range of people together who support our work in health and social care. This provides information for the IJB on the issues that matter to people at a local level which is an important aspect of the strategic planning process. There are three locality groups in East Ayrshire; Kilmarnock (including Crosshouse), Northern (Annick, Irvine Valley and Hurlford and Southern (Cumnock and Doon Valley).



The East Ayrshire Health and Social Care Partnership (HSCP) Strategic Plan 2021-30 was approved by the Integration Joint Board on 24 March 2021 and at Health Board and Council on 29 March 2021 and 1 April 2021 respectively. The Strategic Plan sets out local ambitions and shared priorities for health and social care 2021–24 and towards 2030, in delivering the vision outlined above. A comprehensive programme of engagement and an extensive Strategic Needs Assessment were undertaken to inform the development of the Plan.

The Strategic Plan 2021-30 is based on the strengths of East Ayrshire's approach to wellbeing focussed health and social care, articulated as 'People, Compassion and Partnership' in recognition of the resilience of East Ayrshire's citizens and the value of local community spirit, particularly in response to the Covid-19 pandemic. The Plan sets out the role of partners in all health and social care sectors to enhance these assets, working together to uphold human rights through person and family centred practice.

This strategic planning approach continues to centre on the 'triple aim' of better care, better health and better value, in line with the national Health and Social Care Delivery Plan, focussed on six core themes and local outcomes;



PRIORITY	2030 OUTCOME
Starting Well & Living Well	More people and families have better health and wellbeing and we have fairer outcomes.
Caring for East Ayrshire	Health and social care is delivered in a way that promotes wellbeing and suits people and families, both virtually and through the buildings, places and spaces of the local environment.
People at the Heart of What We Do	People, unpaid carers, families and communities achieve their outcomes through seamlessly joined up support - they are at the centre of all we do and support is a positive experience.
Caring for Our Workforce	The health and social care workforce is well and we have the right people with the right skills in the right place at the right time, to support people, families and communities to achieve their goals.
Safe & Protected	East Ayrshire is a safe place for people to live, work and visit.
Digital Connections	Digital technology has improved local wellbeing and transformed health and care.

Each strategic priority is described in the Strategic Plan 2021-30, setting out strategic commissioning intentions and delivery activity for the core themes.

The Annual Review of the Strategic Plan and associated enablers, namely the Workforce Plan, Communications Strategy and Property and Asset Management Strategy was undertaken by the Strategic Planning and Wellbeing Delivery Group on 21 February 2023. The Group concluded that the Strategic Plan remains fit for purpose, continues to reflect the Partnership's strategic intentions and that no replacement Plan is required. The Group's conclusions include recognition of feedback from stakeholders at Local Conversation events which took place at three separate locations across East Ayrshire between 3 February 2023 and 17 February 2023.

The outcomes from the Annual Review were presented to the IJB Development Day on 1 March 2023, following which a report was presented to the IJB on 29 March 2023 for consideration and formal approval. This report was presented to East Ayrshire Council on 18 May 2023 and to NHS Ayrshire & Arran on 23 May 2023.

[2022-23 ANNUAL REVIEWS: STRATEGIC PLAN, WORKFORCE PLAN, COMMUNICATION STRATEGY, PROPERTY AND ASSET MANAGEMENT STRATEGY](#)

PERFORMANCE MANAGEMENT AND REPORTING

The IJB has embedded a performance management culture throughout the Partnership. It has created a wide range of performance information to manage services and target improvements for the people of East Ayrshire. This has been supported by our performance management systems which analyse data, track progress and monitor actions. Regular and robust performance information is provided to our Audit and Performance Committee (APC), IJB Members, operational managers and is publicly reported. Benchmarking is used to compare our performance with other organisations to support change and improvement.

The IJB embraces scrutiny including external inspection and self-assessment. In relation to performance targets, the Partnership continues to progress towards a core set of indicators that relate to services from publicly accountable national indicators and targets which the Health Board and Council currently report against. Improvement measures will be a combination of existing and new measures that will allow assessment at a local level. The performance targets and improvement measures will be linked to local outcomes. The IJB's performance is scrutinised by a dedicated APC with a wide-ranging remit, but with a particular focus on performance management and improvement.

Since January 2018, Partnerships have been working to local objectives and trajectories set out by the Ministerial Strategic Group for Health and Community Care (MSG), for improvement in relation to six key indicators which aim to provide a whole system overview of performance. Analysis and commentary regarding our performance against the MSG measures is included within this Report across the appropriate health and wellbeing outcomes.

The MSG information relates to a range of activities under the umbrella of 'unscheduled care', activities that support people to remain in their own homes, return to their own homes as quickly as possible when hospital treatment is required, prevention of related re-admission to hospital and end of life care. Unscheduled care is a core element of the health and social care system and as such, our services require to be responsive to need whilst being transformative in that, where appropriate, patient contact is moved from reactive to proactive planned engagement and from hospital settings to the community.

Throughout 2022/23, activity reports aligned to the MSG indicators were regularly presented to the Audit and Performance Committee and NHS Ayrshire and Arran Health Board, analysing performance in respect of pressures within the health and care system experienced as a result of local demand for unscheduled care.

East Ayrshire Performance against MSG Indicators: 2021/22 – 2022/23 Financial Years

	East Ayrshire 2021/22	East Ayrshire 2022/23	Variance
MSG01 - Unscheduled Admissions (all ages) (rate per 1,000 total population) *	132.7	126.3	- 4.8% ↓
MSG02 - Occupied Bed Days Unscheduled Care (all ages, acute specialities) (rate per 1,000 total population) *	843.2	893.9	+ 6.0% ↑
MSG03 - Emergency Department: compliance with the four-hour standard (all ages)	77.9%	67.0%	- 10.9pp ↓
MSG04 - Delayed Discharge Bed Days (including code 9s) (rate per 1,000 18+ population)	65.0	100.8	+ 55.1% ↑
MSG05 - End of Life Care – proportion of the last 6 months of life spent in community setting *	90.2%	88.9%	- 1.3pp ↓
MSG06 - Balance of care: Percentage of population in community or institutional settings - Proportion of 65+ population living at home (supported and unsupported) **	96.4%	Not available **	

* Please note that the figures for MSG01, MSG02 and MSG05 reflect calendar year 2022. Calendar year 2022 figures are used as a proxy for 2022/23 due to the national data for 2022/23 being incomplete, following guidance issued by Public Health Scotland.

** 2022/23 updates for MSG06 were not available at the time of reporting.

It is recognised that 2022/23 has been a challenging year, with all but one of the core MSG indicators showing a decline in performance when compared to the previous year, as displayed in the table above. During calendar year 2022, the rate of unscheduled admissions dropped by 4.8%, however unscheduled care occupied bed days rose by 6.0%. Compliance with the four-hour emergency department standard declined by 10.9 percentage points during 2022/23 and the proportion of last 6 months of life spent in community settings fell by 1.3 percentage points in calendar year 2022. The rate of delayed discharge bed days increased by 55.1% in 2022/23, however this still represents an area of sustained strength, being considerably lower than the national rate and comparable area rates.

The Core Suite of Integration Indicators (CSII) draw together measures that are appropriate for the whole system under integration, developed to provide an indication of progress towards key outcomes that can be compared across partnerships and described at a national level.

East Ayrshire Performance against CSII Data Indicators: 2021 / 2021/22 – 2022 / 2022/23

	East Ayrshire 2021 / 2021/22	East Ayrshire 2022 / 2022/23	Variance
CSII-11: Premature mortality rate per 100,000 (2021 v 2022) *	556	515	↓ 7.4%
CSII-12: Emergency admission rate per 100,000 (2021/22 v 2022) *	14,527	13,437	↓ 7.5%
CSII-13: Emergency bed day rate for adults (per 100,000 population) (2021/22 v 2022) *	126,889	126,277	↓ 0.5%
CSII-14: Emergency readmission to hospital within 28 days of discharge (per 1,000 discharges) (2021/22 v 2022) *	121	108	↓ 10.7%
CSII-15: Proportion of last 6 months of life spent at home or in a community setting (2021 v 2022) *	90.1%	88.9%	↓ 1.2pp
CSII-16: Falls rate per population aged 65+ (2021/22 v 2022) *	18.7	18.5	↓ 1.6%
CSII-17: Proportion of care services graded 'Good' (4) or better in Care Inspectorate Inspections (2021/22 v 2022/23)	71.3%	71.8%	↑ 0.5pp
CSII-18: Percentage of adults with intensive care needs receiving care at home (2021 v 2022) *	67.5%	69.8%	↑ 2.3pp
CSII-19: Number of days people aged 75+ spend in hospital when they are ready to be discharged, per 1,000 population (2021/22 v 2022/23)	393	654	↑ 66.4%
CSII-20: Percentage of health and care resource spent on hospital stays where the patient was admitted in an emergency (2018/19 v 2019/20) **	29.0%	26.6%	↓ 2.4pp

* 2022 calendar year figures have been applied for indicators: 11, 12, 13, 14, 15, 16 and 18. Calendar year 2022 figures are used as a proxy for 2022/23 due to the national data for 2022/23 being incomplete, following guidance issued by Public Health Scotland.

** NHS Boards were not able to provide detailed cost information for 2020/21 due to changes in service delivery during the pandemic. As a result, Public Health Scotland have not provided information for indicator 20 beyond 2019/20. Public Health Scotland previously published information to calendar year 2020 using costs from 2019/20 as a proxy however, given the impact of the pandemic on activity and expenditure, it is no longer considered appropriate to include this information.

East Ayrshire has achieved improved performance across the majority of 'Data' indicators within the CSII when comparing the latest period of reported data to the previous period. Most notably, there has been improvement in emergency readmissions to hospital within 28 days of discharge, which decreased by 10.7%, alongside the emergency admission rate which decreased by 7.5% and the premature mortality rate which decreased by 7.4%. Additionally, the percentage of adults with intensive care needs receiving care at home increased by 2.3 percentage points, the falls rate for older people decreased by 1.6%, emergency bed days for adults decreased by 0.5% and the proportion of care services graded 'good' (4) or better in Care Inspectorate Inspections increased by 0.5 percentage points. The most notable challenge presented was the 66.4% increase in delayed discharges for older people. Additionally, the proportion of last 6 months of life spent at home or in a community setting decreased by 1.2 percentage points. Once more, the increase in

delayed discharges for older people does not reflect that our local 2022/23 rate is well below the national average and that of most comparable areas.

The following provides a summary of areas of positive performance, as well as areas identified for improvement:

Areas of Positive Performance



There were no hospital discharges over 2 weeks relating to Health and Social Care or family reasons during 2022/23. This remains unchanged from 2021/22 and represents a sustained excellent performance amidst considerable pressures.



96.2% of Community Payback Orders were successfully completed within the year, 5.3% higher than the 90.9% successfully completed within the year during 2021/22.



98.3% of Social Work reports were submitted to the Courts by the due date during 2022/23. This was 0.7% higher than for 2021/22 (97.6%), maintaining a consistently high level.



97.4% of older people aged 65+ lived in housing rather than a care home or hospital setting during 2022/23.

Areas for Improvement



45.4% of reports were submitted to the Scottish Children's Reporter Administration by the due date, a fall of 19.4% from 2021/22 when 64.8% of reports were submitted in time. (*Statutory Performance Indicator 40*)



53 Looked After and Accommodated children had 3 or more moves in 2022/23, an increase of 3.9% from 51 in 2021/22.



We experienced limited growth in Foster Carer recruitment in the reporting period. 61 as at March 2023, down 3.2% from 63 as at March 2022.



61.8% of personal carers are qualified to Scottish Social Services Council standard, up 1.9 pps from 59.9% in 2021/22, however notably lower than in previous years.

The Public Bodies (Joint Working) (Scotland) Act 2014 obliges all integration authorities to publish a performance report covering performance over the reporting year no later than four months after the end of that reporting year. Reporting years begin on 1 April annually. For example, a Performance Report covering the period April 2022 to March 2023 is required to be published no later than the end of July 2023.

The Annual Performance Report for the IJB for 2021/22 was approved by the IJB on 17 August 2022. The link to the detailed 2022/23 Annual Performance Report, highlighting performance across all reporting headings, will be included within the audited Annual Accounts, which will also be presented to the IJB on 11 October 2023. The 2021/22 Annual Performance Report is available at the Governance webpage:

<https://www.east-ayrshire.gov.uk/SocialCareAndHealth/East-Ayrshire-Health-and-Social-Care->

[Partnership/Our-Performance.aspx](#)

FINANCIAL STATEMENTS 2022/23

The Financial Statements for 2022/23 are set out at section 5 and incorporate financial and other information required by the Code of Practice on Local Authority Accounting in the United Kingdom (The Code). The Statement of Significant Accounting Policies at section 6 explains the basis for the recognition, measurement and disclosure of transactions and other events in the Financial Statements to ensure that they present a 'true and fair view' of the IJB's financial performance.

FINANCIAL PERFORMANCE 2022/23

Financial information is part of the performance management framework with regular reporting of financial performance to the IJB and the IJB APC. This section provides a summary of the main elements of our financial performance for 2022/23.

Partnership services include the full range of community-based health and care services delegated by the partner organisations under the terms of the Integration Scheme. East Ayrshire Health and Social Care Partnership has the Lead Partnership role in Ayrshire for Primary Care and Out of Hours Community Response including:

- Primary Care (General Medical Services, General Dental Services, General Ophthalmic Services, Community Pharmacy)
- Public Dental Services
- Ayrshire Urgent Care Services (AUCS)
- Prison Service and Police Custody Services
- Out of Hours Social Work Services

The Annual Budget 2022/23 report approved by the IJB on 23 March 2022 directed East Ayrshire Council and NHS Ayrshire & Arran to deliver services in line with strategic planning priorities on behalf of the IJB within the initial delegated resource for directly managed services (including delegated functions managed out with the IJB). The initial approved directly managed services budget (excluding acute hospital Set Aside resources) for 2022/23 was a balanced budget of £289.006m.

The Annual Budget 2022/23 report set out key risks going forward into the financial year. Price inflation was only applied to the base estimate where there was a specific contractual requirement, with price increases not recognised in the budget, being accommodated through greater efficiency and new ways of working. Further risks included pay awards being in excess of Public Sector Pay Policy assumptions, pressures in service areas impacted by demographic changes and implementation of new legislation. The balance of delivering additional cash releasing efficiency savings totalling £1.803m, whilst managing increased demand represented both financial and operational risks, which the IJB and its officers were required to manage over the course of the financial year. The requirement to revisit approved savings for 2022/23 as services develop in response to Covid-19 remobilise, recovery and redesign principles represented a further risk.

The Annual Budget 2022/23 report also highlighted that, going forward, unscheduled care and expectations around Set Aside, as well as ongoing Council and Health Board financial challenges remain key risk areas for the IJB. The impact of decisions taken by the other Ayrshire IJBs and fixed funding allocations (including Primary Care Improvement Fund and Mental Health Action 15) are other areas where risks have been identified, will require to be managed. The continued political and economic uncertainty following the EU Exit continues to represent an additional risk to the IJB and the wider public sector.

Expenditure for the 2022/23 financial year is £7.240m less than the directly managed services budget delegated to the IJB. This underspend reduces to £7.066m on a population basis when Lead Partnership net recharges totalling £0.174m are included. The £7.066m underspend is partially offset by specific commitments in future years, totalling £3.690m, carried-forward to offset attributable expenditure in 2023/24. This results in a net underspend of £3.376m for 2022/23 and is retained within uncommitted balances in the IJB Reserve.

The final outturn position also includes balances drawn-down from the IJB Reserve totalling £21.063m to offset costs in 2022/23. This includes £11.363m Scottish Government Covid-19 funding of which £4.250m

offsets costs in IJB delegated budgets.

The following table highlights financial performance by IJB Service Division on a directly managed services basis (including Covid-19 attributable costs) as well as a population basis (incorporating Lead Partnership / hosted services / Set Aside NRAC fair share adjustments):

Annual Estimate 2021/22 £m	Actual to 31/3/22 £m	Variance (Favourable) / Adverse £m	Service Division	Annual Estimate 2022/23 £m	Actual to 31/3/23 £m	Variance (Favourable) / Adverse £m
Core Services						
23.019	22.360	(0.659)	Learning Disabilities	24.875	24.869	(0.006)
7.644	7.227	(0.417)	Mental Health	8.064	7.451	(0.613)
44.410	43.536	(0.874)	Older People	49.549	48.331	(1.218)
3.139	3.309	0.170	Physical Disabilities	3.821	3.804	(0.017)
0.178	0.169	(0.009)	Sensory	0.184	0.176	(0.008)
8.040	7.055	(0.985)	Service Strategy	6.566	6.077	(0.489)
0.504	0.504	0.000	Transport	0.491	0.491	0.000
0.258	0.258	0.000	Health Improvement	0.291	0.291	0.000
6.126	5.799	(0.327)	Community Nursing	7.515	7.444	(0.071)
26.019	26.019	0.000	Prescribing	28.010	28.010	0.000
17.680	17.657	(0.023)	General Medical Services	17.676	17.604	(0.072)
11.470	10.139	(1.331)	Allied Health Professions	11.383	11.194	(0.189)
1.185	1.185	0.000	Intermediate Care and Rehabilitation Teams	1.351	1.215	(0.136)
149.672	145.217	(4.455)		159.776	156.957	(2.819)
Covid-19						
16.637	4.163	(12.474)	Covid-19 Mobilisation Plan	(3.402)	(3.477)	(0.075)
16.637	4.163	(12.474)		(3.402)	(3.477)	(0.075)
Public Protection						
0.138	0.137	(0.001)	Adult Support and Protection	0.150	0.152	0.002
3.268	2.525	(0.743)	Alcohol and Drugs Support	2.569	2.347	(0.222)
0.059	0.053	(0.006)	Child Protection Committee	0.062	0.065	0.003
0.589	0.501	(0.088)	Learning and Development	0.821	0.820	(0.001)
4.054	3.216	(0.838)		3.602	3.384	(0.218)
Non-District General Hospitals						
3.717	3.357	(0.360)	East Ayrshire Community Hospital	4.070	3.732	(0.338)
0.444	0.434	(0.010)	Woodland View Commissioned Services	0.503	0.474	(0.029)
4.161	3.791	(0.370)		4.573	4.206	(0.367)
Lead Partnership Services						
0.185	0.185	0.000	Standby Services	0.202	0.202	0.000
96.825	88.475	(8.350)	Primary Care (incl. Dental)	101.085	99.132	(1.953)
3.316	2.965	(0.351)	Prison & Police Healthcare	3.392	3.178	(0.214)
1.424	1.424	0.000	War Pensioner	1.424	1.424	0.000
0.088	0.081	(0.007)	Other Lead Services	0.100	0.080	(0.020)
101.838	93.130	(8.708)		106.203	104.016	(2.187)
Children's Health, Care and Justice Services						

18.754	17.820	(0.934)	Children & Families / Women's Services	19.545	18.355	(1.190)
5.319	4.633	(0.686)	Secure Accommodation / Outwith Placements	4.974	4.852	(0.122)
2.430	2.419	(0.011)	Justice Services	2.580	2.568	(0.012)
3.462	3.599	0.137	Health Visiting	4.244	3.994	(0.250)
29.965	28.471	(1.494)		31.343	29.769	(1.574)
306.327	277.988	(28.339)	TOTAL DIRECTLY MANAGED SERVICES BUDGET	302.095	294.855	(7.240)
			Hosted Services adjustments			
(69.208)	(63.797)	5.411	Recharges out	(72.546)	(71.404)	1.142
20.087	18.168	(1.919)	Recharges in	19.826	18.858	(0.968)
(49.121)	(45.629)	3.492		(52.720)	(52.546)	0.174
24.566	24.566	0.000	Set Aside	26.555	26.555	0.000
281.772	256.925	(24.847)	TOTAL POPULATION BASED BUDGET INCLUDING SET ASIDE	275.930	268.864	(7.066)
			Earmarked balances			
0.000	12.931	12.931	Underspend relating to EAC – earmarked by IJB	0.000	1.428	1.428
0.000	2.768	2.768	Underspend relating to NHS A & A – earmarked by IJB	0.000	0.329	0.329
0.000	2.351	2.351	Underspend relating to NHS A & A Primary Care Improvement Fund – earmarked by IJB	0.000	0.466	0.466
0.000	0.205	0.205	Underspend relating to NHS A & A Mental Health Action 15 – earmarked by IJB	0.000	0.255	0.255
0.000	2.387	2.387	Underspend in other NHS A & A Hosted Services – earmarked by IJB	0.000	1.212	1.212
0.000	20.642	20.642		0.000	3.690	3.690
281.772	277.567	(4.205)	NET UNDERSPEND AFTER EARMARKING	275.930	272.554	(3.376)
			Uncommitted balances			
0.000	2.107	2.107	Underspend relating to EAC – retained by IJB	0.000	1.898	1.898
0.000	2.098	2.098	Underspend relating to NHS A & A – retained by IJB	0.000	1.478	1.478
0.000	4.205	4.205		0.000	3.376	3.376
281.772	281.772	0.000	TOTAL DELEGATED BUDGET	275.930	275.930	0.000

The draft final outturn position for 2022/23 highlights an underspend of £3.376m for the Partnership after earmarking of funds. The Financial Management Report to 31 March 2023, presented to the IJB on 21 June 2023, included the proposal that uncommitted balances for the year £3.376m be retained by the IJB, with the following recommendations:

- An additional sum £0.302m set aside within the general contingency balance as a provision against additional commitments (phlebotomy, neurodevelopmental empowerment and Primary Care) in 2023/24.
- £0.769m set aside for workforce development purposes, recognising ongoing recruitment difficulties in essential health and social care services, and acknowledging a number of initiatives that are currently being progressed.
- £1.401m set aside for transformational change purposes, recognising budget sustainability challenges going forward, and in anticipation of invest to save proposals to support whole service transformation.
- The balance of £0.904m being added to the general contingency balance in line with the approved IJB Reserve Strategy.

These recommendations were subject to IJB approval in principle on 21 June 2023, in advance of completion of the external audit of the Annual Accounts 2022/23.

It is important to note that, after taking account of committed expenditure approved by the Strategic Commissioning Board, the £3.419m Transformational Change Programme balance at 31 March 2023 reduces to £0.830m (£0.599m relates to the Transformational Change Fund and £0.231m to the Workforce Development Fund).

The financial performance table above is consistent with in-year Financial Management Reports to the IJB and highlights directly managed services expenditure of £294.855m for 2022/23. The following table provides a reconciliation between the management accounts net expenditure of £294.855m and the £289.927m net cost of provision of services within the Comprehensive Income and Expenditure Statement (CIES) in the Financial Statements at section 5 of the unaudited Annual Accounts.

	Net Expenditure 2022/23 £m
Annual Accounts: cost of provision of services	289.927
Management Accounts: actual expenditure	294.855
Variance	(4.928)
Represented by:	
Funding delegated 2021/22	21.063
Lead Partnership income	(71.404)
Lead Partnership contributions	18.858
Large Hospital Set Aside	26.555
	(4.928)

After taking account of £21.063m funding delegated to the IJB and accounted for in the 2021/22 financial year, this results in a deficit on provision of services pertaining to 2022/23 of £13.997m (and is reflected in the CIES at section 5 of the Annual Accounts).

The following paragraphs provide a commentary on the main issues underlying the 2022/23 population based underspend of £7.066m, with reference to earmarking of funds totalling £3.690m (net underspend £3.376m).

Core Services

The £2.819m underspend includes an underspend of £1.218m on Older People's Services which largely relates to the additional Investment for Health & Social Care £4.777m and Systems Pressures Funding £2.879m. This additional funding has been fully allocated, leaving the balance within Locality Health & Care

Services. The majority of this balance is earmarked for new posts across the service, with a focus on expanding care at home capacity and multi-disciplinary working. The majority of this underspend is therefore within staffing (net of additional payroll uplift costs) and largely relates to recruitment timescales. Ongoing recruitment and retention issues have impacted across a range of core service areas, including Allied Health Professions, Mental Health Services and Service Strategy. A Workforce Development Group has been established to tackle recruitment and retention issues. These reduced costs are partially offset by increased care at home costs and elderly residential and nursing care costs for the year.

Covid-19

The 2022/23 budget was approved by the IJB on 23 March 2022 on a “business as usual” basis, however the Covid-19 pandemic has continued to impact on expenditure on mainline services over the course of 2022/23 and this is reflected in the draft final outturn position. All Covid-19 attributable expenditure totalling £4.250m has been wholly offset by Scottish Government funding brought-forward within the IJB Reserve from 2021/22. This funding balance £11.363m has been drawn down to offset IJB delegated functions costs with £7.038m returned in line with arrangements put in place by the Scottish Government. The £0.075m balance of funding has been earmarked within the IJB Reserve at 31 March 2023 (£0.072m repayment provision, £0.003m unpaid carers PPE funding). Going forward, no further funding is anticipated in relation to Covid-19 costs. Projected costs for 2023/24 therefore require to be reduced as far as possible, with containment of costs within delegated resources being a key requirement.

Public Protection

There is an underspend of £0.218m in Public Protection, largely due to reduced staffing and supplies costs within the core Addictions Services budget.

Non-district General Hospitals

The £0.338m underspend at East Ayrshire Community Hospital is largely due to reduced staffing costs over the course of the year. In addition, there is a reduction of £0.029m in costs related to beds commissioned within Woodland View Hospital, which is operated by North Ayrshire IJB under pan-Ayrshire hosted services arrangements.

Lead Partnership Services

The £2.187m underspend on East Ayrshire hosted services includes an underspend of £1.953m on the Primary Care Lead Partnership budget. This includes a net overall underspend of £0.373m on the Primary Care Improvement Fund which has been earmarked for carry-forward on an actual spend basis at individual IJB level, as well as Mental Health Wellbeing Funding in Primary Care £0.218m, which has also been carried-forward. The £1.110m underspend in Dental services includes savings due to largely to vacant posts resulting in unavoidable reduced service provision, with an anticipated increase in staffing costs going forward. In addition, there is a £0.214m underspend on Prison and Police Healthcare, largely due to net staffing savings, as well as reduced medical contracts costs at both Prison and Police.

There is an underspend of £2.840m on services hosted by North Ayrshire IJB. This mainly relates to Specialist Mental Health Services which underspent by £2.802m prior to earmarking. The main areas of underspend are within Child and Adolescent Mental Health Services (CAMHS) related to recruitment, as well a recruitment savings in other areas. These savings are partially offset by additional staffing costs in Adult and Elderly Inpatient Services and Learning Disabilities Services, as well as additional Unplanned Activities costs (specialist care needs).

There is an overspend of £0.139m on services hosted by South Ayrshire IJB. This mainly relates to additional Community Equipment Store costs £0.105m mainly due to increased spend on equipment as a consequence of supply and demand, partially offset by savings from vacant posts. In addition, the Community Continence team overspent due to increased supplies costs. These additional costs are partially offset by recruitment slippage in the Family Nurse Partnership Programme.

This final outturn position for Lead Partnership managed services results in a net increased cost to East Ayrshire IJB of £0.174m. This comprises the North and South shares of the East hosted services underspend £1.144m (£0.514m + £0.630m) plus the East contribution to the overspend in South hosted services £0.044m, partially offset by the East £1.014m share of the underspend on North hosted services:

Host IJB	Overspend / (Underspend) Hosted Services at Month 12 £m	East Ayrshire Share £m	North Ayrshire Share £m	South Ayrshire Share £m
East Ayrshire	(2.187)	(1.043)	(0.514)	(0.630)
North Ayrshire	(2.840)	(1.014)	(1.018)	(0.808)
South Ayrshire	0.139	0.044	0.052	0.043
Total	(4.888)	(2.013)	(1.480)	(1.395)

Children's Health, Care and Justice Services

The £1.574m underspend includes reduced expenditure on outwith placements / secure accommodation, as well as £0.782m underspend on specific Whole Family Wellbeing funding which has been earmarked within the IJB Reserve to offset future commitments. The majority of the net underspend is due to savings from vacant posts in Children's social care services and Health Visiting due to recruitment difficulties. The financial impact of Covid-19 within Children's Health, Care and Justice Services has resulted in additional costs of £1.383m. This includes outwith placements, as well as a secure accommodation placement, breakdown of family relationships in fostering / kinship and additional staffing costs in Children's Houses. These costs are fully offset via the earmarked Covid-19 IJB Reserve balance, however Covid-19 legacy costs represent a financial risk going-forward.

Acute Set Aside

The Integration Scheme establishes that pressures in respect of large hospitals Set Aside budgets will be managed in-year by NHS Ayrshire & Arran with any over or under spend being considered as part of the annual budget setting process. Acute Services within NHS Ayrshire & Arran continue to face particular budget pressures around the costs of covering a high level of medical vacancies and the increasing needs of patients requiring nursing support above funded levels. These pressures continue to be scrutinised and options developed to minimise costs.

Work has been undertaken by the Ayrshire Finance Leads group over the course of 2022/23 to establish baseline resources for each partnership, and how this compares to the NRAC "fair share" of resources. This information is used to map activity data (bed days, admissions, discharges) against costs across the six specialties at the various acute services locations.

The Set Aside value included in the Annual Accounts is therefore based upon 2022/23 Information Division Scotland (ISD) activity data at historic prices inflated to a 2022/23 cost base. Based on this methodology, the updated Set Aside allocation for 2022/23 is £26.555m and highlights that East Ayrshire's use of the resource was below the NRAC "fair share" £28.543m by £1.988m as follows:

	Set Aside NRAC Budget Share 2022/23 £m	NRAC 2022/23 %	Spend 2022/23 £m	Over / (Under) NRAC Fair Share £m
East Ayrshire	28.543	31.9	26.555	(1.988)
North Ayrshire	32.917	36.8	32.267	(0.650)
South Ayrshire	27.988	31.3	30.626	2.638
Total	89.448	100.0	89.448	0.000

East Ayrshire Health and Social Care Partnership continues to operate within a challenging financial environment as a result of real terms reductions in funding, increased demographic pressures and the cost of implementing new legislation and policies. The response to the Covid-19 pandemic over the course of

2022/23, as well as staff recruitment and retention difficulty has once again impacted on service delivery, as evidenced in underspends in mainline budgets. The Partnership Leadership Team with the support of the Integration Joint Board has worked throughout 2022/23 to manage and monitor the budget and associated service implications through strong financial governance.

The Financial Statements 2022/23 for the IJB are set out at sections 5 and 6 of the Annual Accounts. This includes the Comprehensive Income and Expenditure Statement and the Balance Sheet, which summarises the IJB's net assets as at 31 March 2023.

FINANCIAL OUTLOOKS, RISKS AND PLANS FOR THE FUTURE

Financial Challenges and Key Risks

The East Ayrshire Health and Social Care Partnership, like all others, faces significant financial challenges and will be required to operate within tight fiscal constraints for the foreseeable future due to the continuing difficult national economic outlook. The requirement to deliver recurring savings to achieve financial balance has a direct impact on services at a time when all Partnerships face increasing demand from an ageing population, with increasingly complex health and social care needs across all service areas.

The IJB's external auditors, Audit Scotland, presented their Annual Audit Plan for the 2022/23 audit to the Audit and Performance Committee on 7 March 2023. This report notes that, while the IJB has achieved short-term financial balance over recent financial years, it continues to be faced with significant financial challenges over the medium to longer term. Audit Scotland recognise that the transformational change programme is progressing, however work is still required to achieve the level of transformational change to ensure financial sustainability.

The Accounts Commission's Integration Joint Boards Financial Analysis 2021/22 report, prepared by Audit Scotland (April 2023), highlights that all Scotland's IJBs face considerable financial challenges and immense pressures on their workforce. IJBs have reached the point where significant transformation will be needed to ensure the long-term capacity, financial sustainability and quality of services individuals receive. IJBs plan and commission many community-based health and care services. Demand for these services is increasing, in part due to demographic change and support for people with increasingly complex care needs. The number of care hours for those aged over 65 reached nearly 25 million in 2021/22. The proportion of care services reporting vacancies increased by 11 per cent to 47 per cent, with a 30 per cent turnover of staff each year. Most IJBs underspent on providing services in 2021/22. This was largely because of difficulties in recruiting staff, which led to unplanned vacancies, and pandemic-related reductions in service provision. The reductions in service provision were likely to have contributed to an increase in unmet health and social care needs.

The reports highlights that in 2021/22, IJBs returned significant surpluses, with reserves doubling to over £1.3 billion. This was mainly due to additional funding received late in the year for specific policy commitments, including Covid-19. Across Scotland, IJBs set their budgets on the basis of a combined projected funding gap of £124 million for 2022/23. To be financially sustainable in the longer-term, IJBs must reduce their reliance on reserves. All IJBs must put in place detailed plans that clearly show how they will achieve the needed ongoing savings on a recurring basis and support urgently needed service transformation.

East Ayrshire IJB approved a balanced budget for 2023/24 at its meeting on 29 March 2023. The funding settlement for social care services did not provide for additional cost and demand pressures, other than uplifts for the Living Wage and Free Personal and Nursing Care, which represents a real-terms cut in funding and is extremely challenging given pressures faced. Similarly, the funding settlement for health services is insufficient to absorb all 2023/24 cost and demand pressures.

After taking account of all identified cost pressures, partially offset by additional Scottish Government funding routed to the IJB by East Ayrshire Council and NHS Ayrshire & Arran, savings of £6.228m have been approved as part of the initial balanced budget. These savings will impact on services across key areas, with savings impacting disproportionately on social care services due to the real-terms cut in funding.

In setting the budget, the IJB has recognised a number of key financial and operational pressures / risks, including:

- Insufficient resources to deliver on strategic planning priorities
- Funding allocations including earmarked funds (Scottish Government “claw back”)
- Pay pressures in excess of budget
- Contractual inflation (including commissioned care at home, National Care Home Contract, children’s placements)
- General cost of living pressures, including the risk that increasing prices will negate planned efficiencies
- Provider sustainability
- Covid-19 legacy costs
- Pan-Ayrshire Lead Partnership pressures impact
- Increasing demand
- Complexity of care
- Delivery of savings in the face of increasing demand
- Staff recruitment and retention
- National Policy and new legislation (including the National Care Service)
- Wider political / economic uncertainty
- Impact on services and people who use them

These key risks represent a challenging position in 2023/24 however, it is important to view this as a budget of opportunity in terms of reset and future planning via the transformational change / sustainable outcomes programme to ensure financial sustainability going forward. This will ensure alignment of budget with strategic planning priorities, with commissioning of services that not only meet immediate demand, but also facilitate preventative activity that supports population wide health improvement and addresses inequalities.

Transformational Change

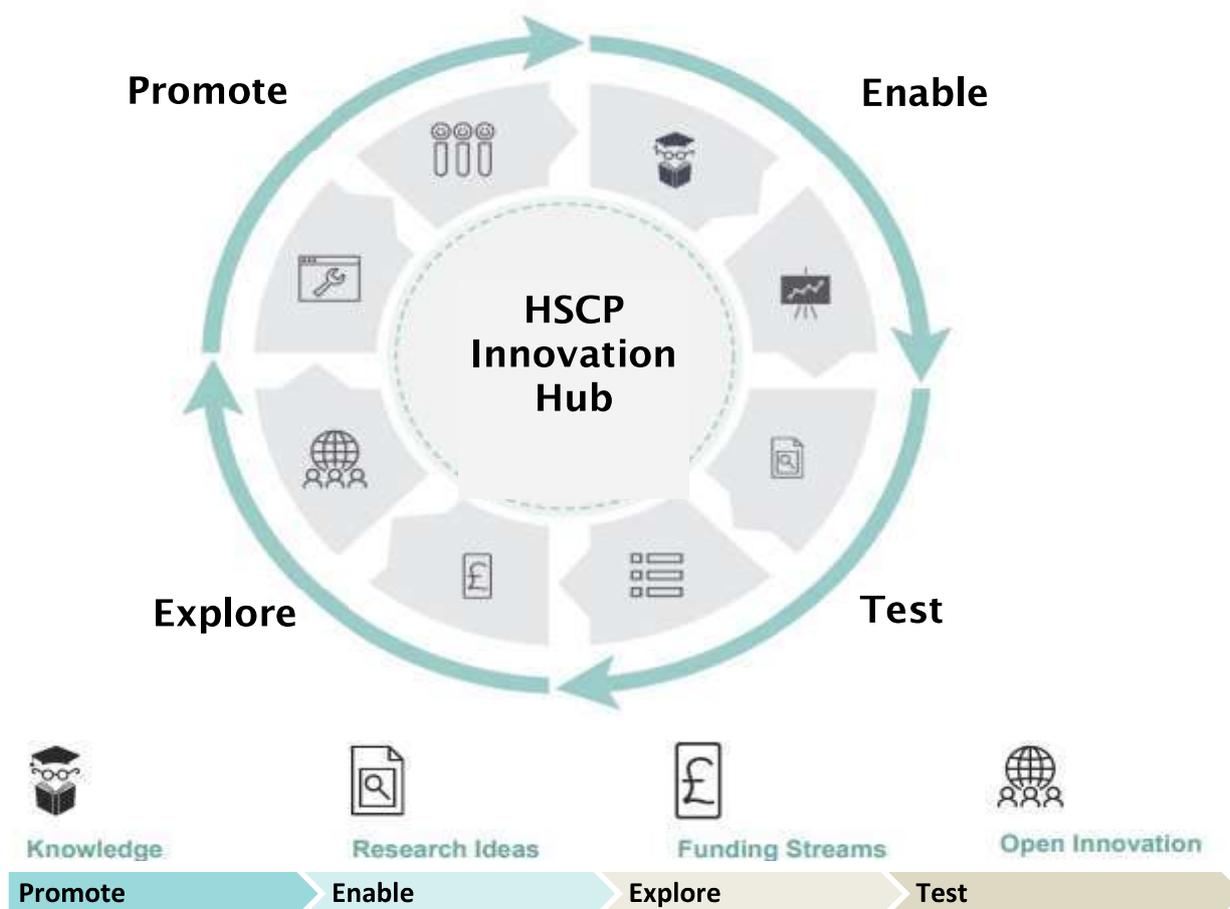
East Ayrshire Health and Social Care Partnership requires to be clear about its role and what services are needed and valued by local people and communities, whilst seeking opportunities for new and innovative service delivery models to maximise the collective resources of all partners. Partnership working is core to being able to deliver effective services within delegated resources. Transparent conversations with community planning partners, including the third sector, independent and business sectors have increased understanding and this has harnessed collective thinking in respect of early intervention, prevention and creative modelling of service provision.

Partnership working continues to extend beyond delegated community health and care services and services managed under pan-Ayrshire Lead Partnership arrangements. Partnership working includes working with East Ayrshire Council’s Education, Housing, Vibrant Communities and Leisure services, as well as the third and independent sectors, with the latter often supporting the delivery of innovative responses to need within our localities.

The Partnership has established the Strategic Commissioning Board (SCB), which has delegated responsibility to oversee the implementation of a financial recovery plan on behalf of the IJB Audit and Performance Committee (APC) and through the APC to the IJB itself. The key priority is to ensure that the IJB is best prepared to meet key priorities set out in the Strategic Plan 2021-30 within delegated resources and in line with National Health and Wellbeing Outcomes. Ongoing engagement with stakeholders is key. It follows that the Strategic Planning and Wellbeing Group will have a key role in engaging in and influencing the transformational change / sustainable outcomes programme being taken forward through the SCB.

The Terms of Reference for the SCB allow for working groups to be established. A dedicated Budget Working Group (BWG) was established to formulate the balanced budget proposal for 2023/24. It has been agreed that the BWG will continue to meet to consider pressures and monitor savings progress over the course of 2023/24, with a view to finalising a balanced budget proposal for 2024/25. In addition, an Innovation Hub is being established to help identify and develop innovative solutions to system pressures, challenges and opportunities and bring together the right people to work on new and creative proposals. A significant focus will be on developing and scaling-up the use of data, digital and technology enabled care (TEC), as well as demand management, early intervention and prevention, and benefits realisation. It is anticipated that working outside of established business and governance groups, the Innovation Hub will provide wider scope for creative thinking and collaboration, within an open innovation environment. The following graphic

illustrates the key drivers for the Innovation Hub:



Further work will be required over the course of 2023/24 to establish and evaluate the impact and re-design services to mitigate pressures as part of transformation work already being taken forward through the Strategic Commissioning Board. Work will be taken forward with due cognisance of remobilise, recovery and redesign principles. Monitoring and evaluation of the short, medium and long-term impacts of the transformational change programme, as well as monitoring of progress against efficiency savings represent key issues for the SCB. Where transformational change proposals require changes to policy or services, they will be presented to the IJB for approval. The savings approved for 2023/24 include £0.800m related to cross-cutting reviews and service transformation, with multi-year savings aligned to investment cases and service re-design. It is recognised that this will be challenging however, the availability of contingency balances within the IJB Reserve can provide flexibility to undertake this work, with alignment to agreed action plans and timescales for delivery.

The approved Reserve Strategy is a key component of sound governance arrangements for the IJB. Whilst there is no defined level of reserves to be held, a number of organisations set a minimum level of 2% of annual budgeted expenditure as an aspirational target. The IJB approved that it will aspire to hold at least 2% of annual budgeted revenue expenditure as general fund balances, as part of the Reserve Strategy. As highlighted previously, it has been recommended that a further £0.904m be set aside to increase the general contingency balance to £6.684m, which represents 2.2% of the initial approved Annual Budget 2023/24. Recognising aforementioned financial and operational risks and ongoing economic uncertainty, it is considered prudent that the IJB can access this contingency balance to cushion the impact of unintended events or emergencies, if required.

The alignment of the Strategic Plan and service delivery with resources available is a key element of the IJBs response to the challenges it faces. Key enablers to the delivery of strategic planning priorities include workforce planning with more integrated multi-disciplinary working in localities, early intervention and prevention, alternative models of care, information communication technology, property and asset management, "Thinking Differently" and Housing contribution to models of care. The delivery of services in a more streamlined and effective manner will be essential. It is reassuring to note that external audit reports

recognise that the Strategic Commissioning Board is continuing to drive the delivery of transformational change across the Partnership. Going forward, the emphasis will continue to focus on transformational drivers of change, aligned to data driven intelligence.

Strategic planning reflects effective interventions that also build on and enhance our existing model of care. The Strategic Plan is premised on integrated care and support across the life course to deliver better outcomes, with prevention and early intervention being integral to the management of demand. This includes proactive management of long-term conditions, managing variation in admission, managing variation in discharge, home-first and discharge to assess approaches, rehabilitation and enablement. The Strategic Plan also focuses on the 'triple aim' of better care, better health and better value in line with the national Health and Social Care Delivery Plan.

A strategic Service Improvement Plan has been developed for wellbeing and recovery, which has identified specific action plan activities to assist with recovery from the Covid-19 pandemic. The Wellbeing, Recovery and Renewal Group (reporting to the Strategic Planning Group) is established to take forward a Wellbeing, Recovery and Renewal Action Plan.

The Partnership Leadership Team (PLT) recognise the importance of a formal system of risk management and the evaluation of corporate and strategic risks. PLT regularly reviews and assesses the risk register, which details the high-level strategic risks, their relative importance and the required action measures. The register is updated based on the assessment of the overall risks identified by services as being significant enough to be placed on the IJB Risk Register with mitigating actions.

Medium to Longer Term Financial Planning

The Scottish Fiscal Commission published its Fiscal Sustainability Report in March 2023 on the long-term fiscal sustainability of the Scottish Government's budget. This report shows that under current Scottish and UK fiscal policies, if public services in Scotland are to continue to be delivered as they are today, Scottish Government and local authority spending over the next 50 years will exceed the estimated funding available by an average of 1.7% each year.

The Scottish Government published its Health and Social Care Medium-Term Financial Framework (MTFF) in October 2018. This outlines the future shape of demand and expenditure for health and social care services. The report includes cost and demand projections from work undertaken by the Institute of Fiscal Studies, which outlines that UK expenditure on healthcare would require to increase in real terms by an average of 3.3% per annum over the next 15 years to maintain NHS provision at current levels. The report also sets out that spending on social care services would require to increase by 3.9% per annum to meet the needs of an increasing elderly population and an increasing number of younger adults living with disabilities. The report recognises that despite additional planned investment, the health and social care system still needs to adapt and change.

It is recognised that the economic landscape has changed since October 2018 and the Scottish Government has advised of its intention to update its Health and Social Care MTFF in 2023. This is later than initially anticipated and is mainly due to ongoing uncertainties, including the pandemic recovery phase and the National Care Service direction of travel, making medium to longer-term financial planning more complex. Following publication of the MTFF, as part of the IJB fiscal framework, work will be undertaken to produce a detailed MTFP for East Ayrshire Health and Social Care Partnership for consideration and approval by the IJB. The updated MTFP will take cognisance of stakeholder input via the Strategic Planning Group, with a focus on alignment of priorities, activities, budgets and outcomes.

The comprehensive review of the MTFP will take account of issues set out in the Scottish Government Health and Social Care MTFF, as well as the impact of potential Scottish Government legislation, notably the implications of the National Care Service and Fair Work in Scotland's social care sector. In addition, the Covid-19 recovery process, which will continue to impact across all health and social care services and the wider public sector, will be a key consideration.

The MTFF supports the Health and Social Care Delivery Plan and sets out the potential approach and types of initiatives required to ensure continued delivery of a financially balanced and sustainable health and social

care system. Importantly, at a local level, the detailed MTFP will continue to underpin delivery of the Strategic Plan 2021-30, to ensure outcomes can be delivered in line with the core themes of the Plan.

Fair Share Commissioning Through the Use of Directions

The IJB has a responsibility, with our local hospital services at University Hospital Crosshouse and University Hospital Ayr, for planning services that are mostly used in an unscheduled way. The aim is to ensure that we work across the health and care system to ensure effective planning across the full pathway of care and to deliver the best, most effective care and support, with shifting the balance of care being a key consideration. Service areas most commonly associated with unplanned use are included in the Set Aside budget.

Acute Services within NHS Ayrshire & Arran continue to face particular budget pressures around the costs of covering a high level of medical vacancies and the increasing needs of patients requiring nursing support above funded levels. Prior to the Covid-19 pandemic, there had been a high number of unfunded beds in use to meet demands, which has continued over the course of the pandemic and into 2022/23. This pressure has been managed in-year by NHS Ayrshire & Arran in line with the Integration Scheme. The ability to plan with the overall resource for defined populations and user groups and to use budgets flexibly is one of the hallmarks of integrated care and this will be pursued going forward.

The acute Set Aside budget is a key component of the Scottish Government's vision of the model of integrated health and social care services. The Scottish Government's Health and Social Care Medium Term Financial Framework (October 2018) includes system reform assumptions around material savings to be achieved from reducing variation in hospital utilisation across Partnerships. Planning across the whole care pathway is key to delivering this objective.

It follows that at Scottish Government and individual IJB level, there is a need to understand the progress that is being made towards planning across the full pathway of care, including the acute hospital component and the way in which the statutory guidance on the use of delegated hospital budgets is being applied in practice.

Set Aside resources, as well as Lead Partnership / Hosted Services were recognised as areas requiring further development as part of the review of the Integration Scheme carried out in 2017 and in the Strategic Planning, Commissioning and Delivery of Health and Social Care Services within NHS Ayrshire & Arran report to the IJB on 13 June 2018. This report sets out arrangements for the next steps in respect of 'fair share' commissioning within the NHS Ayrshire & Arran health and social care system. The report also outlines future developments in respect of Directions as the model provided by the Public Works (Joint Working) Scotland Act 2014 for IJBs to commission services from Councils and NHS Boards.

Following work undertaken as part of a pan-Ayrshire national pilot project on 'fair share' commissioning through the use of Directions, the Scottish Government issued updated statutory guidance to all IJBs in January 2020. This guidance sets out how to improve practice through the issue of Directions by IJBs to Health Boards and Local Authorities for implementation. The Ministerial Strategic Group for Health and Community Care Review of Progress with Integration of Health and Social Care report published February 2019 set this out as a key proposal under integrated finances and financial planning requirements.

Following a hiatus due to the Covid-19 pandemic, the pilot project on 'fair share' commissioning through the use of Directions has recommenced on a pan-Ayrshire basis. Whilst this project will seek to ensure that delegated hospital budgets and Set Aside budget requirements can be fully implemented going forward, there requires to be recognition of the potential impact of future guidance and legislation related to National Care Service implementation. Work has been undertaken by the Ayrshire Finance Leads group over the course of 2022/23 to establish baseline resources for each partnership, and how this compares to the NRAC 'fair share' of resources. This information will be used to map activity data (bed days, admissions, discharges) against costs across the six specialties at the various acute services locations.

The Strategic Commissioning Board will require to consider the impact on Set Aside resources as part of the reconfiguration of services. This will also be considered as part of the review of the Integration Scheme in 2023/24. The Scottish Government Medium Term Financial Framework includes an assumption of efficiencies from reduced variation in hospital care coupled with 50% reinvestment in the community to

sustain improvement. The successful implementation of Set Aside arrangements remains key to delivering this commitment.

Climate Change

The Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015 came into force in November 2015, as secondary legislation made under the Climate Change (Scotland) Act 2009. The Order requires bodies to prepare reports on compliance with climate change duties. This includes Integration Joint Boards established by order under section 9(2) of the Public Bodies (Joint Working) (Scotland) Act 2014.

Scottish Government guidance was issued to IJBs in May 2017, setting out detail of the new duty to produce an annual climate change report. The report requires to be approved by the IJB, with returns to be submitted on the Sustainable Scotland Network (SSN) online portal by 30 November each year. The most recent Climate Change Report was submitted to the IJB on 19 October 2022.

Both East Ayrshire Council and NHS Ayrshire & Arran submit separate reports to the SSN and these are published online. Both bodies produce an annual report (2021/22 reports were included as information items on the IJB agenda 14 December 2022). As the parent bodies of the IJB, both East Ayrshire Council and NHS Ayrshire & Arran retain responsibility for employees who are managed within the Health and Social Care Partnership. The employees, therefore contribute to support the implementation of both bodies' Climate Change Plans. East Ayrshire IJB has no direct responsibility for employees, buildings or vehicles, which are contained within the parent bodies' reports, however full consideration of climate change implications will form part of future IJB service redesign, as part of the transformational change programme.

Going Forward

The Partnership is ambitious about what it aims to achieve and looking forward to 2030, will continue to be transformational when designing and developing services to ensure they are responsive to local community needs. Collaborating with partners to maximise opportunities and bringing together resources from Caring for Ayrshire and Ayrshire Growth Deal making a difference for the people of East Ayrshire.

Caring for East Ayrshire is the partnership approach to delivering and supporting the Caring for Ayrshire ten year programme. An East Ayrshire Hub Locality Group has been established to support the development in relation to the model of health and wellbeing, service models, design and business cases. These will be influenced by the context and views of local communities. A common methodology and approach, which reflects the individuality and community needs of each locality has been identified, as integral to the coordination and success of this initiative.

The IJB's approach to prioritisation will continue to draw on good practice such as cost benefit analysis, social return on investment and programme budgeting / marginal analysis. The transformational change / sustainable outcomes programme being taken forward through the Strategic Commissioning Board, as well as "Thinking Differently" initiatives will continue to inform investment and disinvestment decisions. This approach will apply to the totality of delegated resources within IJBs including Set Aside hospital resources where the IJB has a key planning role.

The Integration Scheme is to be reviewed in 2023/24. Further opportunities will continue to be pursued for taking forward the Strategic Plan related to the potential offered by multi-disciplinary and cross-sector working, together with wider participation and engagement at a locality level. The rich data available from community and voluntary partners will inform the transformational change programme, the Strategic Plan 2021-30 and future commissioning intentions.

CONCLUSION

Prudent financial management and medium-term financial planning has allowed the IJB to mitigate budget pressures, successfully deliver outcomes and manage its financial affairs in conjunction with parent organisations in a challenging financial and operational environment over the course of the 2022/23 financial year. The IJB has successfully overseen the delivery of all core services, responded to additional demands and continued a significant transformational change programme designed to provide more person centred models of care, deliver on early intervention and prevention priorities and achieve efficiency savings.

The IJB's financial position at 31 March 2023, highlights a population based underspend of £7.066m on the total delegated budget for the year. Of this underspend; £3.690m has been earmarked within the IJB Reserve for specific commitments in future years, with £3.376m retained as an uncommitted balance.

This favourable outturn position reflects the collective efforts of service managers, directorate management teams and Finance staff in maintaining sound financial management processes throughout the year, against a backdrop of increasing demand for services, constrained financial resources, the requirement to deliver efficiency savings and the ongoing response to the Covid-19 pandemic.

There are a number of ongoing risks, pressures and uncertainties impacting on the IJB currently and going forward. To mitigate, there is a requirement to transform and redesign services to improve outcomes for individuals whilst ensuring the IJB remains financially sustainable over the medium to longer-term. This will require services to be further re-designed and will represent a significant change to the IJB, our partners and the citizens of East Ayrshire, and will require joined-up working to focus finite resources on delivering services, which are sustainable and focussed on those with the greatest need.

We would like to acknowledge the significant effort of all the staff across the Health and Social Care Partnership who have contributed to the preparation of the Annual Accounts and to the budget managers and support staff whose financial stewardship contributed to the favourable financial position at 31 March 2023.

WHERE TO FIND MORE INFORMATION

If you would like more information, the East Ayrshire Health and Social Care Partnership's webpage holds information on the IJB's strategies, plans and policies and on performance and spending. These can be found at:

<https://www.east-ayrshire.gov.uk/SocialCareAndHealth/East-Ayrshire-Health-and-Social-Care-Partnership/Governance-Documents.aspx>

Signed on behalf of East Ayrshire Integration Joint Board.

Craig McArthur

Craig McArthur
Chief Officer
11 October 2023

Douglas Reid

Douglas Reid
Chair of the IJB
11 October 2023

Alex McPhee

Alex McPhee CPFA
Interim Chief Finance Officer
11 October 2023



SECTION 2

Statement of Responsibilities

This statement sets out the respective responsibilities of the IJB and the Chief Finance Officer, as the IJB's Section 95 Officer, for the Annual Accounts.

RESPONSIBILITIES OF THE IJB

The IJB is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Board has the responsibility for the administration of those affairs (Section 95 of the Local Government (Scotland) Act 1973). In East Ayrshire IJB that officer is the Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure that the Annual Accounts are prepared in accordance with legislation (The Local Authority (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 can confirm that these Annual Accounts have been approved for signature by the Integration Joint Board at its meeting on 11 October 2023.

Signed on behalf of East Ayrshire Integration Joint Board.



Douglas Reid
Chair of the IJB
11 October 2023

RESPONSIBILITIES OF THE CHIEF FINANCE OFFICER

The Chief Finance Officer, as S95 Officer, is responsible for the preparation of the IJB's Annual Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (The Accounting Code), are required to present a true and fair view of the financial position of the IJB at the accounting date and its transactions for the year.

In preparing these Annual Accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with legislation, and;
- Complied with the local authority Code of Practice (in so far as it is compatible with legislation).

The Chief Finance Officer has also:

- Kept proper accounting records which were up to date; and
- 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 East Ayrshire IJB as at 31 March 2023 and the transactions for the year then ended.

Alex McPhee

Alex McPhee CPFA
Interim Chief Finance Officer
11 October 2023



SECTION 3

Annual Governance Statement

SCOPE OF RESPONSIBILITY

East Ayrshire IJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The IJB also has a duty under the Local Government in Scotland Act 2003 to make arrangements to secure Best Value, through continuous improvement in the way in which its functions are exercised, having regard to economy, efficiency, effectiveness, the need to meet equal opportunity requirements and contributing to the achievement of sustainable development.

The IJB is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk. In discharging this responsibility, the Chief Officer has put in place arrangements for governance, which includes a system of internal controls. This is designed to manage risk to support the IJB's policies, aims and objectives but cannot eliminate the risk of failure to achieve policies and deliver on aims and objectives. The arrangements for governance can therefore only provide reasonable and not absolute assurance of effectiveness. Reliance is also placed on the East Ayrshire Council and NHS Ayrshire & Arran systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the IJB.

The Integration Scheme sets out financial contributions by partners to IJBs. This includes the Health Board and Council each considering funding their pay cost pressures and contractual inflation with shared responsibility for demographic cost pressures, whilst taking account of directives from the Scottish Government.

The IJB has adopted governance arrangements consistent, where appropriate, with the six principles of the 2016 CIPFA / SOLACE framework "Delivering Good Governance in Local Government". This statement explains how the IJB has complied with the governance arrangements and meets the requirements of the Code of Practice on Local Authority Accounting in the UK, which details the requirement of an Annual Governance Statement.

The Annual Governance Statement sets out the framework within which the IJB has put in place proper financial arrangements for the governance of the IJB's affairs thereby facilitating the effective exercise of its functions, ensuring that appropriate arrangements are in place for the management of risk and that appropriate systems of internal control are in place.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, culture and values by which the Partnership is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the IJB to monitor the achievement of its strategic objectives set out in the IJB's Strategic Plan and to consider whether those objectives have led to the delivery of appropriate cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, objectives and outcomes and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the IJB's policies, objectives and outcomes, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

THE GOVERNANCE FRAMEWORK AND GOVERNANCE DEVELOPMENTS

The main features of the governance framework that was in place during 2022/23 are outlined below:

- Strategic decision making is governed by the IJB's key constitutional documents including the Integration Scheme, standing orders, scheme of delegation, code of conduct for IJB Members and financial regulations. The Chief Governance Officer of East Ayrshire Council serves as the IJB's Standards Officer. The IJB is responsible for the operational oversight of the integrated services and through the Chief Officer will be responsible for the operational management of the integrated services.
- The IJB's purpose and vision is outlined in the updated IJB Strategic Plan 2021-30 which was approved on 24 March 2021 and which links closely to the East Ayrshire Community Plan and the Local Outcome Improvement Plan, and is underpinned by an annual action plan and performance indicators. The Strategic Plan links with the Wellbeing Delivery Plan of the Community Plan 2015-30 and takes full cognisance of integrated delivery principles and national health and wellbeing outcomes as required by the Public Bodies (Joint Working) (Scotland) Act 2014. The Strategic Plan is subject to an annual review and is supported by the Workforce Development Plan, Property and Asset Management Strategy, as well as the Approved Annual Budget for each year of the Plan. The Strategic Plan focusses on the 'triple aim' of better health, better care and better value in line with the national Health and Social Care Delivery Plan. The 2022/23 Annual Review of the Strategic Plan; Workforce Development and Support Plan; and, Property Asset and Management Strategy was presented to, and approved by, the IJB on 29 March 2023.
- The Strategic Plan is also supported by annual Service Improvement Plans. These annual Service Improvement Plans are a key mechanism for setting out service level contributions to the delivery of the corporate objectives of the Partnership's parent bodies in line with the Community Plan 2015-30. The Service Improvement Plans cover the following service areas:
 - Children's Health, Care and Justice
 - Community Health and Care Services
 - Primary Care and Out of Hours Community Response
- The IJB, comprising all IJB Board Members is the key decision making body. The IJB established an Audit and Performance Committee (APC) to consider all matters in relation to internal and external audit, financial management, risk management and performance.
- The IJB delegates responsibility to the following sub committees and groups as detailed in the governance structures and terms of reference:
 - Strategic Planning and Wellbeing Group
 - Locality Groups reporting through Strategic Planning Group
 - Thinking Differently Programme Board
 - APC
 - Strategic Commissioning Board reporting to the APC
 - Health and Care Governance Group
 - Adverse Events Review Group
 - Partnership Forum (Health Safety and Wellbeing Group)
 - Risk Management Committee
 - Resilience Group
 - Liquidlogic and Controcc Development Board
 - Property and Asset Management Board

The IJB governance and decision making arrangements are set out in Appendix 1.

Senior management arrangements to deliver safe operation and progressive / innovative development for the Partnership are firmly established. In addition to the Chief Officer, the structure includes the Chief Social

Work Officer who has responsibility for professional leadership of social work services and provides advice and guidance to East Ayrshire Council and Health and Social Care Partnership. The Interim Chief Finance Officer is a member of the IJB and is responsible for ensuring that appropriate financial services are available to the IJB and Chief Officer.

The Partnership management structure is set out in Appendix 2.

Reports were presented to the IJB on 22 June 2022, 19 October 2022, and 29 March 2023 to update on governance arrangements in respect of membership of the IJB and APC. Information on membership of the IJB over the course of 2022/23 is highlighted in the East Ayrshire IJB section of the Management Commentary at section 1 of the Annual Accounts.

At the start of the Covid-19 pandemic, all meetings were moved from being in person to being virtual. As restrictions have eased, it is now possible to support attendance at the IJB and other governance meetings in person. It is however recognised that IJB members and officers will continue to work flexibly and a hybrid model has been adopted to allow the flexibility of in-person attendance or virtual attendance via Microsoft Teams. Going forward, there are plans for IJB meetings to be accessible via public broadcast (as is currently the case with certain East Ayrshire Council committee meetings).

The IJB met six times during 2022/23, with the APC also meeting six times over the course of the financial year. In the main, IJB members and officers participated on the basis of the hybrid model.

The Strategic Leadership Group meets weekly or fortnightly to consider significant strategic and operational issues.

Over the course of 2022/23, governance and reporting arrangements have included Locality Groups reporting to the Strategic Planning and Wellbeing Group, the Strategic Commissioning Board reporting to the APC and Adverse Events Review Group reporting to the Health and Social Care Governance Group.

The Partnership Leadership Team meets on a regular basis and ensures implementation of the appropriate financial governance structures, staff governance structures and clinical governance structures.

Support in relation to corporate functions including Legal, Human Resources, Property and Information Technology, are delivered through existing NHS and Council structures.

COVID-19 RECOVERY AND RENEWAL

The updated Strategic Plan 2021-30 focusses on recovery and renewal, following the challenges faced by the IJB and its partners in responding to the Covid-19 pandemic.

The IJB's external auditors, Audit Scotland, presented their Annual Audit Plan for the 2022/23 audit to the Audit and Performance Committee on 7 March 2023. This report notes that while the IJB has achieved short-term financial balance over recent financial years, it continues to be faced with significant financial challenges over the medium to longer term. Audit Scotland recognise that the transformational change programme is progressing, however work is still required to achieve the level of transformational change to ensure financial sustainability.

The impact of Covid-19 and the requirement for recovery and renewal continues to represent a risk which will require to be mitigated going forward. There has been continued disruption to how health and social care services have been delivered over the course of 2022/23 with an impact on activities, as a consequence of the pandemic.

As part of the IJB fiscal framework, a comprehensive review of the Medium Term Financial Plan will be undertaken following publication of the updated Scottish Government Health and Social Care Medium Term Financial Framework (anticipated 2023).

The Accounts Commission's April 2023 Integration Joint Boards Financial Analysis 2021/22 report, prepared by Audit Scotland, highlights that IJBs continue to deal with the impact of Covid-19 on services. The report also highlights that IJBs face increasing demand, with Scotland's population ageing with increasingly complex

health and social care needs and with the health and social care workforce under extreme pressure, with continued recruitment and retention challenges.

The ongoing effect of Covid-19 continues to be experienced by the IJB and its partners. It is clear that the impact of the pandemic has not been felt evenly and has served to highlight inequalities in our society. It is also clear that services provided by the Health and Social Care Partnership are no longer the same as they were prior to the pandemic. Our workforce, the way we deliver services and where services are delivered, as well as our systems and processes have been reviewed and altered in response to Covid-19. It is anticipated that some of the new and innovative processes and service delivery models which were established throughout the pandemic will continue into the future.

Covid-19 has led to a substantial backlog of patients waiting for treatment. NHS boards are prioritising those in most urgent need; those who are of lower clinical priority will have to wait longer. NHS leaders continue to work collaboratively, in partnership across public services, to deal with the ongoing challenges caused by Covid-19 and to remobilise services.

The IJB and its senior management will refer all available reports and guidance notes as a basis for ongoing engagement with auditors to ensure that challenges presented by Covid-19 recovery and renewal can be addressed through sound financial planning with financial balance achievable going forward. This will include consideration of medium to longer-term changes to priorities, programmes, strategies and plans, as a consequence of the impact of the pandemic on the IJB and the population it serves.

INTERNAL CONTROL SYSTEM

The governance framework described operates on the foundation of internal controls. The IJB's system of internal controls is based on a framework of regular management information, financial regulations, accounting policy bulletins, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability. Development and maintenance of these systems is undertaken by the Health Board and Council as part of the operational delivery of the Health and Social Care Partnership. In particular these systems include:

- Management information systems and process, including service performance and financial information;
- Financial Regulations and codes of financial practice;
- Scheme of Delegation;
- Comprehensive budgeting systems;
- Measurement of financial and other performance against target;
- Regular reviews of periodic and annual financial reports which indicate financial performance against forecasts and targets;
- Internal audit functions; and
- Formal project management disciplines, as appropriate.

The systems of internal control can only ever provide reasonable and not absolute assurance that control weaknesses or irregularities do not exist or that there is no risk of material errors, losses, fraud or breaches of laws or regulations. Accordingly, the IJB is continually seeking to improve the effectiveness of its system of internal controls.

The likelihood of fraud within the "audit universe" of the IJB is very low. The IJB has no bank accounts, employees or contracts and fraud risk sits largely within the parent bodies.

In common with all public sector organisations, the IJB is required to conform to the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014) by embedding effective standards for countering fraud and corruption. Through its sound governance arrangements, effective financial stewardship and strong financial management, in conjunction with its parent bodies, the IJB is conforming to the Code of Practice.

The main objectives of the IJB's internal control systems are:

- To ensure adherence to management policies and directives in order to achieve the organisation's objectives;

- To ensure relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of records; and
- To ensure compliance with statutory regulations.

The systems of financial control are reviewed to ensure continued effectiveness by the work of managers in the IJB and by the work of internal and external audit in their annual and other reports. The IJB's previous external auditors, Deloitte, presented their Audit Dimensions and Best Value Report to the Audit and Performance Committee on 31 May 2022. In their comments, Deloitte highlighted that, overall they found the IJB's arrangements to be designed and implemented appropriately.

The IJB financial management arrangements comply with the requirements of 'The Role of the Chief Financial Officer in Local Government (CIPFA 2016)'. The IJB's Interim Chief Finance Officer (Section 95 Officer) has overall responsibility for the IJB's financial arrangements, and is professionally qualified and suitably experienced to lead the IJB's finance function and to direct finance staff.

With regard to the entities incorporated into the Annual Accounts, the IJB has taken assurance from the existing scrutiny arrangements within the parent bodies.

The IJB internal audit function is responsible for the independent appraisal of the IJB's internal systems of control with resources drawn from the parent bodies. The function complies with the requirements of the 'Public Sector Internal Audit Standards (PSIAS 3rd edition March 2017)' and the 'Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards (CIPFA 2nd edition February 2019)'. The IJB Chief Internal Auditor complies with 'The Role of the Head of Internal Audit in Public Organisations (CIPFA 2nd edition 2019)'.

The APC acts as the IJB's audit committee and operates in accordance with 'Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2022 edition)'. The first Annual Self-Assessment (ASA) to benchmark the APC against CIPFA guidance is scheduled to be undertaken during 2023/24.

IJB Internal Audit plans and reports are shared with the relevant committees of the partner organisations.

REVIEW OF EFFECTIVENESS

East Ayrshire IJB has responsibility for conducting at least annually, a review of effectiveness of its governance framework including the system of internal control and the quality of data used throughout the organisation. The review of effectiveness of the governance framework, including the system of internal control is informed by the work of the Senior Management Team within the IJB who have responsibility for the development and maintenance of the governance environment, the annual report by the Chief Internal Auditor, and also by reports / comments made by external audit and other review agencies and inspectorates.

Based on work carried out during the year, the Chief Internal Auditor prepares an annual report to the APC in line with PSIAS obligations. This report includes the internal audit annual opinion regarding the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The assurance expressed in the annual opinion can never be absolute. The most that Internal Audit can provide in the annual opinion is one of reasonable assurance.

On the basis of internal audit work completed in 2022/23, and taking into account the pattern of work in previous years, East Ayrshire IJB's established internal control procedures were generally found to operate as intended to meet management's requirements for the individual systems reviewed by Internal Audit. Areas for improvement, system weaknesses and / or non-compliance with expected controls have been highlighted to management and action plans have been, or are in the process of being put in place to ensure the necessary improvements are going to be achieved. It is management's responsibility to ensure that proper consideration is given to internal audit reports and that appropriate action is taken on audit recommendations. Internal Audit has arrangements in place to test the implementation of recommendations.

Internal Audit's overall opinion, based on the work carried out in 2022/23 and outcomes from previous years, continues to be that reasonable assurance can be placed upon the adequacy and effectiveness of East Ayrshire IJB internal control systems in the year to 31 March 2023. This overall opinion takes into

consideration the age of the East Ayrshire IJB, the complexity of governance arrangements, to include the two parent bodies and, at times, other Integration Joint Boards operating in the same National Health Service area.

Internal Audit work for 2022/23 has been finalised. The presentation of the Chief Internal Auditor's annual opinion was reported to the IJB Audit and Performance Committee on 1 August 2023, in line with the established timetable. The Chief Internal Auditor's annual opinion continues to be one of reasonableness, which has been the consistent opinion since the inception of the IJB.

In considering the IJB annual opinion the Audit & Performance Committee are also supplied with the annual opinions of the parent bodies to provide assurance with regard to the control environments which support the delivery of commissioned services. The relevant Chief Internal Auditors have consistently, to date, given a reasonable opinion year on year. The East Ayrshire Council report containing an opinion of reasonable assurance for 2022/23 was presented to the Council's Governance and Scrutiny Committee on 25 May 2023. A 2022/23 report for NHS Ayrshire & Arran was presented to their Audit and Risk Committee on 10 May 2023, with an interim opinion.

ACTION PLAN

The IJBs previous external auditors Deloitte followed up on recommendations made in their previous years' audits (up to 2020/21) within their Audit Dimensions and Best Value Report for the year ended 31 March 2022 which was presented to the Audit and Performance Committee on 31 May 2022:

- Consideration should be given to allocating a further resource to drive forward and increase the pace of change;
- The IJB should progress with implementing delegated hospital budgets and Set Aside requirements, in collaboration with the Scottish Government, NHS Ayrshire & Arran and other Ayrshire partnerships.
- The planned update to the Board's Medium Term Financial Plan should take account of the financial implications of the Scottish Government five year Medium Term Financial Strategy;
- Recommended improvements to the budget setting process; there needs to be a link between the budgeted spend and the IJB's priorities as set out in the Strategic Commissioning Plan; and there needs to be improved links between the budget and outcomes;
- Scrutiny could be improved by providing more training to members of both the IJB and the Audit and Performance Committee on their respective roles and the clear distinction between informal and formal meetings; and
- The Board should progress its work to allow members of the public access to IJB meetings through webcasting, whether live or access to on demand recordings.

These issues have been / are being addressed as follows:

- At its meeting on 17 August 2022, the IJB formally approved that £1.409m of the 2022/24 uncommitted balance be allocated to the Transformational Change Programme (including £0.500m earmarked for workforce development purposes). As highlighted at the Financial Performance section of the Management Commentary at section 1, it is proposed that, subject to completion of the external audit of 2022/23 Annual Accounts, £2.170m of the £3.376m uncommitted balance for 2022/23 be earmarked for transformational change purposes.
- Following a hiatus due to the Covid-19 pandemic, the pilot project on 'fair share' commissioning through the use of Directions has recommenced on a pan-Ayrshire basis. Work has been undertaken by the Ayrshire Finance Leads group over the course of 2022/23 to establish baseline resources for each partnership, and how this compares to the NRAC 'fair share' of resources. This information will be used to map activity data (bed days, admissions, discharges) against costs across the six specialties at the various acute services locations.
- The Annual Budget 2022/23 Report to the IJB on 23 March 2022 contained a high level Medium Term Financial Plan (MTFP) 2022-30. As part of the IJB fiscal framework, a detailed MTFP will be produced once the Scottish Government Health and Social Care Medium Term Financial Strategy has been updated (anticipated during 2023). This detailed plan will include updates in respect of areas of

uncertainty, including National Care Service for Scotland proposals and potential impact associated with recovery from the pandemic (partially implemented – revised target date 31 December 2024).

- Further work will be undertaken as part of the detailed MTFP / Strategic Plan to refine links between priorities, activity, budgets and outcomes. Important to highlight that investment plans will continue to be driven by the vision and themes of the Strategic Plan (partially implemented – revised target date 31 December 2024).
- Training and induction programme was progressed during 2022/23, including IJB development days to provide members with general and specific information relating to the IJB. All new members are provided with induction packs outlining governance arrangements, with access to key documents and as part of the induction programme. In addition, all new members are offered the opportunity to meet with the Chief Officer, the Interim Chief Finance Officer and Heads of Service (fully implemented).
- At this stage only certain East Ayrshire Council meetings are recorded. Any further roll out is likely to include the IJB (not implemented – revised target date 31 March 2024).

As outlined within the Financial Outlook, Risks and Plans for the Future section of the Management Commentary at section 1 of the Annual Accounts, there are a number of continued risks and uncertainties related to both Council and NHS commissioned services. These risks will be managed and mitigated going forward through sound governance arrangements aligned to the Transformational Change Programme.

The Financial Outlook, Risks and Plans for the Future section also highlights a number of key actions which will be taken forward over the course of 2023/24:

- Continue work to review and re-design of services to mitigate budget pressures, as part of the Transformational Change Programme being taken forward through the Strategic Commissioning Board, aligned to work being undertaken through the Innovation Hub.
- Following publication of updated Scottish Government Health and Social Care Medium-Term Financial Framework, undertake a comprehensive review of the previous Medium-Term Financial Plan as part of the IJB fiscal framework to produce an updated Medium to Longer Term Financial Plan, aligned to the Strategic Plan 2021-30.
- Continue pan-Ayrshire work to progress Fair Share Commissioning through use of Directions.
- Review of the Integration Scheme.

The IJB is committed to address governance issues and to keep arrangements under review going forward.

ASSURANCE

While recognising the improvements that are required, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the IJB's governance arrangements.

Subject to the above, and on the basis of the assurance provided, we consider the governance and internal control environment operating during 2022/23 provides reasonable and objective assurance that any significant risk impacting on our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.

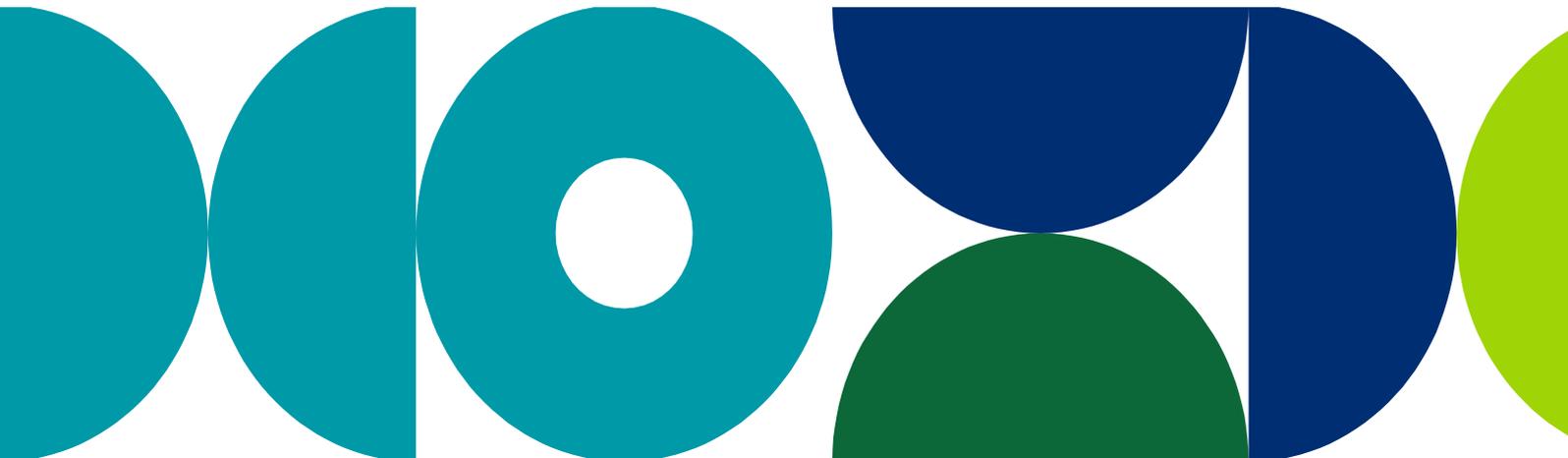
Signed on behalf of East Ayrshire Integration Joint Board.

Craig McArthur

Craig McArthur
Chief Officer
11 October 2023

Douglas Reid

Douglas Reid
Chair of the IJB
11 October 2023



SECTION 4

Remuneration Report

INTRODUCTION

The Remuneration Report is provided in accordance with the 'Local Authority Accounts (Scotland) Regulations 2014'. It discloses information relating to the remuneration and pension benefits of specified IJB members and staff.

The information in the tables below is subject to external audit. The explanatory text in the Remuneration Report is reviewed by the external auditors to ensure it is consistent with the Financial Statements.

REMUNERATION: CHAIR AND VICE CHAIR

The voting members of the Integration Joint Board are appointed through nomination by NHS Ayrshire & Arran and East Ayrshire Council and post holders will alternate every three years between a Health Board and a Council representative. The IJB at its meeting on 16 June 2021 formally approved the appointment of Councillor Douglas Reid as IJB Chair in succession to Mr. Michael Breen. The IJB also approved the appointment of Mr. Michael Breen as Vice Chair, both appointments being effective from 16 June 2021.

As highlighted previously within the East Ayrshire IJB section of the Management Commentary at section 1 of the unaudited Annual Accounts, Mr Michael Breen announced his intention to resign as Non-Executive Board Member of NHS Ayrshire & Arran and Vice Chair of the IJB from 31 October 2022. Dr Sukhomoy Das assumed the role of Vice Chair of the IJB from 31 October 2022 on an interim basis.

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 member costs borne by the partner. There were no taxable expenses paid by the IJB therefore no remuneration disclosures are provided for the Chair or Vice Chair.

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.

Chief Officer

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014, a Chief Officer for the IJB has to be appointed and the employing partner has to formally second the officer to the IJB. In effect the Chief Officer is the only employee of the IJB, however the employment contract for the Chief Officer will adhere to the legislative and regulatory framework of the employing partner organisation which is currently East Ayrshire Council. The remuneration terms of the Chief Officer's employment are approved by the IJB.

Other Officers

No other staff are appointed by the IJB under a special legal regime. The Interim Chief Finance Officer, Chief Internal Auditor and IJB Standards Officer are not included in the Remuneration Report as these roles are additional to their substantive roles within East Ayrshire Council at no additional cost to the IJB. The Interim Chief Finance Officer (Alex McPhee) has no direct input into the strategic planning process other than the legislative requirement to ensure that its outcomes are delivered within delegated resources. No

other non-voting board members meet the criteria for disclosure.

Total Remuneration 2021/22 £	Name and Post Title	Salary, Fees and Allowances £	Taxable Expenses £	Total Remuneration 2022/23 £
120,553	Craig McArthur - Chief Officer	125,765	0	125,765

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

The IJB however has responsibility for funding the employer contributions for the current year in respect of the officer time spent on fulfilling the responsibilities of their role on the IJB. The following table shows the IJB's funding during the year to support officers' pension benefits. The 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.

Name and Post Title	In-year Pension / Contributions to 31 March 2022 £	In-year Pension / Contributions to 31 March 2023 £	Accrued Pension Benefits as at 31 March 2022 £m	Difference from 31 March 2022 £m	Accrued Pension Benefits as at 31 March 2023 £m
Craig McArthur - Chief Officer	21,559	20,849	Pension 0.051 Lump Sum 0.077	Pension 0.000 Lump Sum 0.006	Pension 0.051 Lump Sum 0.071

DISCLOSURE AND 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 2021/22 £m	Remuneration Band	Number of Employees in Band 2022/23 £m
1	£115,000 - £119,999	0
0	£120,000 - £124,999	0
0	£125,000 - £129,999	1

EXIT PACKAGES

There were no exit packages during 2022/23 (as in 2021/22).

Signed on behalf of East Ayrshire Integration Joint Board.

Craig McArthur

Craig McArthur
Chief Officer
11 October 2023

Douglas Reid

Douglas Reid
Chair of the IJB
11 October 2023



SECTION 5

The Financial Statements

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

Gross Expenditure 2021/22 £m	Gross Income 2021/22 £m	Net Expenditure 2021/22 £m		Gross Expenditure 2022/23 £m	Gross Income 2022/23 £m	Net Expenditure 2022/23 £m
177.964	(6.868)	171.096	Core Services	194.648	(7.222)	187.426
3.216	0.000	3.216	Public Protection	4.045	0.000	4.045
4.018	0.000	4.018	Non District General Hospitals	4.206	0.000	4.206
29.527	0.000	29.527	Children's Health, Care and Justice Services	30.140	0.000	30.140
30.828	0.000	30.828	Lead Partnership Services	37.555	0.000	37.555
24.566	0.000	24.566	Set Aside	26.555	0.000	26.555
270.119	(6.868)	263.251	Cost of Services	297.149	(7.222)	289.927
0.000	(88.550)	(88.550)	East Ayrshire Council funding	0.000	(100.682)	(100.682)
0.000	(193.222)	(193.222)	NHS Ayrshire & Arran funding	0.000	(175.248)	(175.248)
0.000	(281.772)	(281.772)	Taxation and Non-specific Grant income	0.000	(275.930)	(275.930)
270.119	(288.640)	(18.521)	Deficit / (Surplus) on provision of services	297.149	(283.152)	13.997

There are no statutory or presentation adjustments which affect the IJB's application of the funding received from partners. The movement in the General Fund balance is therefore solely due to the transactions shown in the Comprehensive Income and Expenditure Statement. Consequently an Expenditure and Funding Analysis is not shown in these Financial Statements.

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year of 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 (2021/22 Movement in Reserves also shown for information).

Movement in Reserves During 2022/23	General Fund Balance £m	General Fund Earmarked Balance £m	Total Reserves £m
Opening Balance at 1 April 2022	(5.780)	(28.389)	(34.169)
Total Comprehensive Income and Expenditure	(3.376)	17.373	13.997
Adjustments between accounting basis and funding basis under regulations	0.000	0.000	0.000
(Increase) or Decrease in 2022/23	(3.376)	17.373	13.997
Closing Balance at 31 March 2023	(9.156)	(11.016)	(20.172)

Movement in Reserves During 2021/22	General Fund Balance £m	General Fund Earmarked Balance £m	Total Reserves £m
Opening Balance at 1 April 2021	(3.248)	(12.400)	(15.648)
Total Comprehensive Income and Expenditure	(2.532)	(15.989)	(18.521)
Adjustments between accounting basis and funding basis under regulations	0.000	0.000	0.000
(Increase) or Decrease in 2021/22	(2.532)	(15.989)	(18.521)
Closing Balance at 31 March 2022	(5.780)	(28.389)	(34.169)

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.

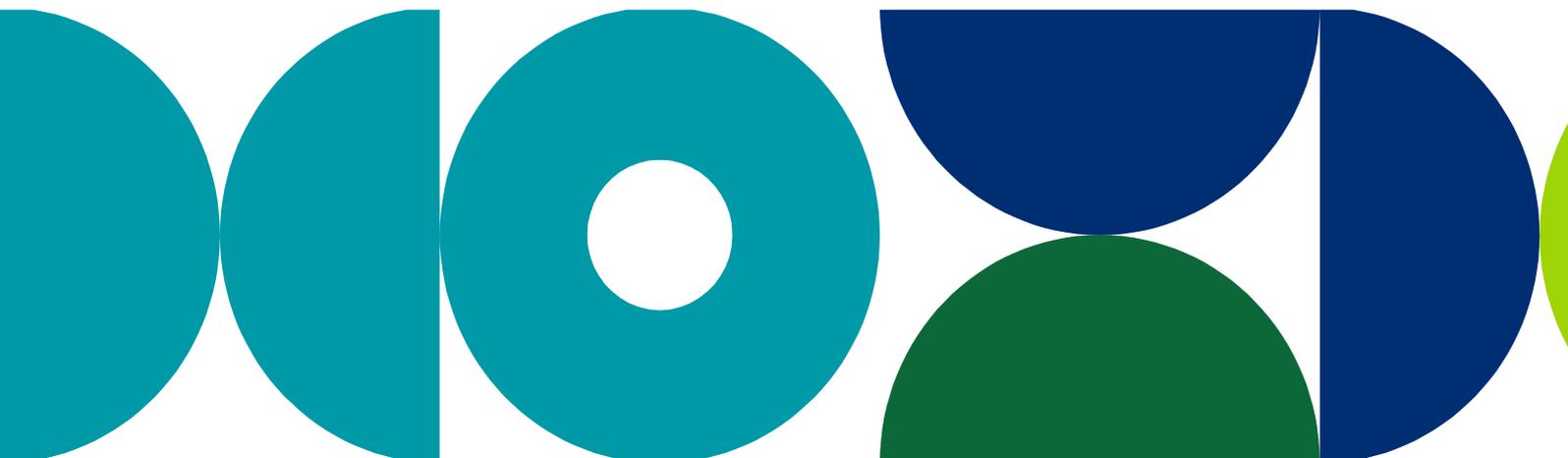
31 March 2022 £m		Notes	31 March 2023 £m
34.169	Short term debtors	7	20.172
34.169	Current Assets		20.172
34.169	Net Assets		20.172
7.189	Usable Reserve: General Fund	8	9.156
26.980	Earmarked Reserve: General Fund	8	11.016
34.169	Total Reserves		20.172

The Statement of Accounts presents a true and fair view of the financial position of the Integration Joint Board as at 31 March 2023 and its income and expenditure for the year then ended.

The unaudited Financial Statements were issued on 21 June 2023 and the audited Financial Statements were issued on 11 October 2023.

Alex McPhee

Alex McPhee CPFA
Interim Chief Finance Officer
11 October 2023



SECTION 6

Notes to the Financial Statements

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

General principles

The Financial Statements summarise East Ayrshire IJB's transactions for the 2022/23 financial year and its position at 31 March 2023.

The East Ayrshire IJB was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government (Scotland) Act 1973.

The Financial Statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

The Financial Statements are prepared on a going concern basis, which assumes that the IJB will continue in operational existence for the foreseeable future. The historical cost convention has been adopted.

The Audit Scotland report, Covid-19: Going Concern in the Public Sector (December 2020) outlines that due to continuation of Health Board functions even if an organisation were to cease, Health Boards should be viewed as a going concern. If a body is to be discontinued, but its functions are to be transferred elsewhere in the public sector (e.g. the body is merging with another existing body, or the functions are being transferred to another public body), the going concern basis of accounting is still expected to be appropriate. For example, this was the case when NHS Argyll and Clyde was dissolved on 31 March 2006, and its assets, liabilities and the responsibility for delivering health services within its geographic boundaries were transferred to the successor boards, NHS Highland and NHS Greater Glasgow and Clyde.

Accruals of expenditure and income

Activity is accounted for in the year that it takes place, not simply when settlement in cash occurs. In particular:

- Expenditure is recognised when goods or services are received and their benefits are used by the IJB.
- Income is recognised when the IJB has a right to the income, for instance by meeting any terms and conditions required to earn the income, and receipt of the income is probable.
- Where income and expenditure have been recognised but settlement in cash has not taken place, a debtor or creditor is recorded in the Balance Sheet.
- Where debts may not be received, the balance of debtors is written down.

Funding

The IJB is primarily funded through funding contributions from the statutory funding partners, East Ayrshire Council and NHS Ayrshire & Arran. Expenditure is incurred as the IJB commissions specified health and social care services from the funding partners for the benefit of service recipients in East Ayrshire. Funding from the Scottish Government to offset Covid-19 attributable costs in 2022/23 was routed to the IJB via NHS Ayrshire & Arran as part of the Local Mobilisation Planning process in 2021/22 and earmarked within the IJB Reserve at 31 March 2022.

The IJB Interim Chief Finance Officer has received written confirmation from the Chief Finance Officers of East Ayrshire Council and NHS Ayrshire & Arran that, the charges for services commissioned by East Ayrshire IJB reflect income and expenditure recorded in the respective ledgers of the partner organisations; confirmation that the allocation of income and expenditure to the IJB reflects the appropriate charges; and

where estimates have been used the best available data has been applied to give a true and fair view.

Cash and Cash Equivalents

The IJB does not operate a bank account or hold cash. Transactions are settled on behalf of the IJB by the funding partners. Consequently the IJB does not present a 'Cash and Cash Equivalent' figure on the balance sheet. The funding balance due from or to each funding partner as at 31 March is represented as a debtor or creditor on the IJB's Balance Sheet.

Employee Benefits

The IJB does not directly employ staff. Staff are formally employed by the funding partners who retain the liability for pension benefits payable in the future. The IJB therefore does not present a Pensions Liability on its Balance Sheet.

The IJB has a legal responsibility to appoint a Chief Officer. More details on the arrangements are provided in the Remuneration Report. The charges from the employing partner are treated as employee costs. Where material the Chief Officer's absence entitlement as at 31 March is accrued, for example in relation to annual leave earned but not yet taken.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are liabilities of uncertain timing or amount. A provision is recognised as a liability on the balance sheet when there is an obligation as at 31 March due to a past event; settlement of the obligation is probable; and a reliable estimate of the amount can be made. Recognition of a provision will result in expenditure being charged to the Comprehensive Income and Expenditure Statement and will normally be a charge to the General Fund.

A contingent liability is a possible liability arising from events on or before 31 March, whose existence will only be confirmed by later events. A provision that cannot be reasonably estimated, or where settlement is not probable, is treated as a contingent liability. A contingent liability is not recognised in the IJB's Balance Sheet, but is disclosed in a note where it is material.

A contingent asset is a possible asset arising from events on or before 31 March, whose existence will only be confirmed by later events. A contingent asset is not recognised in the IJB's Balance Sheet, but is disclosed in a note only if it is probable to arise and can be reliably measured.

Reserves

The IJB's reserves are classified as either Usable or Unusable Reserves.

The IJB's only Usable Reserve is the General Fund. The balance of the General Fund as at 31 March shows the extent of resources which the IJB can use in later years to support service provision. Within usable reserves the IJB holds earmarked funds to meet specific service commitments including funds set aside for transformational change purposes. In addition, a contingency reserve is held to assist the IJB to deal with unforeseen events or emergencies. The updated Reserve Strategy approved by the IJB on 23 March 2022 (and reviewed as part of the budget setting process for 2022/23) outlines that while there is no defined level of contingency reserve to be held, the IJB will aspire to hold at least 2% of annual budgeted revenue expenditure by the end of the three year budget cycle as General Fund balances. It should be recognised that this aspiration has to be balanced within the wider financial and strategic planning context on an ongoing basis.

Indemnity Insurance

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. East Ayrshire Council and NHS Ayrshire & Arran have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide.

Unlike NHS Boards, the IJB does not have any 'shared risk' exposure from participation in the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS). The IJB participation in the CNORIS scheme is therefore analogous to normal insurance arrangements.

Known claims are assessed as to the value and probability of settlement. Where it is material the overall expected value of known claims taking probability of settlement into consideration is provided for in the IJB's Balance Sheet.

The likelihood of receipt of an insurance settlement to cover any claims is separately assessed and, where material, presented as either a debtor or disclosed as a contingent asset.

NOTE 2: ACCOUNTING STANDARDS NOT YET ADOPTED

The Code requires the disclosure of information about accounting changes that will be required by new accounting standards that have been issued, but not yet adopted. At the date of authorisation of these financial statements, the IJB has not applied the following new and revised IFRS Standards that have been issued, but are not yet effective:

- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to IAS 1 Presentation of Financial Statements
- Amendments to IAS 12 Income Taxes
- Amendments to IFRS 3 Business Combinations

Adoption of the Standards listed above will impact on the 2022/23 Annual Accounts and it not anticipated that the adoption of the Standards will have a material impact on the financial statements in future periods. Implementation of IFRS 16: Leases has been deferred to be effective from 1 April 2024. These arrangements are held in either NHS Ayrshire & Arran or East Ayrshire Council and will be included in their financial statements in future periods.

It is important to note that at the time of finalising the unaudited Annual Accounts, Accounting Standards Not Yet Adopted were subject to further review. No required updates are included in the audited Annual Accounts.

NOTE 3: CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

The critical judgements made in the Financial Statements relating to complex transactions are:

- On behalf of all IJBs within the NHS Ayrshire & Arran area, the IJB acts as the lead partner for Primary Care (including Dental) and Out of Hours Community Response Services, as well as Prison and Police Healthcare and War Pensioners services. It commissions services on behalf of the three Ayrshire IJBs and reclaims the costs involved. This arrangement is treated as an agency arrangement. In the absence of an alternative agreement or approach being outlined in the Integration Scheme, the recharges across the Partnerships for lead services are based on an NRAC share of costs. This may not reflect the actual cost of delivering services to the population in the three areas.
- In applying the accounting policies set out at note 1 above, the IJB has had to make a critical judgement relating to the values included for Set Aside services. The Set Aside figure included in the IJB accounts is based upon 2022/23 Information Services Division Scotland (ISD) activity data at historic prices with inflation applied. As such, the Set Aside sum included in the accounts will not reflect the true cost of actual hospital usage in 2022/23.

There are no material estimation uncertainties included within the Financial Statements. The impact of Covid-19 and associated costs incurred in 2022/23 have been accounted for in the Financial Statements.

NOTE 4: EVENTS AFTER THE REPORTING PERIOD

The audited Annual Accounts are being authorised for issue by the Interim Chief Finance Officer on 11 October 2023. Events taking place after this date are not reflected in the Financial Statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information.

NOTE 5: EXPENDITURE AND INCOME ANALYSIS BY NATURE

2021/22 £m		2022/23 £m
112.604	Services commissioned from East Ayrshire Council	123.014
150.620	Services commissioned from NHS Ayrshire & Arran	166.882
0.027	Audit Fee: External Audit Work	0.031
(281.772)	Partners Funding Contributions and Non-Specific Grant Income	(275.930)
(18.521)	(Surplus) / Deficit on the Provision of Services	13.997

NOTE 6: TAXATION AND NON-SPECIFIC GRANT INCOME

2021/22 £m		2022/23 £m
88.550	Funding Contribution from East Ayrshire Council	100.682
193.222	Funding Contribution from NHS Ayrshire & Arran	175.248
281.772	Taxation and Non-Specific Grant Income	275.930

The funding contribution from the NHS Board shown above includes £26.555m in respect of Set Aside resources relating to acute hospital and other resources. These are provided by the NHS, which retains responsibility for managing the costs of providing the services. The IJB however has responsibility for the consumption of, and level of demand placed on, these resources.

The funding contribution from the NHS Board also includes funding from the Scottish Government to offset Covid-19 attributable costs £4.250m. As highlighted previously in the Management Commentary at section 1, the balance of £11.363m earmarked funding brought-forward within the IJB Reserve to support continuation of costs that were funded in 2021/22 has been repaid to the Scottish Government. This totals £7.038m and was based on the month 8 Local Mobilisation Planning return. A sum of £0.075m is earmarked within the IJB Reserve (£0.072m as a provision for repayment with £0.003m earmarked specific funding for unpaid carers PPE).

Guidance on Accounting for Coronavirus (Covid-19) Grants / Funding Streams issued by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) in May 2021 outlines that financial support directed towards IJBs are not grants but funding of anticipated costs submitted as part of the regular Local Mobilisation Planning process. The main consideration for IJBs is to assess the nature of the expenditure being incurred such as spend directly incurred on Health and Social Care Partnership goods / services (such as PPE, costs of running Community and Mental Health Assessment units and increased staff costs of councils and health boards) and spend incurred to support social care providers (such as care homes).

The nature of these transactions requires the IJB to consider if it is acting as a Principal or Agent in the process. Under the Code of Practice on Local Government Accounting in the United Kingdom (the Code), principle and agent are defined as:

- Principal: where the authority is acting on its own behalf.
- Agent: where the authority is acting as an intermediary.

To assist consistency in treatment of funding provided, the LASAAC guidance contains a schedule which sets out a view of accounting treatment of Covid-19 funding, as to whether principal or agent accounting applies, which IJBs should consider. This set out that for all payments underlying expenditure incurred in 2021/22, the IJB is acting as principal. This principle has also been applied for 2022/23. In this respect this represents financial support directed towards the IJB and are not grants but funding of anticipated costs submitted as part of the regular Local Mobilisation Planning process. This expenditure is identifiable within the management accounts table within the Management Commentary at section 1.

NOTE 7: DEBTORS

2021/22 £m		2022/23 £m
20.552	Funding East Ayrshire Council	10.356
13.617	Funding NHS Ayrshire & Arran	9.816
34.169	Debtors	20.172

NOTE 8: USABLE RESERVE – GENERAL FUND

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

- To earmark, or build up, funds which are to be used for specific purposes in the future, such as known or predicted future expenditure needs. This supports strategic financial management.
- To provide a contingency fund to cushion the impact of unexpected events or emergencies. This is regarded as a key part of the IJB's risk management framework.

As highlighted previously under Reserves at note 1, the updated Reserve Strategy was approved by the IJB on 23 March 2022.

The following table shows the movements on the General Fund balance, analysed between those elements earmarked for specific planned future expenditure £11.016m, and the amount held as a general contingency £9.156m. Due to the level of balances retained, this table provides a breakdown of balances held by East Ayrshire Council and NHS Ayrshire & Arran on behalf of the IJB.

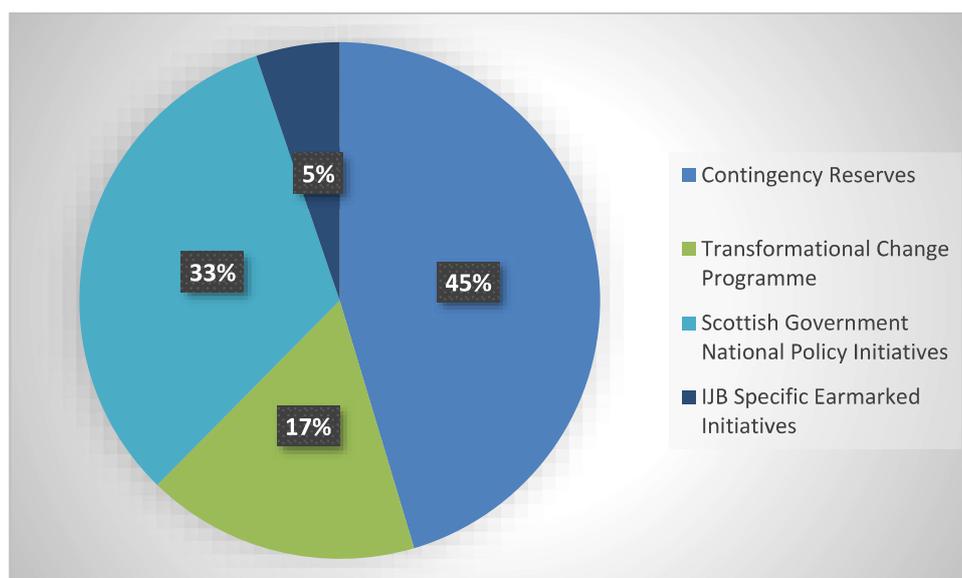
The Annual Budget 2023/24 report to the IJB on 29 March 2023 outlined a number of continued risks in respect of both Council and NHS commissioned services. It is important to note that the 2023/24 Annual Budget was approved on a "business and usual" basis. The financial and economic impacts of the Covid-19 pandemic continue to represent a risk to the IJB and partner organisations going forward, albeit to a lesser degree than in the three previous financial years. It is intended that the uncommitted balance, and transformational change funding retained within the IJB Reserve, as well as elements of earmarked funding, will be used to mitigate risk going forward.

Balance as at 31 March 2022 £m		Transfers Out 2022/23 £m	Transfers In 2022/23 £m	Balance as at 31 March 2023 £m
	Earmarked:			
(0.227)	Client Equipment and Adaptations	0.000	(0.097)	(0.324)
(0.425)	Adult Care Package provision	0.022	0.000	(0.403)

(0.593)	School Counselling	0.067	0.000	(0.526)
(0.021)	Care Commission standards	0.008	0.000	(0.013)
(0.017)	Legal fees	0.000	0.000	(0.017)
(0.032)	Looked After and Accommodated fees	0.000	0.000	(0.032)
(0.028)	Befrienders Project (ADP)	0.008	0.000	(0.020)
(0.020)	HARP / Wellbeing Project	0.000	0.000	(0.020)
(11.363)	Covid-19 - Scottish Government funding	11.363	0.000	0.000
(0.013)	Community Justice - impact of Covid-19	0.013	0.000	0.000
(0.039)	Financial Risk, Insecurity & Poverty	0.000	0.000	(0.039)
(0.386)	C&YP: Mental Health & Wellbeing	0.190	0.000	(0.196)
(1.021)	ADP - Mainline; Hard Edges; DDTF	0.661	0.000	(0.360)
(0.447)	Community Living Change Fund	0.298	0.000	(0.149)
(0.908)	Interim Care	0.000	(0.270)	(1.178)
(0.030)	The Promise	0.030	0.000	0.000
(0.050)	Trauma Funding	0.000	0.000	(0.050)
(0.085)	Whole Family Wellbeing Reserve	0.000	(0.783)	(0.868)
0.000	Financial Inclusion Projects	0.000	(0.018)	(0.018)
0.000	European Social Fund Grant	0.000	(0.197)	(0.197)
0.000	Dementia PDS	0.000	(0.063)	(0.063)
(15.705)	Earmarked - EAC	12.660	(1.428)	(4.473)
(0.442)	Intermediate Care and Reablement	0.442	0.000	0.000
(0.225)	Post Covid developments	0.000	0.000	(0.225)
0.000	Covid-19 - Scottish Government funding	0.000	(0.072)	(0.072)
0.000	Covid-19 - Scottish Government funding (unpaid carers PPE)	0.000	(0.003)	(0.003)
(0.741)	Urgent Care Pathway	0.741	0.000	0.000
(0.010)	IT funding	0.004	0.000	(0.006)
(0.008)	Allied Health Professions	0.002	0.000	(0.006)
(0.299)	Remobilisation Plan 3 - Mental Health	0.065	0.000	(0.234)
(0.259)	Remobilisation Plan 3 - Allied Health Professions	0.259	0.000	0.000
(0.105)	Remobilisation Plan 4	0.105	0.000	0.000
(0.370)	Discharge Without Delay	0.110	0.000	(0.260)
0.000	Rapid Response Service	0.000	(0.204)	(0.204)
(0.125)	Winter monies	0.125	0.000	0.000
(0.080)	Dementia PDS	0.016	0.000	(0.064)
(0.132)	MAT funding	0.132	0.000	0.000
(0.538)	MDT funding	0.538	(0.050)	(0.050)
(0.042)	Workforce Wellbeing	0.000	0.000	(0.042)
(0.006)	Workforce bonus - Community Link Workers	0.000	0.000	(0.006)
(0.056)	School Nursing funding	0.037	0.000	(0.019)
(3.438)	Earmarked - NHS A & A (managed services)	2.576	(0.329)	(1.191)
(2.351)	Primary Care Improvement Fund - actual	2.351	(0.466)	(0.466)
(0.205)	Mental Health Action 15 - actual	0.205	(0.255)	(0.255)
(0.048)	Expansion of Primary Care Estates - NRAC	0.048	(0.048)	(0.048)
(0.233)	Dental - Practice Improvement - NRAC	0.233	(0.089)	(0.089)
(0.112)	Dental - Winter Preparedness - NRAC	0.112	(0.037)	(0.037)

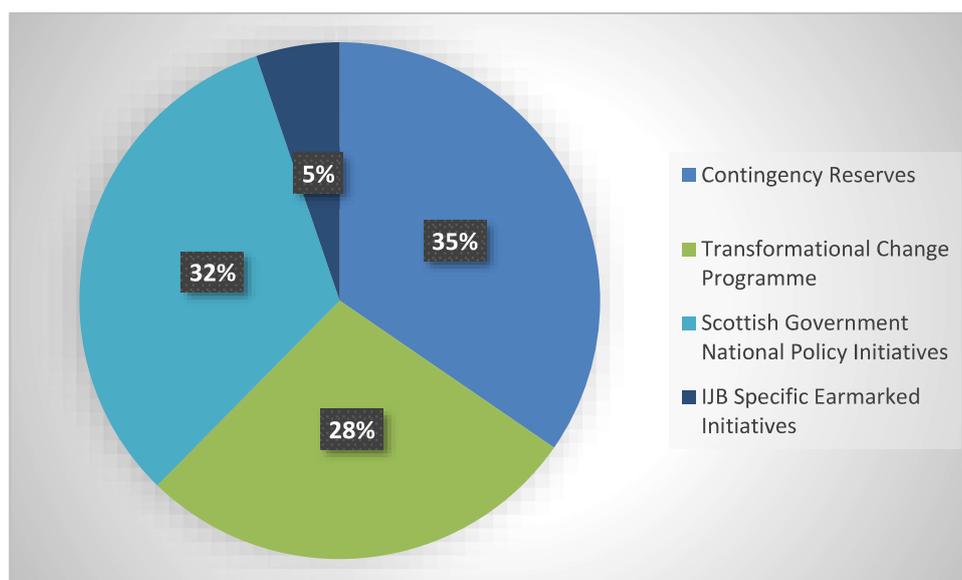
0.000	Dental - Childsmile - NRAC	0.000	(0.012)	(0.012)
(0.072)	GP Premises Improvement - NRAC	0.072	(0.062)	(0.062)
(0.035)	Mental Health Wellbeing - Primary Care - NRAC	0.035	(0.070)	(0.070)
(0.001)	Primary Care telephony	0.001	(0.001)	(0.001)
(1.340)	Mental Health Recovery / Renewal - CAMHS - NRAC	1.340	(0.519)	(0.519)
(0.358)	Mental Health Recovery / Renewal - Facilities Improvement - NRAC	0.358	(0.358)	(0.358)
(0.096)	Buvidal - NRAC	0.096	0.000	0.000
(0.076)	Perinatal and Infant Mental Health - NRAC	0.076	0.000	0.000
(0.016)	Cossette funding - NRAC	0.016	(0.016)	(0.016)
(4.943)	Earmarked - NHS A & A (population basis)	4.943	(1.933)	(1.933)
(1.792)	Transformational Change Programme - EAC	0.862	0.000	(0.930)
(2.011)	Transformational Change Programme - NHS A & A	0.022	0.000	(1.989)
(0.250)	Workforce Development Programme - EAC	0.000	0.000	(0.250)
(0.250)	Workforce Development Programme - NHS A & A	0.000	0.000	(0.250)
(4.303)	Transformational Change Programme - total	0.884	0.000	(3.419)
(28.389)	Total Earmarked	21.063	(3.690)	(11.016)
(2.805)	Uncommitted - EAC	0.000	(1.898)	(4.703)
(2.975)	Uncommitted - NHS	0.000	(1.478)	(4.453)
(5.780)	Uncommitted - total	0.000	(3.376)	(9.156)
(34.169)	General Fund	21.063	(7.066)	(20.172)

The following chart provides a breakdown of the £20.172m General Fund balance within the IJB Reserve.



The following chart presents the updated position after taking account of the reallocation of 2022/23 uncommitted balances totalling £2.170m to the Transformational Change Programme (£1.401m Transformational Change Fund; £0.769m Workforce Development Fund) as set out within the Financial Performance 2022/23 section of the Management Commentary at section 1 of the Annual Accounts. This

was subject to IJB approval in principle on 21 June 2023, in advance of completion of the external audit of the Annual Accounts 2022/23.



NOTE 9: AGENCY INCOME AND EXPENDITURE

On behalf of all IJBs within the NHS Ayrshire & Arran area, the East Ayrshire IJB acts as the lead manager for Primary Care (including Dental) and Out of Hours Community Response services, as well as Prison and Police Healthcare and War Pensioners. It commissions services on behalf of the other IJBs and reclaims the costs involved. The payments that are made on behalf of the other IJBs (£71.404m), and the consequential reimbursement (£71.404m), are not included in the Comprehensive Income and Expenditure Statement since the IJB is not acting as principal in these transactions.

The Health and Social Care Partnership operated a PPE hub, which distributed stock to the East Ayrshire Council staff, external providers and carers. This distribution of stock was at a much reduced level from the two previous financial years due to revised protocols. This stock was issued to the hub at no charge by NHS National Services Scotland (NSS). This was done under an agency arrangement and the estimated stock issued to external providers was £0.045m. As the IJB was acting as an agent regarding PPE / test kit transactions, it has not recognised any income, expenditure or closing stock within the Annual Accounts.

The amount of expenditure and income relating to the agency arrangement is shown below:

2021/22 £m		2022/23 £m
63.797	Expenditure on Agency Services - Lead Partnership	71.404
0.006	£500 payment - third sector staff	0.000
0.620	PPE / test kits issued from National Services Scotland (NSS) stock	0.045
(63.797)	Reimbursement for Agency Services - Lead Partnership	(71.404)
(0.006)	Reimbursement for Agency Services - £500 payments (Scottish Government)	0.000
(0.620)	PPE / test kits issued from National Services Scotland (NSS) stock	(0.045)
0.000	Net Agency Expenditure Excluded from the CIES	0.000

2021/22 £m		2022/23 £m
64.423	Expenditure on Agency Services	71.449
(64.423)	Reimbursement for Agency Services	(71.449)
0.000	Net Agency Expenditure Excluded from the CIES	0.000

NOTE 10: RELATED PARTY TRANSACTIONS

The IJB has related party relationships with NHS Ayrshire & Arran and East Ayrshire Council. In particular the nature of the partnership means that the IJB may influence, and be influenced by, its partners. The following transactions and balances included in the IJB's Financial Statements are presented to provide additional information on the relationships.

Transactions with East Ayrshire Council

2021/22 £m		2022/23 £m
(88.550)	Funding contributions received from the Council	(100.682)
(6.868)	Service income received from the Council	(7.222)
119.425	Expenditure on services provided by the Council	130.189
11.236	Surplus / (Deficit) on provision of services	(10.196)
0.060	Key management personnel: non-voting Board Members	0.063
0.000	Support Services	0.000
123.853	Net expenditure on services provided by the Council	112.834
35.303	Net Transactions with the Council	12.152

Transactions with NHS Ayrshire & Arran

2021/22 £m		2022/23 £m
(193.222)	Funding contributions received from the NHS Board	(175.248)
0.000	Service income received from the NHS Board	0.000
150.573	Expenditure on services provided by the NHS Board	166.834
7.285	Surplus / (Deficit) on provision of services	(3.801)
0.061	Key management personnel: non-voting Board Members	0.063
0.000	Support Services	0.000
157.919	Net expenditure on services provided by the NHS Board	163.096
(35.303)	Net Transactions with the NHS Board	(12.152)

Key Management Personnel: The non-voting Board members employed by the Council and NHS Board include the Chief Officer; the Interim Chief Finance Officer; representatives of primary care, nursing and non-primary services; and a staff representative. As outlined in the Remuneration Report at section 4, the Chief Officer is the only employee of the IJB with the (Council / NHS Board) shared cost of this post included in the preceding Related Party Transactions Tables and within the Remuneration Report.

Support services were not delegated to the Integration Joint Board through the Integration Scheme and are

instead provided by the Council and Health Board free of charge as a 'service in kind'. This is included at section 4.2 of the Integration Scheme. The support services provided are mainly comprised of the provision of Interim Chief Finance Officer, IJB Standards Officer, financial management, democratic services, human resources, legal, ICT, payroll, internal audit and the provision of the Chief Internal Auditor.

The tables above highlight reduced expenditure on delivery of integrated functions on services commissioned by the IJB from NHS Ayrshire & Arran and additional expenditure services commissioned by East Ayrshire Council.

The following two tables highlight that this is due to accounting adjustments to reflect expenditure incurred in respect of funds which transfer between the partner organisations. The £14.720m which transfers from NHS Ayrshire & Arran to East Ayrshire Council includes Resource Transfer funding which offsets community based services funded from savings attributable to permanent NHS bed closures, as well as Scottish Government Integration Funding for social care services, and other earmarked funding transfers (including Alcohol and Drugs Partnership funding and Integrated Care Fund relating to Council-managed projects), partially offset by return of Scottish Government Covid-19 funding (originally routed to IJBs via NHS Boards) to offset expenditure on delegated functions. The £2.568m payment from the Council to the Health Board includes Delayed Discharge funding which offsets the cost of NHS community-based services.

East Ayrshire Council Reconciliation

2021/22 £m		2022/23 £m
88.550	Payments for delegated functions	100.682
36.068	Funding transfers from NHS Ayrshire & Arran	14.720
(0.765)	Funding transfers to NHS Ayrshire & Arran	(2.568)
35.303	Net transactions with NHS Ayrshire & Arran	12.152
123.853	Payments for delivery of integrated functions	112.834

NHS Ayrshire & Arran Reconciliation

2021/22 £m		2022/23 £m
193.222	Payments for delegated functions	175.248
(36.068)	Funding transfers to East Ayrshire Council	(14.720)
0.765	Funding transfers from East Ayrshire Council	2.568
(35.303)	Net transactions with East Ayrshire Council	(12.152)
157.919	Payments for delivery of integrated functions	163.096

Balances with East Ayrshire Council

2021/22 £m		2022/23 £m
20.552	Debtor balances: amounts due from the Council	10.356
0.000	Creditor balances: amounts due to the Council	0.000
20.552	Net Balance with the Council	10.356

Balances with NHS Ayrshire & Arran

2021/22 £m		2022/23 £m
13.617	Debtor balances: amounts due from the NHS Board	9.816
0.000	Creditor balances: amounts due to the NHS Board	0.000
13.617	Net Balance with the NHS Board	9.816

NOTE 11: CONTINGENT LIABILITIES

A review of potential contingent liabilities has been undertaken for the IJB and none have been identified at 31 March 2023. This is consistent with the position at 31 March 2022.

NOTE 12: VAT

VAT payable is included as an expense only to the extent that it is not recoverable from H.M. Revenue and Customs. VAT receivable is excluded from income.

The VAT treatment of expenditure in the IJB's Financial Statements 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 and 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. Revenues 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.



SECTION 7

Independent Auditor's Report

Independent auditor's report to the members of East Ayrshire IJB and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of East Ayrshire Integration Joint Board for the year ended 31 March 2023 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 2022/23 (the 2022/23 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the East Ayrshire Integration Joint Board as at 31 March 2023 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 2022/23 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

I conducted my 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. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 3 April 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the Integration Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the East Ayrshire Integration Joint Board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I 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 I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the East Ayrshire Integration Joint Board 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 East Ayrshire Integration Joint Board's current or future financial sustainability. However, I report on the East Ayrshire Integration Joint

Board's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Interim Chief Finance Officer and Audit and Performance Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Interim 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 Interim 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 Interim Chief Finance Officer is responsible for assessing the East Ayrshire Integration Joint Board 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 East Ayrshire Integration Joint Board's operations.

The Audit and Performance Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My 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 my 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. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the East Ayrshire Integration Joint Board;
- inquiring of the Interim Chief Finance Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the East Ayrshire Integration Joint Board;
- inquiring of the Interim Chief Finance Officer concerning the East Ayrshire Integration Joint Board policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on 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 my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the East Ayrshire Integration Joint Board 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. This description forms part of my auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on audited parts of the Remuneration Report

I have audited the parts of the Remuneration Report described as audited. In my opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

The Interim Chief Finance Officer is responsible for the 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.

My 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 my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I 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 my 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 I am required to report by exception

I am required by the Accounts Commission to report to you if, in my 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
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my 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 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties. .

Fiona Mitchell-Knight

Fiona Mitchell Knight
Audit Director
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

11 October 2023



SECTION 8

Glossary of Terms

While the terminology used in this report is intended to be self-explanatory, it may be useful to provide additional definition and interpretation of the terms used.

Accounting Period

The period of time covered by the Accounts normally a period of twelve months commencing on 1 April each year. The end of the accounting period is the Balance Sheet date.

Accruals

The concept that income and expenditure are recognised as they are earned or incurred not as money is received or paid.

Balance Sheet

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

CIPFA

The Chartered Institute of Public Finance and Accountancy.

Consistency

The concept that the accounting treatment of like terms within an accounting period and from one period to the next is the same.

CNORIS

The Clinical Negligence and Other Risks Indemnity Scheme

COSLA

Convention of Scottish Local Authorities

Creditor

Amounts owed by the IJB for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

Debtor

Amount owed to the IJB for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

Entity

A body corporate, partnership, trust, unincorporated association or statutory body that is delivering a service or carrying on a trade or business with or without a view to profit. It should have a separate legal personality and is legally required to prepare its own single entity accounts.

IAS

International Accounting Standards

IFRS

International Financial Reporting Standards

ISA

International Standard on Auditing

ISD

Information Services Division Scotland

LASAAC

Local Authority (Scotland) Accounts Advisory Committee

Liability

A liability is where the IJB owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period e.g. creditors or cash overdrawn. A non-current liability is an amount which by arrangement is payable beyond the next year at some point in the future or will be paid off by an annual sum over a period of time.

NRAC

NHS Scotland Resource Allocation Committee (Scottish NHS resource allocation formula)

Post Balance Sheet Events

Post Balance Sheet events are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Annual Accounts are authorised for issue.

Provisions

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PSIAS

Public Sector Internal Audit Standards.

Related Parties

Bodies or individuals that have the potential to control or influence the IJB or to be controlled or influenced by the IJB. For the IJB's purposes, related parties are deemed to include voting members, the Chief Officer and their close family and household members.

Remuneration

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the monetary value of any other benefits received other than in cash.

Reserves

The accumulation of surpluses, deficits and appropriation over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the IJB.

Revenue Expenditure

The day-to-day expenses of providing services.

Significant Interest

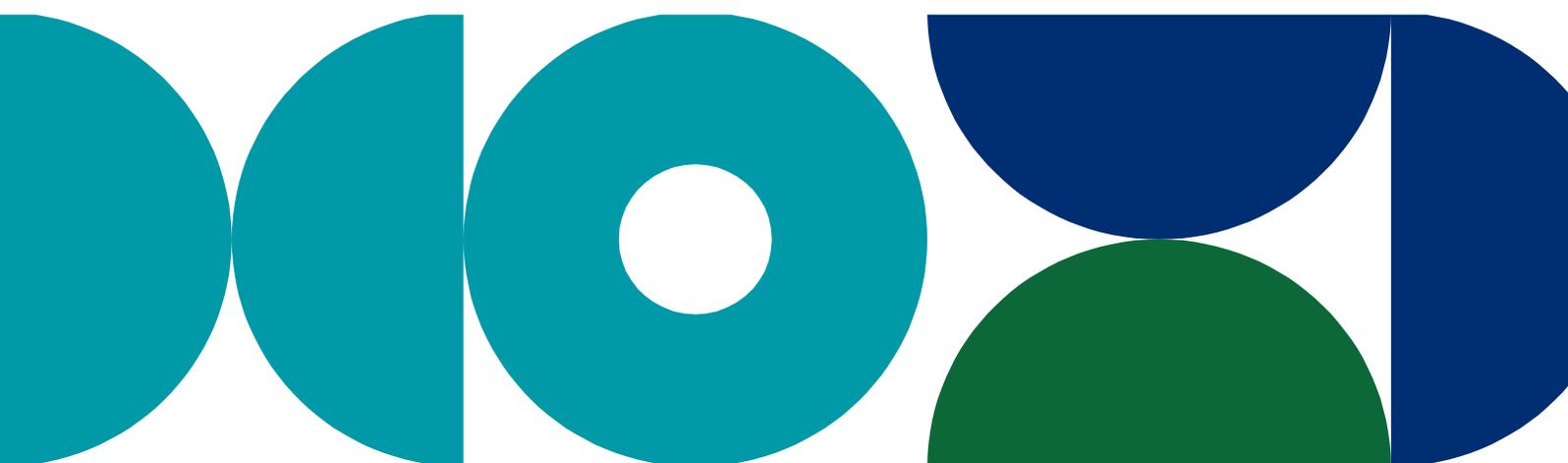
The reporting authority is actively involved and is influential in the direction of an entity through its participation in policy decisions.

SOLACE

Society of Local Authority Chief Executives.

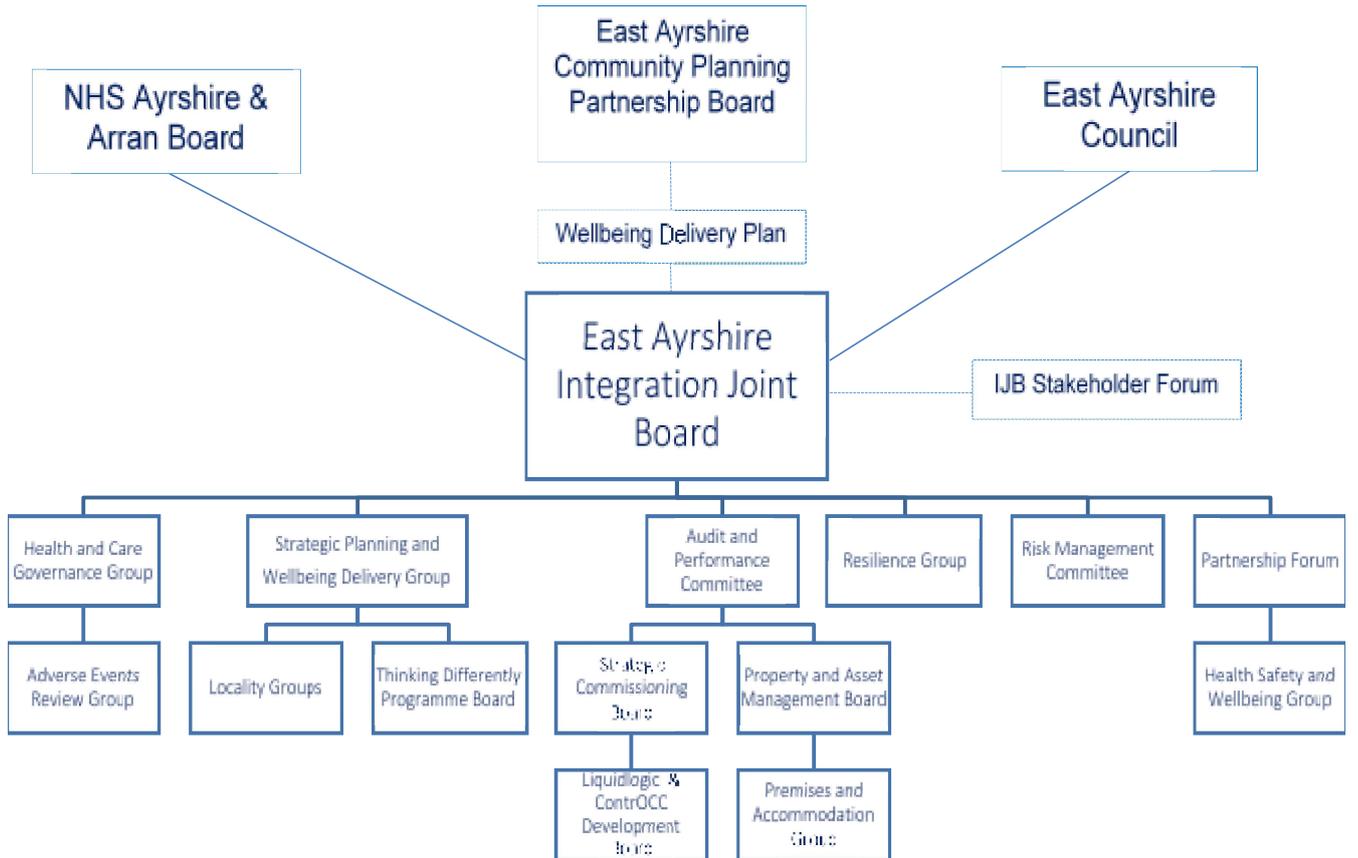
The Code

The Code of Practice on Local Authority Accounting in the United Kingdom.



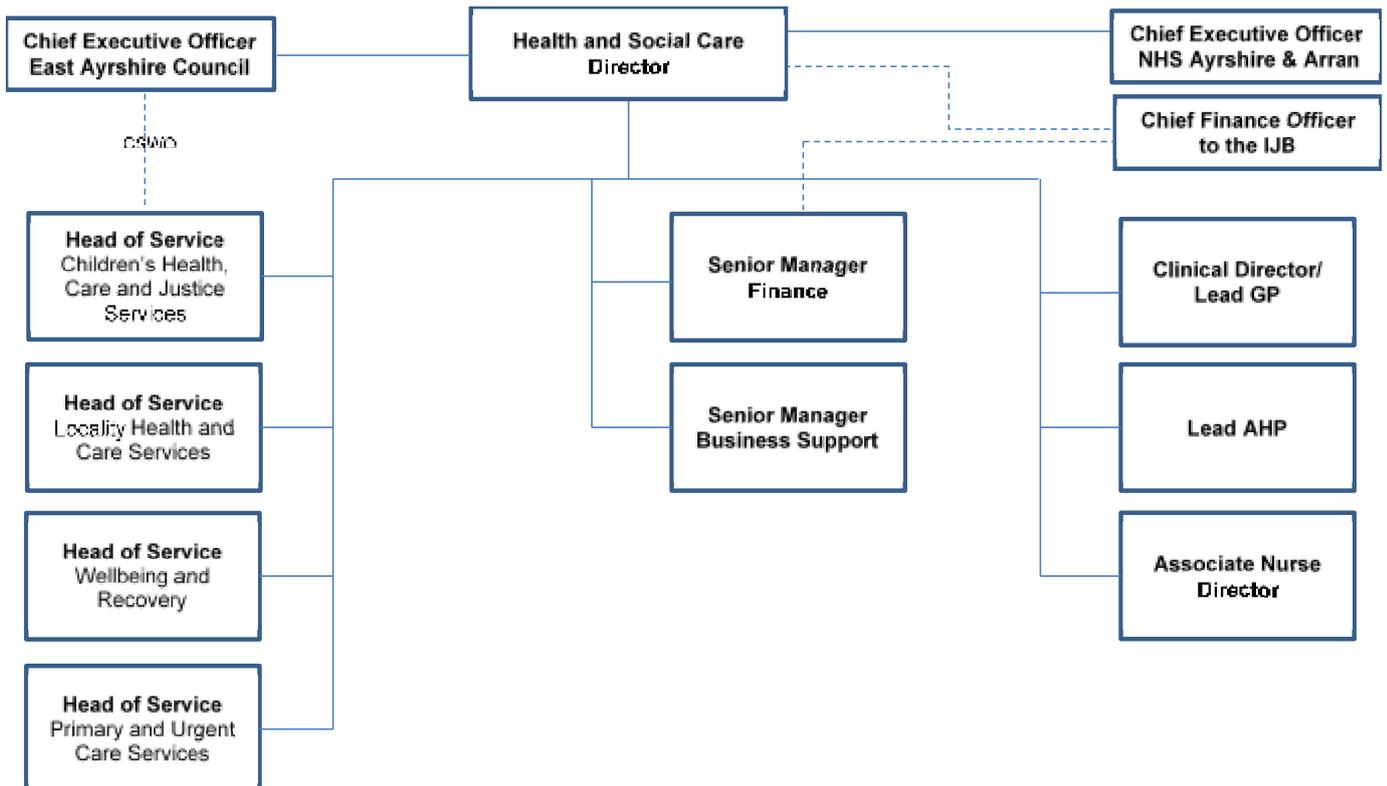
APPENDIX 1

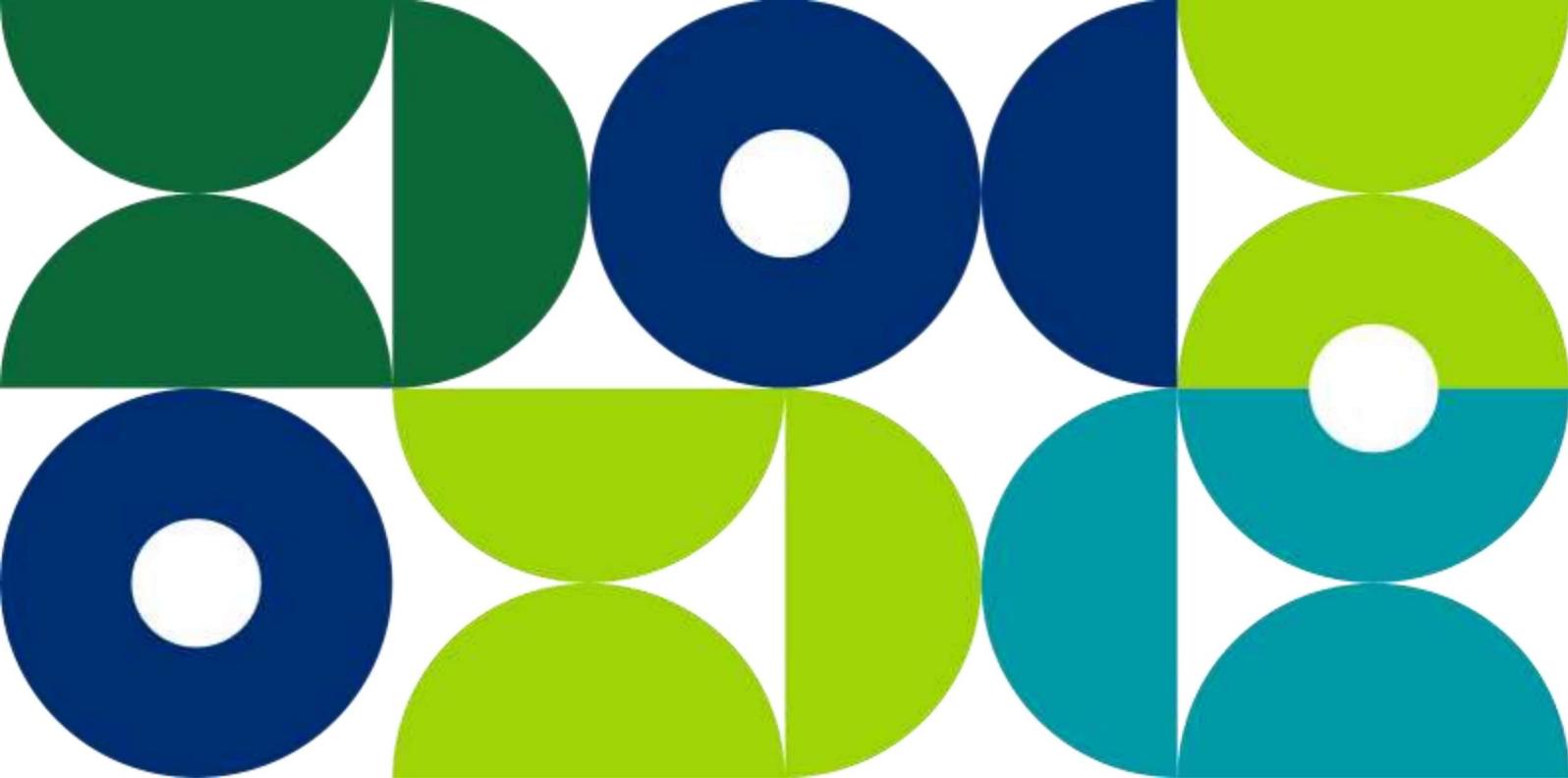
Governance and Decision Making Arrangements



APPENDIX 2

Partnership Management Structure





East Ayrshire Health and Social Care Partnership

The Johnnie Walker Bond
15 Strand Street
Kilmarnock KA1 1HU

01563 554400

HSCPAdmin@east-ayrshire.gov.uk