

EAST AYRSHIRE

Health & Social Care Partnership

Integration Joint Board Annual Accounts 2019/20

*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 2020.

The Management Commentary provides an overview of the key messages in relation to the IJB's financial planning and performance for the 2019/20 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. It should be noted that the external auditors are required to provide opinions on whether the Management Commentary complies with the statutory requirements and is consistent with the Financial Statements within the Annual Accounts.

CORONAVIRUS

The last quarter of 2019/20 saw a coronavirus pandemic spreading around the globe. The Scottish and UK governments imposed significant restrictions on movement of people which came into effect on 23 March 2020. This resulted in a shutdown of most economic activity, the closure of all schools, and colleges, suspension of health and social care non-essential services and NHS non-emergency procedures in order to safeguard communities, service users, patients and employees as far as possible. This also resulted in the requirement for employers to take steps to facilitate employees to work from home where possible with unprecedented levels of financial support being provided by the UK government. The Health and Social Care Partnership in conjunction with East Ayrshire Council and NHS Ayrshire & Arran reduced front line services to those deemed "mission critical" including keeping vulnerable people of all ages safe and providing personal health and care services to those in need.

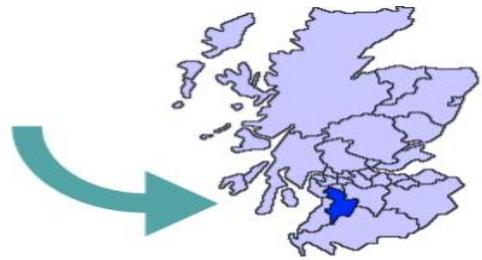
The crisis has not had a significant impact in the financial position for 2019/20 but is continuing and significant costs are being incurred by the Health and Social Care Partnership in dealing with the impact on individuals. Income streams have reduced or ceased and previously planned savings are unlikely to be fully achieved. Projected costs totalling £11.703m were included in the Mobilisation Plan return to the Scottish Government on 27 July 2020. To date, a sum of £1.311m has been provided to the IJB by the Scottish Government to offset social care costs. The final costs will depend upon the recovery timescale and whilst some additional resources have been provided, the Scottish Government has indicated that they are unable at this stage to confirm whether the financial impact can be fully underwritten. Given the essential nature of the services involved, this may therefore impact adversely on the financial outturn for 2020/21. Close monitoring of the position has been implemented through Covid-19 Mobilisation Plans and will continue. The 2020/21 budget was approved by the IJB on 25 March 2020 on a 'business as usual' basis and will be reviewed to mitigate in-year budget pressures and identify actions necessary to re-balance the budget.

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. The initial Integration Scheme between the two parent organisations was approved by Scottish Ministers 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.

Significant inequalities exist within and between our communities in East Ayrshire. The integration of health and social care provides an important framework to address health and wellbeing inequalities. The profile below displays key characteristics of the East Ayrshire population:

East Ayrshire covers an area of 490 square miles in South West Scotland spread over urban and rural communities.



Demography



Population 122,010

which accounts for 2.23% of Scotland's total population.

comprising



21,053 0 -15 year olds
17% of the population
(Scotland 17%)



76,005 16 - 64 year olds
63% of the population
(Scotland 64%)



24,952 people aged 65+
20% of the population
(Scotland 19%)

Population projection between 2018 and 2028



0 - 15 year olds
Down 7.5%
(Scotland, Down 6.0%)



16 - 64 year olds
Down 5.6%
(Scotland, Down 1.3%)



65 year olds and over
Up 15.3%
(Scotland, Up 19.3%)

Life Expectancy at birth

Males 76.8 years 
Females 80.4 years 

(Scotland, M - 77.7 years, F - 81.8 years)

Population projected to reduce by a further 1.7% (2,124 people) between 2018 and 2028.

Scotland, Up 1.8%

The changing demography over the next 10 years (fewer young people and more people aged 65+) will impact on the services and support required.

Deprivation

East Ayrshire has a 31% local share of the 20% most deprived SIMD quintiles (2020), the 7th highest across all Scottish local authorities. Deprivation can impact on mental and physical health, unemployment and social interaction and ultimately the support and services required.

SIMD 20: Number and percentage of East Ayrshire's 163 Datazones within 20% most deprived

Domain	Number	Percentage
All	51	31%
Income	47	29%
Employment	53	33%
Health	46	28%
Education	42	26%
Access	40	25%
Crime	37	23%
Housing	4	2%



Population income deprived 15.5%
(Scotland, 12.1%)

Working age population employment deprived 13.7%
(Scotland, 10.6%)

Young people, 0-25 years, living in the most income deprived quintile 31.8%
(Scotland, 21.8%)

Early Years

Early years is an important stage in life, as foundations for the future are established, determining the path into childhood and ultimately adulthood.



19.1% of mothers smoke during pregnancy
(Scotland, 14.9%)



24.7% of children have developmental concerns at 27-30 months
(Scotland, 18.3%)



19.4% of babies are exclusively breastfed at 6-8 weeks
(Scotland, 32.0%)



75.8% of children in Primary 1 are a healthy weight
(Scotland, 76.6%)

Harmful Behaviours

Persistently harmful behaviours can have a negative impact on both mental and physical health, finances and relationships.



20% of the population are current smokers
(Scotland, 19%)



Alcohol Related Hospital Admissions, 665.4 (per 100,000 population)
(Scotland, 669.1)



Drug Related Hospital Admissions, 326.8 (per 100,000 population)
(Scotland, 180.5)

Long Term Conditions

Having a long term health condition can impact on many aspects of life, including family relationships, the ability to work, accommodation needs and finances.



12% of the population self-assessed their health as Bad/Very bad
19% of the population self-assessed their health as Fair
68% of the population assessed their health as Good/Very good

22.1% of the population's daily activities are limited by long term health condition / disability
(Scotland, 19.6%)



25,320 people are prescribed drugs for anxiety/depression/psychosis
20.8% of the population



2,239 people are living with dementia in East Ayrshire

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 first Chair had been appointed for the first two years of the IJB from 2015 (until the Local Government Elections May 2017) and was succeeded by Councillor Douglas Reid as Chair at the IJB meeting on 14 June 2017 until 31st March 2019. Subsequently the IJB Chair and Vice Chair post holders will be appointed for a period, not exceeding three years and will alternate every three years between a Health Board and a Council representative.

The IJB at its meeting on 19 June 2019 formally approved the appointment of Mr. Michael Breen, NHS Ayrshire & Arran Non-executive Board Member as IJB Chair in succession to Councillor Douglas Reid. The IJB also approved the appointment of Councillor Douglas Reid as Vice Chair, both appointments being effective from 19 June 2019. The following table provides detail of voting members of the IJB at June 2019:

Voting Members	Representing
Mr. Michael Breen (Chair)	Non-executive Director – NHS Ayrshire & Arran
Councillor Douglas Reid (Vice Chair)	East Ayrshire Council
Ms. Hazel Borland	Nurse Director – NHS Ayrshire & Arran
Ms. Jean Ford	Non-executive Director – NHS Ayrshire & Arran
Ms. Lisa Tennant	Non-executive Director – NHS Ayrshire & Arran
Councillor John Herd	East Ayrshire Council
Councillor Ian Linton	East Ayrshire Council
Councillor John McGhee	East Ayrshire Council

The Director of Health and Social Care, Eddie Fraser 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, 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.

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.

<https://www.east-ayrshire.gov.uk/Resources/PDF/E/EAHSCP-Strategic-Plan-2018-21.pdf>

The Integration Scheme is intended to achieve National Health and Wellbeing Outcomes prescribed by Scottish Ministers in Regulations under section 5(1) of the Public Bodies (Joint Working) (Scotland) Act 2014. 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, therefore specific National Outcomes for Children and Criminal Justice are included.

Details of National Health and Wellbeing Outcomes across the various functions and services delegated to East Ayrshire IJB are outlined below:

National Outcomes for Children

Our children have the best start in life.

Our young people are successful learners, confident individuals, effective contributors and responsible citizens.

We have improved the life chances for children, young people and families at risk.

National Health and Wellbeing Outcomes

People are able to look after and improve their own health and wellbeing and live in good health for longer.

People, including those with disabilities, long term conditions, or who are frail, are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community.

People who use health and social care services have positive experiences of those services and have their dignity respected.

Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.

Health and social care services contribute to reducing health inequalities.

People who provide unpaid care are supported to look after their own health and wellbeing, including to reduce any negative impact of their caring role on their own health and wellbeing.

People who use health and social care services are safe from harm.

People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide.

Resources are used effectively and efficiently in the provision of health and social care services.

National Justice Outcomes

Community safety and public protection.

The reduction of reoffending.

Social inclusion to support desistance from offending.

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, a vision was developed for how the East Ayrshire IJB would operate in consultation with stakeholders. This vision has driven activity over the last five years and will continue to do so:

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

Through the Strategic Plan Annual Review process, the IJB has been able to recognise the increasingly challenging operational context further developed the Strategic Plan during 2018/19 to ensure a stronger focus on strategic commissioning for sustainable outcomes within a constrained resource envelope and further strengthen partnership working in Localities to deliver on priorities. The Strategic Plan 2018-21 centres on the 'triple aim' of better care, better health and better value and as such focuses on a smaller number of core themes:

Scaling up work on prevention and early intervention across all ages

Supporting new models of care

Building capacity in Primary and Community Care

Transformation and sustainability

The Workforce Plan 2018-21 has been developed in light of our ambitious plans, aims and objectives which centre on improving and sustaining wellbeing within our community and supporting people to live the healthiest lives possible. The Plan recognises the significant challenges that face health and social care, including drivers for change such as population change, the demographics of our workforce and financial uncertainty. The Plan identifies the need to look at new ways of working with prevention and enablement at the forefront of our work within the context of a need to transform service delivery. The Plan aims to support and develop a dynamic workforce which is experienced, skilled, motivated and adaptive and is confident to challenge traditional boundaries to look at innovative ways of delivering our services, ensuring that we have the right people with the right skills in the right place at the right time.

The importance of partners, including independent and third sector partners in delivering positive health and social care outcomes is fundamental to the Workforce Plan. The Plan is clear that health and social care integration encapsulates all partners and the wider workforce of the Third and Independent sector, independent contractors and providers, all of whom have a vital contribution to make to the wellbeing of East Ayrshire residents.

The Property and Asset Management Plan complements the Strategic Plan and the Workforce Plan and aims to support these through making best use of the estate that health and social care services use, to enhance provision of health and social care in local communities and to rationalise the estate for reinvestment in frontline services. Principles contained within the Property and Asset Management Plan cover people-centred design, transparent allocation of resources, strategic fit with the vision of supporting people at home, where possible, and managing assets in line with best value and the transformation programmes of partners. Ownership and operational responsibility for the property estate used by the Partnership is retained by East Ayrshire Council and NHS Ayrshire & Arran in line with the Integration Scheme.

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, IJB Members, operational

managers and is publically 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 publically 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 Audit and Performance Committee with a wide ranging remit, but with a particular focus on performance management and improvement.

The following table provides information on performance against national benchmarks in the Core Suite of Integration Indicators:

		East Ayrshire 2017/18	East Ayrshire 2015/16	Variance	Scotland 2017/18
Outcome Indicators					
NI1	Percentage of adults able to look after their health very well or quite well.	92%	94%	-2 PP	93%
NI2	Percentage of adults supported at home who agreed that they are supported to live as independently as possible.	80%	88%	-8 PP	81%
NI3	Percentage of adults supported at home who agreed that they had a say in how their help, care, or support was provided.	74%	80%	-6 PP	76%
NI4	Percentage of adults supported at home who agreed that their health and social care services seemed to be well co-ordinated.	74%	80%	-6 PP	74%
NI5	Percentage of adults receiving any care or support who rated it as excellent or good.	81%	85%	-4 PP	80%
NI6	Percentage of people with positive experience of the care provided by their GP practice.	76%	82%	-6 PP	83%
NI7	Percentage of adults supported at home who agree that their services and support had an impact on improving or maintaining their quality of life.	77%	86%	-9 PP	80%
NI8	Percentage of carers who feel supported to continue in their caring role.	36%	50%	-14 PP	37%
NI9	Percentage of adults supported at home who agreed they felt safe.	77%	88%	-11 PP	83%
		East Ayrshire 2019/20	East Ayrshire 2018/19	Variance	Scotland 2019/20
Data Indicators					
NI11	Premature mortality rate for people aged under 75 (per 100,000 population). *	Not available	482	N/A	426
NI12	Emergency admission rate for adults (per 100,000 population).	15,803	16,246	- 2.7%	12,602
NI13	Emergency bed day rate for adults (per 100,000 population).	111,796	120,198	- 7.0%	117,478
NI14	Emergency readmissions to hospital within 28 days of discharge (per 1,000	110	118	- 6.8%	104

	discharges).				
NI15	Proportion of last 6 months of life spent at home or in a community setting.	90%	89%	+ 1 PP	88.6%
NI16	Falls rate per 1,000 population aged 65+.	18	22	- 18.2%	22.7
NI17	Proportion of care services graded "good"(4) or better in Care Inspectorate inspections.	75%	65%	+ 10 PP	81.8%
NI18	Percentage of adults with long term care needs receiving care at home. *	Not available	69%	N/A	62.1%
NI19	Number of days people aged 75+ spend in hospital when they are ready to be discharged (per 1,000 population).	247	387	- 36.2%	793
NI20	Percentage of health and care resource spent on hospital stays where the patient was admitted in an emergency.	24%	27%	- 3 PP	23.2%

Please note:

- Data above extracted from 'Source' for most recent periods available.
- 2019/20 calendar year figures have been applied for Scotland indicators 11, 12, 13, 14, 15, 16 and 20 to eliminate the risk of comparing incomplete SMR01 data.
- 2019/20 updates for East Ayrshire were not available at the time of reporting for indicators 11 and 18.

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 in relation to the 'Data' indicators within the CSII over the last year is set out above. 2019/20 updates were not available for the 'Outcome' indicators (1-9) within the CSII (sourced from national Health and Care Experience Survey) due to Scottish Government staff redeployment for Covid-19 work.

East Ayrshire has achieved improved performance across the majority of 'Data' indicators within the CSII throughout 2019/20 in comparison to the previous year. Particular areas of significant improvement include: the number of days older people spend in hospital when ready to be discharged (36.2% reduction), the proportion of care services graded 'Good' (4) or better (10pp increase), emergency bed days for adults (7% decline) and the rate of falls for older people (4pp reduction).

Since January 2018, Partnerships have been working to local objectives and trajectories required by the Ministerial Strategic Group for Health and Community Care (MSG) for improvement in relation to six key indicators, aiming to provide a whole system overview of performance. Much of the MSG data refers to a range of activities coming under the umbrella of 'unscheduled care' - activities that support people to stay in their own homes, return to their own homes as quickly as possible when hospital treatment is needed and prevent related re-admission to hospital.

The table below displays East Ayrshire performance against national averages in relation to six Ministerial Strategic Group (MSG) Integration Indicators:

	East Ayrshire 2019/20	East Ayrshire 2018/19	Variance	Scotland 2019
MSG01 - Unscheduled Admissions (all ages) (rate per 1,000 total population)	146.4	149.2	- 1.9%	109.3
MSG02 - Occupied Bed Days Unscheduled Care (all ages, acute specialities) (rate per 1,000 total population)	772.6	787.2	- 1.9%	704.1
MSG03 - Emergency Department: compliance with the four-hour standard	86.2%	92.3%	- 6.1 PP	88.3%
MSG04 - Delayed Discharge Bed Days (including code 9s) (rate per 1,000 18+ population)	37.6	51.3	- 26.7%	119.6
MSG05 - End of Life Care – proportion of the last 6 months of life spent in community setting	89.6%	88.7%	+ 0.9%	88.8%
MSG06 - Balance of care: Percentage of population in community or institutional settings - Proportion of 65+ population living at home (supported and unsupported)	Not available	96.1%	N/A	96.0%

Please note:

- All Scotland figures above reflect the 2019/20 calendar year with the exception of MSG06 (financial year) due to data completeness issues across different areas.
- 2019/20 update for East Ayrshire MSG06 was not available at the time of reporting.

East Ayrshire IJB has recorded positive performance across the majority of core MSG indicators throughout 2019/20 in comparison to performance in the previous year, as highlighted in the table above. Rates of unscheduled admissions and unscheduled care occupied bed days declined by 1.9%, the proportion of last 6 months of life spent in community settings increased by 0.9% and the rate of delayed discharge bed days reduced significantly by 26.7%. Compliance with the four hour emergency department standard declined by 6.1 percentage points, indicating an area for improvement going forward.

Achievements - 2019/20

Improved performance has been recorded across various services throughout 2019/20, with the measures below displaying examples of achievements made within unscheduled care services, intermediate care services, older people services and children's services over this period.

Measure	2019/20	2018/19	Variance
Number of people aged 65+ resident in a care home	644 (March 2020)	670 (March 2019)	-3.9%
Percentage of older people aged 65 and over who live in housing rather than a care home or hospital setting	97.4%	97.2%	0.2 pp/
Number of bed days lost as a result of delayed discharge (all delays)	3,701	5,038	-26.5%
Percentage of patients who were readmitted to hospital within 28 days of initial discharge	11.3%	11.7%	- 0.4pp
Percentage of emergency attendances converted to unscheduled admissions	29.7%	29.9%	- 0.2pp
Number of Looked After Children Accommodated with three or more moves	137 (March 2020)	145 (March 2019)	-5.5%

A dedicated programme of support services for our older people and vulnerable residents enables them to live independently in their homes for longer and contributed to maintaining zero delayed discharges from hospital (against the national target). Discharging our residents to an appropriate community setting when they no longer require hospital treatment is a key focus.

Positive performance reflects the transformational change programme being taken forward through the Strategic Commissioning Board and through the Strategic Planning and Wellbeing Group. Transformation work includes the focus on early intervention and prevention, service re-design, new models of care and increased use of technology. Specific examples include:

- Review of 24 hour care services (reducing packages positively at a pace which aligns to the needs of service users and their families);
- Re-settling of people in supported accommodation new builds as part of the East Ayrshire Council Strategic Housing Investment Programme (e.g. Andrew Nisbet Place, Hurlford - opened October 2019);
- Reduced need for children's outwith authority placements, with increased support in place through foster care and kinship care;
- Intensive support to children and families including ongoing review of the Getting It Right For Every Child (GIRFEC) model in conjunction with delivery partners;
- Primary Care – returned GP practices in difficulty to GP managed contract;
- Increased multi-disciplinary working in GP Practices;
- Increased number of care packages commissioned through Self Directed Support Options 1-3 with more people supported to live independently;
- Thematic inspection of Self Directed Supports by the Care Inspectorate listed 4 'very goods' and 3 'goods' against the 7 performance indicators;
- The Front Door Service has been designed to replace the Social Work response to initial referrals and enquiries and develop this into a multidisciplinary single point of contact that spans all of Community Health and Care Services – 'right support in the right way at the right time';
- Ongoing programme of Best Value Service Reviews to facilitate continuous improvement and maximise efficiency;
- Successful implementation of the replacement Social Work information and management system (Liquid Logic) aligned to the associated Controcc finance module where progress towards full implementation is at an advanced stage;
- Ongoing implementation of care at home electronic scheduling and monitoring system (CM2000); and
- Establishment of revised Public Protection support arrangements.

Areas Identified for Improvement - 2019/20

The Partnership is committed to continuous improvement and performance frameworks are in place to support ongoing monitoring and reporting at a service level. The table below highlights examples of focussed areas which have been identified for improvement going forward within children's services, older people services, intermediate care services and human resources.

Measure	2019/20	2018/19	Variance
Number of sickness absence days per person (Local Authority)	1.26 (March 2020)	0.72 (March 2019)	0.54
Percentage of relevant workforce with active EAGER (East Ayrshire General Employee Review)	68% (March 2020)	91% (March 2019)	- 23pp
Percentage of patients who were readmitted to hospital within 7 days of initial discharge	5.4%	5.3%	0.1pp
Percentage of reports submitted to Scottish Children's Reporter Administration by the due date	66.9%	74.4%	- 7.5pp
Percentage of child protection re-registrations within 12 months	29.7%	18.1%	11.6pp
Percentage of personal carers qualified to Scottish Social Services Council standard	66.3%	69.9%	-3.6pp

Annual Performance Reports are normally published in July each year however Health and Social Care Partnerships are permitted to postpone the publication of 2019/20 Annual Performance Reports under para 8 of Schedule 6 to the Coronavirus (Scotland) Act (publication of reports). Following work undertaken through the national Strategic Commissioning and Improvement Network which included representation from the Scottish Government, guidance is emerging in relation to appropriate and pragmatic adjustments for 2019/20. The intention is to manage lack of availability of various operational and financial year-end data in some areas and recognise reduced organisational capacity for reporting, due to prioritisation of Covid-19, whilst maintaining the spirit of the legislation, enabling people who use health and social care services and local and national partners to monitor performance against national outcomes. Accordingly, the Partnership will publish a reduced Annual Performance Report for 2019/20 through the Audit and Performance Committee on 11 August 2020 and the IJB on 26 August 2020 and is available at Governance webpage:

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

FINANCIAL STATEMENTS 2019/20

The Financial Statements for 2019/20 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 2019/20

Financial information is part of the performance management framework with regular reporting of financial performance to the IJB and the IJB Audit and Performance Committee. This section provides a summary of the main elements of our financial performance for 2019/20.

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 2019/20 report approved by the IJB on 26 March 2019 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 Audit and Performance Committee on 16 April 2019 subsequently considered the detail of budget pressures and consequential efficiency savings requirements, taking account of risks around delivery of efficiencies and wider risks impacting on the IJB. The Annual Budget 2019/20 – Savings Proposals report was presented to the IJB on 8 May 2019 where savings proposals of £2.312m were approved in order to ensure that the IJB operates within the resource available by proactively addressing the funding challenges presented while at the same time delivering effective services to the residents of East Ayrshire.

The Approved Budget 2019/20 report outlined risks going forward into the financial year, particularly around service areas which will be impacted by demographic changes and pressures in areas such as children's outwith authority placements and GP practices in difficulty. The requirement to deliver additional cash releasing efficiency savings totalling £2.312m represented a financial risk against the backdrop of price and volume increases.

Over the course of the 2019/20 financial year the Partnership mitigated these risks through ongoing monitoring and review to ensure the impact on resources as a consequence of increased demand and other unplanned activity changes were outlined in Financial Management Reports to the IJB and the Audit and Performance Committee. This included reporting of progress against approved cash releasing efficiency savings.

Partnership services saw continued demand growth in 2019/20. This increased demand has been managed effectively through the IJB's transformational change programme being taken forward through the Strategic Commissioning Board. Work has been undertaken to mitigate the impact of demand and cost pressures through ongoing review of care and support packages and models of care to maximise efficiency, whilst ensuring that health and social care service users' needs continue to be met.

Expenditure for the 2019/20 financial year is £2.920m less than the directly managed services budget delegated to the IJB. This underspend reduces to £2.420m on a population basis when Lead Partnership net recharges are included. The £2.420m underspend is wholly offset by specific commitments in future years, including the earmarked balance of the East Ayrshire element of Primary Care Improvement Fund £0.168m and Mental Health Action 15 funding £0.059m carried-forward to 2020/21. This results in an overall balanced position for 2019/20.

East Ayrshire Council delegated additional funding to the IJB in 2017/18 to offset a £2.205m overspend on children's outwith authority placements. Under the terms of the Integration Scheme this additional funding is repayable by way of reduced delegated funding in future years. In both 2018/19 and 2019/20, the IJB baseline delegated budget has been adjusted by £0.250m with an

outstanding balance of £1.705m at 31 March 2020. A sum of £0.964m has been repaid to East Ayrshire Council in 2019/20, which along with the £0.250m adjustment to the 2020/21 baseline budget reduces the outstanding balance to £0.491m. It is anticipated that this balance will be repaid in full by 2022/23, in line with the anticipated five year repayment period.

The following table highlights financial performance by IJB Service Division on a directly managed services basis as well as a population basis (incorporating Lead Partnership / hosted services / Set Aside NRAC fair share adjustments). The 2018/19 figures have been adjusted to reflect revised Public Protection management arrangements, as well as mainlined Integration Care Fund projects:

Annual Estimate 2018/19 £m	Actual to 31/3/19 £m	Variance (Favourable) / Adverse £m	Service Division	Annual Estimate 2019/20 £m	Actual to 31/3/20 £m	Variance (Favourable) / Adverse £m
			Core Services			
20.166	20.387	0.221	Learning Disabilities	22.193	21.746	(0.447)
6.325	6.143	(0.182)	Mental Health	6.810	6.341	(0.469)
39.560	39.115	(0.445)	Older People	40.163	40.082	(0.081)
2.509	1.658	(0.851)	Physical Disabilities	2.762	2.289	(0.473)
0.185	0.167	(0.018)	Sensory	0.175	0.176	0.001
6.211	6.293	0.082	Service Strategy	7.175	6.695	(0.480)
0.470	0.470	0.000	Transport	0.473	0.473	0.000
0.283	0.283	0.000	Health Improvement	0.260	0.278	0.018
3.836	3.967	0.131	Community Nursing	3.906	4.350	0.444
26.493	26.493	0.000	Prescribing	27.696	27.696	0.000
15.481	15.404	(0.077)	General Medical Services	16.959	16.805	(0.154)
10.938	10.793	(0.145)	Allied Health Professions	11.379	11.258	(0.121)
0.635	0.696	0.061	Intermediate Care and Rehabilitation Teams	0.935	1.275	0.340
133.092	131.869	(1.223)		140.886	139.464	(1.422)
			Public Protection			
0.142	0.142	0.000	Adult Support and Protection	0.143	0.127	(0.016)
1.992	1.866	(0.126)	Alcohol and Drugs Support	2.051	1.953	(0.098)
0.114	0.109	(0.005)	Child Protection Committee	0.115	0.110	(0.005)
0.289	0.233	(0.056)	Learning and Development	0.286	0.198	(0.088)
2.537	2.350	(0.187)		2.595	2.388	(0.207)
			Non-District General Hospitals			
3.078	2.980	(0.098)	East Ayrshire Community Hospital	3.302	3.178	(0.124)
1.029	0.808	(0.221)	Kirklandside Hospital	1.258	0.815	(0.443)
4.107	3.788	(0.319)		4.560	3.993	(0.567)
			Lead Partnership Services			
0.258	0.258	0.000	Standby Services	0.276	0.258	(0.018)
77.742	77.746	0.004	Primary Care (incl. Dental)	78.394	77.503	(0.891)
3.069	2.959	(0.110)	Prison & Police Healthcare	3.217	3.075	(0.142)
1.424	1.424	0.000	War Pensioner	1.424	1.424	0.000

0.178	0.155	(0.023)	Other Lead Services	0.126	0.109	(0.017)
82.671	82.542	(0.129)		83.437	82.369	(1.068)
			Children's Health, Care and Justice Services			
17.650	17.123	(0.527)	Children & Families / Women's Services	17.990	17.741	(0.249)
4.891	5.059	0.168	Secure Accommodation / Outwith Placements	5.070	4.862	(0.208)
2.217	2.200	(0.017)	Justice Services	2.297	2.257	(0.040)
2.867	2.888	0.021	Health Visiting	3.303	3.180	(0.123)
27.625	27.270	(0.355)		28.660	28.040	(0.620)
250.032	247.819	(2.213)	DIRECTLY MANAGED SERVICES BUDGET	260.138	256.254	(3.884)
0.000	0.000	0.000	Underspend relating to EAC – surplus budget transferred to Council for partial repayment of 2017/18 additional delegated funding	(0.964)	0.000	0.964
250.032	247.819	(2.213)	DIRECTLY MANAGED SERVICES – TOTAL EXPENDITURE	259.174	256.254	(2.920)
0.000	0.611	0.611	Underspend relating to EAC – retained by IJB*	0.000	0.000	0.000
0.000	0.589	0.589	Underspend relating to NHS A & A – retained by IJB*	0.000	0.000	0.000
0.000	1.013	1.013	Underspend relating to EAC – earmarked by IJB	0.000	1.256	1.256
0.000	0.000	0.000	Underspend relating to NHS A & A – earmarked by IJB	0.000	0.925	0.925
250.032	250.032	0.000	DIRECTLY MANAGED SERVICES – NET EXPENDITURE	259.174	258.435	(0.739)
			Hosted Services adjustments			
(55.328)	(55.367)	(0.039)	Recharges out	(54.232)	(53.577)	0.655
15.872	15.573	(0.299)	Recharges in	16.399	16.256	(0.143)
(39.456)	(39.794)	(0.338)		(37.833)	(37.321)	0.512
0.000	0.001	0.001	Underspend relating to NHS A & A hosted services share – retained by IJB*	0.000	0.000	0.000
0.000	0.213	0.213	Underspend relating to NHS A & A Primary Care Improvement Fund – earmarked by IJB	0.000	0.168	0.168
0.000	0.124	0.124	Underspend relating to NHS A & A Mental Health Action 15 – earmarked by IJB	0.000	0.059	0.059
0.000	0.338	0.338		0.000	0.227	0.227
23.430	23.430	0.000	Set Aside	24.024	24.024	0.000
234.006	234.006	0.000	POPULATION BASIS – NET EXPENDITURE	245.365	245.365	0.000

* Earmarked within the IJB Reserve for transformational change purposes.

The final outturn position for 2019/20 highlights a balanced position for the Partnership after earmarking of funds. This is to be welcomed given the challenges associated with delivering efficiency savings, whilst managing increasing demand and cost pressures. Despite this overall balanced position, a number of services experienced budget pressures over the course of the 2019/20 financial year and these have been offset through both recurring and non-recurring savings. This includes staff turnover savings which are additional to budgeted savings in non-front line services. The main variances are summarised as follows:

Core Services

The overall underspend of £1.422m is largely offset by earmarking in respect of identified commitments totalling £1.256m. This includes Housing Revenue Account (HRA) funded client equipment and adaptations within Physical Disabilities services and adult care packages provision within Learning Disabilities Services. Within Service Strategy, specific Scottish Government funding allocations in respect of Free Personal Care (under 65s) – Mental Health Counselling and School Counselling have been earmarked for carry-forward to 2020/21. Historic budget pressures in Intermediate Care and Reablement services will be offset by funding earmarked for 2020/21 and 2021/22 in advance of a permanent funding solution which will be considered as part of the Directions work being piloted in Ayrshire in partnership with the Scottish Government.

The overspend in Community Nursing includes additional Adults with Incapacity (AWI) costs related to patients discharged from acute beds to nursing home beds, with additional externally commissioned care at home services costs being incurred within Older People's Services. Approved savings in day care services have been partially achieved in 2019/20. These additional costs are offset by additional staff turnover savings across core services, reduced staffing costs in care at home services and reduced residential and nursing care costs. A summary of all earmarked sums is included at note 9 Usable Reserves – General Fund within section 6 of the Annual Accounts.

The Integration Scheme outlines that whilst the Primary Care prescribing budget will be delegated to the IJB, prescribing will be managed by NHS Ayrshire & Arran across the three Ayrshire Health and Social Care Partnerships.

Public Protection

The £0.207m underspend on Public Protection is due to reduced staffing costs in Learning and Development, as well as the core Addictions budget due to staff turnover.

Non-District General Hospitals

The £0.567m underspend includes reduced costs of £0.443m on the Kirklandside Hospital retained budget and reflects the closure of the hospital site, including all continuing care beds. This underspend is after taking account of a transfer of resources to North Ayrshire IJB to fund the cost of continuing care beds at Woodland View. This is a temporary arrangement with community based care being the preferred model of care going forward. A saving of £0.108m has been approved in respect of a reduction of commissioned beds from ten to six. This saving reflects usage of the beds in 2019/20 and further work is to be undertaken with North Ayrshire IJB to finalise revised commissioning arrangements going forward.

The £0.124m underspend at East Ayrshire Community Hospital is primarily due to staffing savings. Following the temporary closure of a ward in 2018/19 and the subsequent movement of staff and patients, there has been much less reliance on supplementary staffing.

Children's Health, Care and Justice Services

The overall £0.620m underspend includes reduced secure accommodation costs of £0.219m, partially offset by a small overspend on outwith authority placement costs. The underspend on the Children and Families / Women's Services budget of £0.249m is largely due to staff turnover

savings, as well as reduced adoption and kinship care costs. These savings are partially offset by additional externally commissioned foster care costs.

There is a small underspend of £0.040m on Justice Services which is the net position after taking account of budgeted specific grant funding £2.630m. Full spend of the grant funding has been achieved over the course of the financial year.

The £0.123m underspend on Health Visiting is due to staff turnover.

Lead Partnership Services

Primary Care and Out of Hours Community Response Services

On behalf of all IJBs within the NHS Ayrshire & Arran area, East Ayrshire IJB acts as the Lead Partner for Primary Care and Out of Hours Community Response Services, 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.

There is an overall underspend of £1.068m on services managed under Lead Partnership arrangements by East Ayrshire IJB. The overall Primary Care Lead Partnership underspend of £0.891m includes the £0.400m pan-Ayrshire balance of the Primary Care Improvement Fund of which £0.233m is reallocated to North and South Ayrshire (£0.144m / £0.089m respectively). The final outturn variance is after taking account of additional costs totalling £0.439m within Primary Medical Services related to GP practices in difficulty which have handed back contracts. Negotiations have been concluded with these practices during 2019/20, with them returning to independent contractor status from 1 September 2019.

Ayrshire Urgent Care Services (AUCS) are underspent by £0.299m as a result of vacancies across the support teams, including drivers and call handlers, as well as Advance Nurse Practitioner vacancies and medical sessions not being filled.

Dental services continues to deliver services within its financial envelope and is underspent by £0.193m for 2019/20, mainly due to clinical and administration vacancies.

The North and South Ayrshire IJBs NRAC shares of the overall underspend on East Ayrshire managed services total £0.655m (North Ayrshire £0.377m, South Ayrshire £0.278m).

Prison and Police Healthcare

Prison and Police Healthcare was underspent by £0.142m in 2019/20, largely due to staffing savings from vacancies within the service.

North Ayrshire Hosted Services

In North Ayrshire Integration Joint Board, there is an overall underspend of £0.669m on Specialist Mental Health Services managed under Lead Partnership arrangements. The underspend includes the £0.274m Action 15 pan-Ayrshire underspend, of which £0.211m is reallocated to East and South Ayrshire (£0.059m / £0.152m respectively). In addition, there is reduced expenditure in a number of areas including Child and Adolescent Mental Health Services (CAMHS) and Adult Community Mental Health due to vacancies. Within Mental Health Pharmacy, there is reduced expenditure due to lower substitute prescribing costs. These reduced costs are partially offset by additional expenditure in adult inpatient services due to a delay in bed closures at Ailsa Hospital, as well as elderly inpatient services due to supplementary staffing costs. The East Ayrshire NRAC share of this underspend is £0.188m.

South Ayrshire Hosted Services

In South Ayrshire Integration Joint Board, there is an overall overspend of £0.135m on services managed under Lead Partnership arrangements. This is mainly due to additional Community Equipment Store costs, as well as additional Community Continence Service costs. The East Ayrshire NRAC share of this overspend is £0.045m.

The pan-Ayrshire Lead Partnership outturn position for 2019/20 results in additional costs of £0.512m for East Ayrshire IJB. This comprises the North and South NRAC shares of the East Ayrshire underspend totalling £0.655m plus the East Ayrshire share of the South Ayrshire overspend £0.045m. These costs are partially offset by the East Ayrshire share of the North Ayrshire underspend £0.188m. The following table provides a summary of NHS Lead Partnership / hosted services recharges for 2019/20:

	Annual Budget 2019/20 £m	Actual Expenditure 2019/20 £m	Variance 2019/20 £m
East Ayrshire hosted - income North Ayrshire	(30.088)	(29.711)	0.377
East Ayrshire hosted - income South Ayrshire	(24.144)	(23.866)	0.278
Recharges out	(54.232)	(53.577)	0.655
North Ayrshire hosted - contribution East Ayrshire	15.957	15.769	(0.188)
South Ayrshire hosted - contribution East Ayrshire	0.442	0.487	0.045
Recharges in	16.399	16.256	(0.143)
Lead Partnership / hosted services	(37.833)	(37.321)	0.512

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. The budget delegated by NHS Ayrshire & Arran to the IJB for 2019/20 includes the Set Aside Resource of £24.024m. This budget represents the cost of six specialties (Accident and Emergency, General Medicine, Geriatric Medicine, Rehabilitation Medicine, Respiratory Medicine and GP other than Obstetrics) and is focussed on unscheduled activity. The budget is based upon Information Services Scotland (ISD) data for 2018/19. This Set Aside allocation highlights that East Ayrshire's use of the resource was below the NRAC 'fair share' of £26.161m by £2.137m as follows:

	Set Aside 2019/20 £m	NRAC 2019/20 %	NRAC Budget Share 2019/20 £m	Over / (Under) NRAC Fair Share £m
East Ayrshire	24.024	32.4	26.161	(2.137)
North Ayrshire	31.807	36.9	29.726	2.081
South Ayrshire	24.884	30.7	24.828	0.056
Total	80.715	100.0	80.715	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 Partnership Management Team with the support of the Integration Joint Board has worked throughout 2019/20 to manage and monitor the

budget and service implications through strong financial governance.

The Financial Statements 2019/20 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 2020.

FINANCIAL OUTLOOK, RISKS AND PLANS FOR THE FUTURE

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.

For 2020/21 and going forward, there are a number of continued financial risks related to both Council and NHS commissioned services. Price inflation has been applied only to the base estimate where there is a specific contractual requirement. It follows that price increases not recognised in the budget will require to be accommodated by way of greater efficiency or new ways of working. Further risks include pressures in service areas which will be impacted by demographic changes, continuing demand for high cost children's outwith placements, adult care packages and mental health and addictions services, as well as implementation of new legislation and potential costs arising from specific pressures such as GP practices in difficulty. The balance of delivering cash releasing efficiency savings whilst managing increasing demand represents financial and operational risk which the IJB and its officers will require to manage throughout the year.

Going forward, unscheduled care and expectations around Set Aside, as well as Council and Health Board financial challenges remain risk areas for the IJB. The impact of decisions taken by the other Ayrshire IJBs and legislative requirements including Safe Staffing, the Scottish Living Wage and fixed funding allocations (including Primary Care Improvement Fund and Mental Health Action 15) are other areas where risks have been identified and will require to be managed.

The continued economic uncertainty around the UK's exit from the EU represents an additional risk to the IJB and the wider public sector. Both partner bodies have established EU withdrawal groups with the Partnership is represented on these groups, which have reviewed business continuity and resilience plans, focussing on key areas including workforce, medicines and the supply chain. Both groups consider all advice from UK and Scottish Governments.

The Covid-19 pandemic has had a fundamental impact on the provision of services, resource deployment, financial performance and resources available. Like every other organisation, East Ayrshire Health and Social Care Partnership entered the lockdown phase of the Covid-19 mitigation by partially closing offices and suspending, on a temporary basis, some services delivered in order to safeguard employees, patients and service users. At the same time business continuity plans were activated, ensuring provision of critical health and social care services and assistance for the most vulnerable. The IJB approved the use of emergency powers arrangements to provide timeous and focussed decision making. Detailed Mobilisation Plans, focussing on bed flow initiatives to ensure acute hospital beds were available to cope with the anticipated surge in Covid-19 patients have been developed, with the IJB's Covid Planning Group meeting regularly to consider and refine Plans in response to the developing situation.

The Partnership, alongside NHS Ayrshire & Arran and East Ayrshire Council, continues to gather details around additional costs and loss of income. The temporary suspension of day care services and reduced care at home social care provision has resulted in the temporary waiving of charges for these services. Costs are being incurred to maintain appropriate levels of personal protection equipment (PPE), provide additional capacity including support to GP practices / hub arrangements, support service provider sustainability and a wide range of other pressures. Within East Ayrshire, there has been a significant increase in Scottish Welfare Fund awards for individuals and families who are experiencing financial difficulties.

The 2020/21 budget was approved by the IJB on 25 March 2020 on a 'business as usual' basis and will be reviewed to mitigate in-year budget pressures and identify actions necessary to re-balance the budget. The need for self-isolation, social distancing and other work restrictions will impact on the property and asset management programme and will undoubtedly require further significant investment in informational technology applications and equipment. There is an expectation that all additional costs attributable to Covid-19 will be fully funded however, the Scottish Government has indicated that it is unable to confirm if the financial impact will be fully underwritten.

It is clear that the impact of Covid-19 will last well beyond the next few months and there will be a focus on resolving budget issues, reviewing and reshaping financial plans and quantifying the financial requirements of the IJB's recovery and renewal. Additional demand arising from the social and economic dislocation associated with the lockdown from March 2020 represents a risk for the IJB. In addition, there is an expectation of significant demand in the recovery and renewal phase from a combination of factors, including deferred presentation, safeguarding and protection, and physical and emotional wellbeing. The national impact of Covid-19 going forward represents the real potential for a deep recession and an extended period of fiscal restraint and represents a significant risk for the IJB and the wider economy.

Prior to the Covid-19 pandemic, the UK government had signalled its intention to pursue continuous reductions in public sector expenditure over the medium term. Funding available to the Scottish Government will likely reduce in real terms and consequently funding available to Councils and Health Boards is also anticipated to reduce. At the same time, demand for health and social care services, legislative changes and user expectations of service access, quality and performance continue to increase.

The anticipated continued reduction in funding aligned with the demographic challenges which East Ayrshire is facing, results in key risks. The Partnership Management Team (PMT) recognise the importance of a formal system of risk management and the evaluation of corporate and strategic risks. PMT 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. These key risks can be summarised as follows:

- Socio-economic and health inequalities prevalent in East Ayrshire;
- Increased demand for services alongside reducing resources;
- The continued impact of Welfare Reform on the residents of East Ayrshire;
- The wider financial environment which continues to be challenging;
- Political uncertainty including the impact of the EU withdrawal, as well as the financial powers arising from the Scotland Act 2012 and recommendations arising from the Smith Commission; and
- The impact of Covid-19.

The initial Medium Term Financial Plan (MTFP) 2017/18 – 2021/22 was formally approved by the IJB on 30 November 2017. Based on analysis, projections and underlying assumptions around future funding, cost and volume pressures, risks and uncertainties, an indicative funding gap for the Partnership of £37.881m was identified over the lifetime of the plan. This gap reduced to £23.389m when prescribing pressures were excluded (NHS Ayrshire & Arran retain responsibility for prescribing under the terms of the Integration Scheme). The indicative funding gap was presented on a directly managed services basis, including services managed by the Partnership under pan-Ayrshire Lead Partnership arrangements.

An update to the MTFP was approved by the IJB on 25 March 2020. This report highlights an anticipated improved position over the lifetime of the plan with the indicative budget gap reducing from £23.389m to £10.400m due to a combination of less than anticipated cost and demand pressures £1.458m and additional funding £11.531m. The additional funding reflects Scottish

Government funding uplifts against the previous assumption that 'flat cash' allocations would be delegated to the IJB over the lifetime of the Plan. In addition, new service delivery models such as the 'Front Door – Transforming Demand for Services' review has allowed additional demand to be effectively managed. It is however important to note that this update to the Plan makes no provision for the potential impact of the Covid-19 pandemic. Looking forward, as part of the IJB fiscal and strategic planning framework, a comprehensive review of the Medium Term Financial Plan will be undertaken in 2021 to align with the updated Strategic Plan 2021-24.

This alignment of strategic planning and budgeting is a key element of the IJB's response to the challenges, risks and uncertainty going forward. 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.

The Strategic Plan 2018-21 centres on the 'triple aim' of better care, better health and better value. The Plan focusses activity on a small number of core themes:

- Scaling up work on prevention and early intervention across all ages;
- Supporting new models of care;
- Building capacity in Primary and Community Care; and
- Transformation and Sustainability.

New Models of Care Strategic Commissioning Intentions sets out plans for more integrated, multi-disciplinary working in localities for older people and people with complex needs and long-term conditions.

The financial framework incorporated into the Plan highlights the challenge facing public bodies and the implications of this for the IJB. This has been further detailed in the Medium Term Financial Plan and links with Transformation and Sustainability and the potential impact of the Commissioning Intentions in 'closing the gap' with appropriate agreement on mechanisms for resource release, invest to save programmes and joint planning in relation to the Set Aside budget.

Key enablers to the delivery of strategic planning priorities are:

- Workforce planning;
- Information communication technology;
- Property and asset management;
- 'Thinking differently';
- Housing contribution; and
- Leadership and improvement.

In reviewing outcomes and activity, partners are required to have due regard to integration delivery principles and to national health and wellbeing outcomes, together with national outcomes for children, young people and justice.

Within East Ayrshire, there has been sustained effort in maximising all opportunities to make savings which minimise impact for front line service delivery and staff. Looking forward, it becomes increasingly challenging to identify savings without any impact on either service delivery or staffing levels. There has already been significant progress in transforming services and managing additional demand. The Partnership has established the Strategic Commissioning Board 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 2018-21 within delegated resources. 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 Strategic Commissioning Board. During 2020/21 and going forward, this Board will continue to drive the delivery of transformational change at the required scale and pace. Transformational change proposals will be taken forward through the Board and these proposals will require to include the following with an agreed timescale for implementation:

- Fundamental reconfiguration of services to ensure sustainable service delivery within delegated budgets.
- Match resources to activity.
- Phased implementation of priorities.

The Strategic Commissioning Board approved the Service Review Programme 2019-22 on 24 September 2019. The Service Review Programme fits with the aim of the transformation strategies of the Parties to the Integration Scheme in 'Caring for Ayrshire' and in empowering communities to care without unnecessary public sector intervention. The Programme also aligns with reducing existing demand through prioritisation, prevention, early intervention, new ways of working and realising the benefits of integration.

Caring for East Ayrshire is the partnership approach to delivering and supporting the Caring for Ayrshire ten year programme. East Ayrshire IJB's implementation of Caring for Ayrshire is focused across five locality areas. 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.

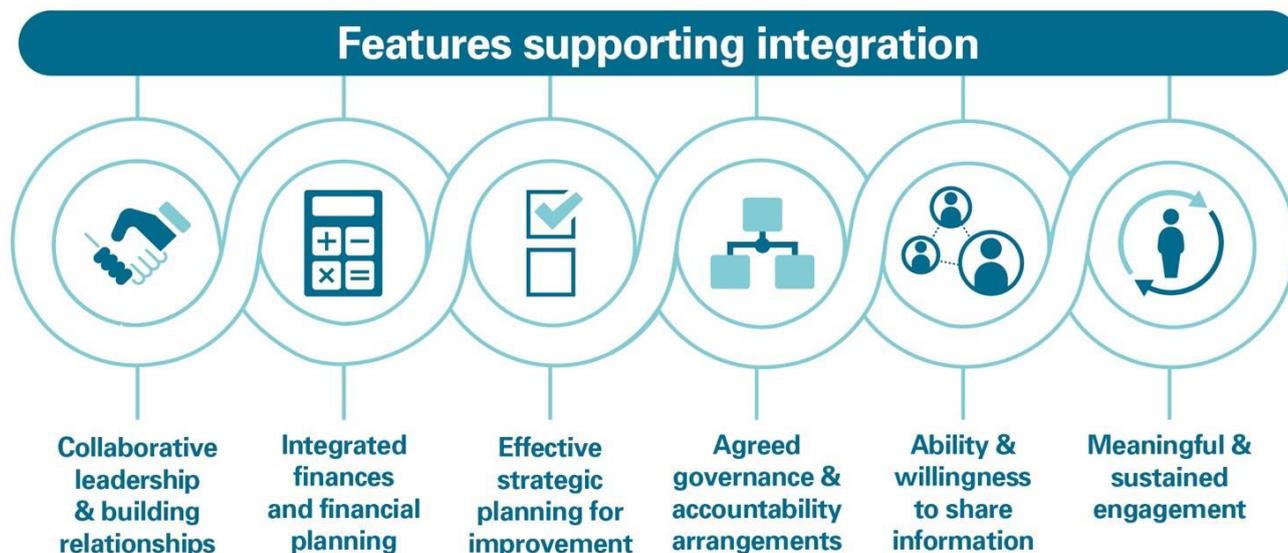
The IJB's approach to prioritisation will continue to draw on good practice such as cost benefit analysis, social return on investment and programme budgeting / marginal analysis. This work will inform investment and disinvestment decisions. This approach will apply to the totality of delegated resources within IJBs including Set Aside hospital resources where the IJB has a key planning role.

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 at a locality level 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 2021-24 and future commissioning intentions.

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.

In February 2019, the Ministerial Strategic Group (MSG) for Health and Community Care published its Review of Progress with Integration of Health and Social Care report. This report sets out proposals to achieve improved outcomes for people using health and social care services with a timescale for implementation during 2019/20. The MSG recognised that the Audit Scotland report published in November 2018 provides evidence for changes that are needed to deliver integration well, and notes the various challenges outlined within the report. Within a broad context of focussing on improved outcomes for people who use health and social care services, the MSG report sets out

proposals, as opposed to recommendations, under six key themes taken from the Audit Scotland report:



Following consideration by the APC on 25 April 2019 and endorsement by the IJB on 8 May 2019, the self-evaluation in relation to the six key themes was submitted to the Scottish Government. The self-evaluation was also presented to the East Ayrshire Council Governance and Scrutiny Committee on 25 April 2019 and the NHS Ayrshire & Arran Performance Governance Committee on 7 May 2019.

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 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. There have been a high number of unfunded beds in use to meet demands and 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.

A national Finance Development Group has been established to support implementation of the financial aspects of health and social care integration legislation and associated guidance. It is recognised that 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. Pan-Ayrshire workshops have been held with representatives from the Scottish Government to take forward a national pilot project on 'fair share'

commissioning through the use of Directions, with updated statutory guidance on Directions from Integration Authorities to Health Boards and Local Authorities issued by the Scottish Government in January 2020. The national pilot will ensure that delegated hospital budgets and Set Aside budget requirements will be fully implemented. The MSG Report of February 2019 set this out as a key proposal under integrated finances and financial planning requirements.

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 2019/20 financial year. The IJB has successfully overseen the delivery of all core services 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 cash releasing efficiencies. The IJB's financial position at 31 March 2020 highlights an underspend of £2.420m on the total delegated budget for the year. This balance has been wholly earmarked for specific commitments in future years, with no requirement for additional funding from parent organisations to achieve financial balance. This 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 and the requirement to deliver cash releasing efficiency savings.

There are a number of ongoing risks, pressures and uncertainties impacting on the IJB at present and going forward, most notably the ongoing and future impact of the Covid-19 pandemic. As outlined in the preceding Financial Risks, Outlook and Plans for the Future section, there are a number of key initiatives ongoing to facilitate transformational change, all of which are part of the strategy required to ensure the IJB remains financially sustainable over the medium 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 over the longer term 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 2020.

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.

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Eddie Fraser
 Chief Officer
 26 August 2020

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Michael Breen
 Chair of the IJB
 26 August 2020

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Craig McArthur CPFA
 Chief Finance Officer
 26 August 2020

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 26 August 2020.

Signed on behalf of East Ayrshire Integration Joint Board.

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Michael Breen
Chair of the IJB
26 August 2020

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 2020 and the transactions for the year then ended.

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Craig McArthur CPFA
Chief Finance Officer
26 August 2020

SECTION 3: ANNUAL GOVERNANCE STATEMENT

The Annual Governance Statement explains how East Ayrshire IJB complies with the Code of Corporate Governance and meets the requirements of the CIPFA / SOLACE Framework 'Delivering Good Governance in Local Government 2016' and the 'Code of Practice for Local Authority Accounting in the UK: A Statement of Recommended Practice', in relation to the Statement on the System of Internal Financial Control. 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.

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 the 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 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 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 2019/20 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 IJB Strategic Plan 2018-21 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 initial Strategic Plan 2015-18 was approved by the IJB at its inaugural meeting on 2 April 2015 with the updated Strategic Plan 2018-21 approved by the IJB on 26 April 2018. 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 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 to consider all matters in relation to internal and external audit, financial management, risk management and performance. The Audit and Performance Committee met six times during 2019/20.
- 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
 - Audit and Performance Committee
 - Strategic Commissioning Board reporting to Audit and Performance Committee
 - Health and Care Governance Group
 - Adverse Events / Significant Occurrence Group
 - Partnership Forum (sub group Health Safety and Wellbeing Group)
 - Risk Management Committee
 - Resilience and Civil Contingencies
 - Management and Information Systems 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 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.

The Partnership Management 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.

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 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 financial management arrangements comply with the requirements of 'The Role of the Chief Financial Officer in Local Government (CIPFA 2016)'. The IJB's 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 2013, 2016 and 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 Audit and Performance Committee (APC) acts as the IJB's audit committee and operates in accordance with 'Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA 2nd edition 2018)'.

The risk based annual programme of IJB internal audit work is approved by the IJB APC. The annual programme of work for 2019/20 was approved by the IJB APC on 11 June 2019. The IJB Internal Audit Annual Report 2019/20 was presented to the IJB APC on 11 August 2020.

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. 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.

The Chief Internal Auditor prepares an annual report to the Audit and Performance Committee 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 opinion is usually based on work carried out during the year. Due to timing issues and the impact of Covid-19, the opinion for 2019/20, as discussed with external audit, is based on work carried out in 2019/20 and previous years. The assurance expressed in the annual opinion can never be absolute. The most that Internal Audit can provide in the annual opinion is reasonable assurance.

On the basis of internal audit work completed in 2019/20, 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 2019/20 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 2020. 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, as well as our witnessing of the IJB's robust response to the challenges of Covid-19 especially in terms of risk assessment and governance.

It should be noted that the work on which the annual opinion is based was carried out prior to national and local arrangements put in place for Covid-19. These arrangements create challenges for all control environments in all organisations where tried and tested controls may no longer be effective or

appropriate. The Chief Auditor notes that she firmly believes on the basis of year on year work that the East Ayrshire IJB is well placed to successfully overcome these challenges.

ACTION PLAN

Over the course of 2019/20, governance and reporting arrangements have included Locality Groups reporting to the Strategic Planning and Wellbeing Group, the Strategic Commissioning Board reporting to the Audit and Performance Committee and Adverse Events / Significant Occurrence Group reporting to the Health and Social Care Governance Group.

Deloitte identified a single recommendation for improvement in the 2018/19 external audit report (ISA 260). This recommendation was for the IJB to continue to improve the detail and quality of its Annual Report, including:

- Revising the layout and structure of the information presented in the annual report to be more user-friendly;
- Tailoring the level of information disclosed and the removal of any information which does not add value or aid the understanding of the user of the annual report; and
- Providing information relevant to the current financial year and ensure all comparative information is disclosed where applicable.

This recommendation has been fully considered in the production of the 2019/20 Annual Accounts, and in terms of continuous improvement will remain under ongoing review.

Deloitte's interim report to the Audit and Performance Committee on 11 June 2019 on the audit for the year ended 31 March 2019 had identified six recommendations for improvement, which have been acted upon in 2019/20. These recommendations included the publication of actual, as well as projected expenditure and income within Financial Management Reports to the IJB, as well as an update to the Medium Term Financial Plan with improved links between strategic planning priorities, budgets and outcomes and a periodic review of governance documents.

The Medium Term Financial Plan update was approved by the IJB on 25 March 2020. A comprehensive review of the Medium Term Financial Plan is to be undertaken during 2021 and will take account of issues set out in the Scottish Government Health and Social Care Medium Term Financial Framework published in October 2018. At a local level, the Medium Term Financial Plan will continue to underpin delivery of the revised Strategic Plan and will seek to ensure improved links between budgets and outcomes.

The IJB Governance Update was approved by the IJB on 27 November 2019. This provided an update on governance arrangements in respect of Standards Commission for Scotland for the advice note on members' responsibilities under the ethical standards framework, as well as membership of the Audit and Performance Committee and review and approval of revised Governance Committees Terms of Reference. In addition, the revised Finance Regulations and Reserve Strategy were approved by the IJB on 25 March 2020.

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 include pressures in service areas which will be impacted by demographic changes, as well as implementation of new legislation and potential costs arising from specific budget pressures. The balance of delivering cash releasing efficiency savings whilst managing increasing demand represents financial and operational risk which the IJB and its officers will require to manage going forward. The continued economic uncertainty following the June 2016 EU referendum represents a further risk to the IJB going forward into future financial years.

Notwithstanding the potential impact of BREXIT, it is clear that the impact of Covid-19 is the key risk for the IJB and the wider economy both at the present time and going forward. The IJB will require to

consider and resolve budget issues, review and reshape financial plans and quantify the financial requirements of recovery and renewal against the backdrop of these new national financial pressures. The national impact of Covid-19 going forward represents the real potential for a deep recession and a significant period of fiscal restraint and requires to be considered in terms of both medium term and longer term financial planning.

The Financial Risks, Outlook and Plans for the Future section of the Management Commentary also highlights key initiatives ongoing to facilitate transformational change, all of which are part of the strategy required to ensure the IJB remains financially sustainable over the medium term.

Operationally, work continued during 2019/20 on the delivery of the IJB's transformational change programme in support of integration and the Strategic Plan. These programmes focus on, and will continue to focus on, early intervention and prevention, harm reduction, delivery of health and care services which enables choice, supports independent living and shifts the balance of care from hospital to community based settings where appropriate.

The transformational change programme consists of a range of activities across the entirety of the business of the IJB which are delivered in support of the Strategic Plan. The Strategic Commissioning Board, jointly chaired by the Chief Officer and Chief Finance Officer has oversight of the delivery of these programmes, the key aims of which are to:

- Deliver transformational change in health and social care services in East Ayrshire in line with the IJB's vision as outlined within the Strategic Plan and with National Health and Wellbeing Outcomes;
- Monitor and evaluate the short, medium and long term impacts of the transformational change programme;
- Monitor progress against cash releasing efficiency savings through the transformational change programme; and
- Engage with stakeholders and promote innovation within and beyond East Ayrshire Health and Social Care Partnership.

ASSURANCE

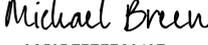
While recognising the improvements that are required, as detailed above, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the IJB's governance arrangements.

Subject to the above, and on the basis of the assurance provided, we consider the governance and internal control environment operating during 2019/20 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.

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 Eddie Fraser
 Chief Officer
 26 August 2020

DocuSigned by:

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 Michael Breen
 Chair of the IJB
 26 August 2020

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. The previous Chair had been appointed following the Local Government Elections in May 2017 and was succeeded by the current Chair at the IJB meeting on 19 June 2019. Nomination of the IJB Chair and Vice Chair post holders will alternate every three years between a Health Board and a Council representative.

The IJB does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the IJB. The IJB does not reimburse the relevant partner organisations for any voting 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 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 Chief Finance Officer (Craig McArthur) 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 2018/19 £m	Name and Post Title	Salary, Fees and Allowances £m	Taxable Expenses £m	Total Remuneration 2019/20 £m
0.112	Eddie Fraser - Chief Officer	0.115	0.000	0.115

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 2019 £m	In-year Pension Contributions to 31 March 2020 £m	Accrued Pension Benefits as at 31 March 2019 £m	Difference from 31 March 2019 £m	Accrued Pension Benefits as at 31 March 2020 £m
Eddie Fraser - Chief Officer	0.022	0.022	Pension 0.050 Lump Sum 0.089	Pension 0.004 Lump Sum 0.003	Pension 0.054 Lump Sum 0.092

DISCLOSURE BY PAY BANDS

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

Number of Employees in Band 2018/19	Remuneration Band	Number of Employees in Band 2019/20
1	£110,000 - £114,999	0
0	£115,000 - £119,999	1

EXIT PACKAGES

There were no exit packages during 2019/20 (as in 2018/19).

Signed on behalf of East Ayrshire Integration Joint Board.

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Eddie Fraser
 Chief Officer
 26 August 2020

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Michael Breen
 Chair of the IJB
 26 August 2020

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 2018/19 £m	Gross Income 2018/19 £m	Net Expenditure 2018/19 £m		Gross Expenditure 2019/20 £m	Gross Income 2019/20 £m	Net Expenditure 2019/20 £m
148.990	(2.072)	146.918	Core Services	157.858	(2.266)	155.592
2.350	0.000	2.350	Public Protection	2.388	0.000	2.388
3.788	0.000	3.788	Non District General Hospitals	3.993	0.000	3.993
27.273	(0.003)	27.270	Children's Health, Care and Justice Services	28.176	(0.004)	28.172
27.699	0.000	27.699	Lead Partnership Services	28.788	0.000	28.788
23.430	0.000	23.430	Set Aside	24.024	0.000	24.024
233.530	(2.075)	231.455	Cost of Services	245.227	(2.270)	242.957
0.000	(77.392)	(77.392)	East Ayrshire Council funding (notes 5,6 and 10)	0.000	(80.746)	(80.746)
0.000	(156.197)	(156.197)	NHS Ayrshire & Arran funding (notes 5,6 and 10)	0.000	(164.254)	(164.254)
0.000	(233.589)	(233.589)	Taxation and Non-Specific Grant Income	0.000	(245.000)	(245.000)
233.530	(235.664)	(2.134)	(Surplus) / Deficit on provision of services	245.227	(247.270)	(2.043)

The table presented within the Financial Performance section of the Management Commentary at Section 1 of the Annual Accounts provides a more detailed analysis of expenditure relating to directly managed services which is consistent with Financial Management Reports to the IJB over the course of 2019/20. The net expenditure of £256.254m highlighted is greater than the £242.957m net cost of provision of services outlined in the Comprehensive Income and Expenditure Statement. The following table highlights the variance between these figures and is represented by the following:

- Lead Partnership income from North and South Ayrshire IJBs for their shares of Primary Care and Out of Hours Services (etc.).
- Lead Partnership contributions to North and South Ayrshire IJBs for East Ayrshire's share of Specialist Mental Health Services and NHS Equipment Store (etc.) costs respectively; and
- Large Hospital Set Aside expenditure attributable to East Ayrshire IJB. This is managed within the overall NHS Acute Services budget.

	Net Expenditure 2019/20 £m
Financial Statements: net cost of provision of services	242.957
Management Accounts: actual expenditure	256.254
Variance	(13.297)
Represented by:	
Lead Partnership income	(53.577)
Lead Partnership contributions	16.256
Large Hospital Set Aside	24.024
	(13.297)

The Financial Performance section of the Management Commentary at Section 1 highlights that expenditure for the 2019/20 financial year is £2.408m less than the budget delegated to the IJB (£2.920m directly managed services, partially offset by £0.512m hosted services share). Taking account of £0.365m funding delegated to the IJB and accounted for in the 2018/19 financial year, this results a reduced surplus on provision of services pertaining to 2019/20 of £2.043m.

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.

The IJB 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.

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. The £1.201m transfer of 2018/19 General Fund balance to earmarked balance adjustment reflects approval of the IJB on 28 August 2019 to earmark £1.201m from the IJB uncommitted balance at 31 March 2019 for transformational change purposes (2018/19 Movement in Reserves also shown for information).

Movement in Reserves During 2019/20	General Fund Balance £m	General Fund Earmarked Balance £m	Total Reserves £m
Opening Balance at 1 April 2019 (notes 7, 8 and 10)	(1.519)	(1.403)	(2.922)
Total Comprehensive Income and Expenditure (note 5)	0.000	(2.043)	(2.043)
Adjustments between accounting basis and funding basis under regulations	0.000	0.000	0.000
Transfer of 2018/19 General Fund balance to earmarked balance	1.201	(1.201)	0.000
(Increase) or Decrease in 2019/20	1.201	(3.244)	(2.043)
Closing Balance at 31 March 2020 (notes 7, 8 and 10)	(0.318)	(4.647)	(4.965)

Movement in Reserves During 2018/19	General Fund Balance £m	General Fund Earmarked Balance £m	Total Reserves £m
Opening Balance at 1 April 2018 (notes 7, 8 and 10)	(0.318)	(0.470)	(0.788)
Total Comprehensive Income and Expenditure (note 5)	(1.201)	(0.933)	(2.134)
Adjustments between accounting basis and funding basis under regulations	0.000	0.000	0.000
(Increase) or Decrease in 2018/19	(1.201)	(0.933)	(2.134)
Closing Balance at 31 March 2019 (notes 7, 8 and 10)	(1.519)	(1.403)	(2.922)

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 2019 £m		Notes	31 March 2020 £m
2.922	Debtors	7	4.965
2.922	Net Assets		4.965
1.519	Usable Reserve: General Fund	8	0.318
1.403	Earmarked Reserve: General Fund	8	4.647
2.922	Total Reserves		4.965

The Statement of Accounts presents a true and fair view of the financial position of the Integration Joint Board as at 31 March 2020 and its income and expenditure for the year then ended.

The unaudited Financial Statements were issued on 30 June 2020 and the audited Financial Statements will be authorised for issue on 26 August 2020.

DocuSigned by:

452C4FA360D6486...

Craig McArthur CPFA
Chief Finance Officer
26 August 2020

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 2019/20 financial year and its position at 31 March 2020.

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 2019/20, 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.

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.

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 25 March 2020 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.

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 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.

Reclassification of 2018/19 Costs

The Comprehensive Income and Expenditure Statement includes the 2019/20 costs related to the revised Public Protection arrangements. This represents a reclassification of the comparative costs for 2018/19 totalling £2.350m where costs were included within the Core Services and Children's Health, Care and Justice Services reporting headings in the Comprehensive Income and Expenditure Statement:

	Net Expenditure 2018/19 £m
Core Services:	
Addiction	1.866
Alcohol and Drugs Support	0.142
Learning and Development	0.233
Total Core Services	2.241
Children's Health, Care and Justice Services:	
Child Protection Committee	0.109
Total Public Protection	2.350

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 are not yet due to be adopted. The IJB considers that there are no such standards that would have an impact on the 2019/20 Financial Statements.

The IJB does not expect that the adoption of the Standards will have a material impact on the Financial Statements for future periods.

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. The approved Integration Scheme sets out that in the event of Lead Partnership overspending, a recovery plan requires agreement of the three Ayrshire Integration Joint Boards. Failure to reach agreement will require interim additional funding contributions in proportion to service usage, pending final agreement of the recovery plan.
- 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 Financial Statements is based upon Information Services Division Scotland (ISD) 2018/19 activity data at 2017/18 prices with a 7.5% uplift applied. As such, the Set Aside sum included in the Financial Statements will not reflect actual hospital usage in 2019/20.

There are no material estimation uncertainties included within the Financial Statements.

NOTE 4: EVENTS AFTER THE REPORTING PERIOD

The audited Annual Accounts will be authorised for issue by the Chief Finance Officer on 26 August 2020. 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 2020, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information.

As highlighted previously within the Management Commentary at Section 1 of the Annual Accounts, the Coronavirus crisis has not had a significant impact in the financial position for 2019/20 but is continuing and significant costs are being incurred by the Health and Social Care Partnership in dealing with the impact on individuals. Income streams have reduced or ceased and previously planned savings are unlikely to be fully achieved. The final costs will depend upon the recovery timescale and whilst some

additional resources have been provided, the Scottish Government has indicated that they are unable at this stage to confirm whether the financial impact can be fully underwritten.

NOTE 5: EXPENDITURE AND INCOME ANALYSIS BY NATURE

2018/19 £m		2019/20 £m
97.011	Services commissioned from East Ayrshire Council	100.538
134.419	Services commissioned from NHS Ayrshire & Arran	142.392
0.025	Auditor Fee: External Audit Work	0.027
(233.589)	Partners Funding Contributions and Non-Specific Grant Income	(245.000)
(2.134)	(Surplus) / Deficit on the Provision of Services	(2.043)

NOTE 6: TAXATION AND NON SPECIFIC GRANT INCOME

2018/19 £m		2019/20 £m
(77.392)	Funding Contribution from East Ayrshire Council	(80.746)
(156.197)	Funding Contribution from NHS Ayrshire & Arran	(164.254)
(233.589)	Taxation and Non-specific Grant Income	(245.000)

The funding contribution from the NHS Board shown above includes £24.024m 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.

There were no other non-ring-fenced grants or contributions.

The funding contributions from the partners shown above exclude any funding which is ring-fenced for the provision of specific services.

NOTE 7: DEBTORS

2018/19 £m		2019/20 £m
1.995	Funding East Ayrshire Council	3.223
0.927	Funding NHS Ayrshire & Arran	1.742
2.922	Debtors	4.965

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 25 March 2020.

The following table shows the movements on the General Fund balance, analysed between those elements earmarked for specific planned future expenditure £4.647m, and the amount held as a general contingency £0.318m. Earmarked funds include 2018/19 uncommitted balances totalling £1.201m. At its meeting on 28 August 2019, the IJB approved that this balance would be retained within the IJB Reserve for transformation purposes. No element of this funding was drawn down in 2019/20 however a number of commitments were approved by the Strategic Commissioning Board over the course of the financial year with a requirement to draw down funding in future years. The Annual Budget 2020/21 report to the IJB on 25 March 2020 outlined a number of continued risks in respect of both Council and NHS commissioned services. It is important to note that the 2020/21 Annual Budget was approved on a "business and usual" basis. The financial and economic impacts of the Covid-19 pandemic represent a significant risk to the IJB and partner organisations going forward. It is intended that the transformation funding retained within the IJB Reserve, as well as elements of earmarked funding, will be used to mitigate risk going forward.

Balance as at 1 April 2018 £m	Transfers Out 2018/19 £m	Transfers In 2018/19 £m	Balance as at 31 March 2019 £m		Transfers Out 2019/20 £m	Transfers In 2019/20 £m	Balance as at 31 March 2020 £m
				Earmarked:			
(0.389)	0.389	(0.888)	(0.888)	Client equipment and adaptations	0.000	(0.407)	(1.295)
0.000	0.000	0.000	0.000	Adult care packages provision	0.000	(0.425)	(0.425)
0.000	0.000	0.000	0.000	School Counselling	0.000	(0.287)	(0.287)
0.000	0.000	0.000	0.000	Free Personal Care under 65s – Mental Health Counselling	0.000	(0.100)	(0.100)
(0.037)	0.000	0.000	(0.037)	Care Commission standards	0.020	(0.004)	(0.021)
(0.025)	0.025	(0.017)	(0.017)	Legal fees	0.000	0.000	(0.017)
0.000	0.000	(0.019)	(0.019)	Whole Systems Approach funding	0.000	(0.015)	(0.034)
0.000	0.000	(0.013)	(0.013)	Looked after and accommodated children allowances	0.000	0.000	(0.013)
0.000	0.000	(0.054)	(0.054)	Information technology	0.000	0.000	(0.054)
(0.008)	0.000	(0.020)	(0.028)	Befrienders project - ADP	0.000	0.000	(0.028)
(0.011)	0.003	(0.002)	(0.010)	HARP wellbeing project	0.008	(0.018)	(0.020)
0.000	0.000	0.000	0.000	Intermediate Care and Reablement – 2 year funding	0.000	(0.700)	(0.700)

0.000	0.000	0.000	0.000	Covid-19 recovery developments – 2 year funding	0.000	(0.225)	(0.225)
0.000	0.000	(0.213)	(0.213)	Primary Care Improvement Fund	0.213	(0.168)	(0.168)
0.000	0.000	(0.124)	(0.124)	Mental Health Action 15 funding	0.124	(0.059)	(0.059)
0.000	0.000	0.000	0.000	Transform. Change Programme – Strategic Commissioning Board	0.000	(1.201)	(1.201)
(0.470)	0.417	(1.350)	(1.403)	Total Earmarked	0.365	(3.609)	(4.647)
(0.318)	0.000	(1.201)	(1.519)	Uncommitted	1.201	0.000	(0.318)
(0.788)	0.417	(2.551)	(2.922)	General Fund	1.566	(3.609)	(4.965)

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 (£53.577m), and the consequential reimbursement (£53.577m), are not included in the Comprehensive Income and Expenditure Statement (CIES) since the IJB is not acting as principal in these transactions.

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

2018/19 £m		2019/20 £m
55.367	Expenditure on Agency Services	53.577
(55.367)	Reimbursement for Agency Services	(53.577)
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

2018/19 £m		2019/20 £m
(77.392)	Funding contributions received from the Council	(80.746)
(2.075)	Service income received from the Council	(2.270)
99.041	Expenditure on services provided by the Council	102.764
1.207	Surplus on provision of services retained by IJB	1.228
0.056	Key management personnel: non-voting Board Members	0.057
0.000	Support Services	0.000
98.229	Net expenditure on services provided by the Council	101.779
20.837	Net Transactions with the Council	21.033

Transactions with NHS Ayrshire & Arran

2018/19 £m		2019/20 £m
(156.197)	Funding contributions received from the NHS Board	(164.254)
0.000	Service income received from the NHS Board	0.000
134.377	Expenditure on services provided by the NHS Board	142.348
0.927	Surplus on provision of services retained by IJB	0.815
0.056	Key management personnel: non-voting Board Members	0.058
0.000	Support Services	0.000
135.360	Net expenditure on services provided by the NHS Board	143.221
(20.837)	Net Transactions with the NHS Board	(21.033)

Key Management Personnel: The non-voting Board members employed by the Council and NHS Board include the Chief Officer; the 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 of the Annual Accounts, the Chief Officer is the only employee of the IJB with the 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 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 £21.566m 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. In addition, Scottish Government Integration Funding for social care services £8.845m is included within this sum, as are other earmarked funding transfers including Alcohol and Drugs Partnership funding and the Integrated Care Fund relating to Council-managed projects. The £0.533m payment from the Council to the Health Board includes Delayed Discharge funding which offsets the cost of NHS community-based services.

2018/19 £m	East Ayrshire Council - reconciliation	2019/20 £m
77.392	Payments for delegated functions	80.746
21.205	Funding transfers from NHS Ayrshire & Arran	21.566
(0.368)	Funding transfers to NHS Ayrshire & Arran	(0.533)
20.837	Net transactions with NHS Ayrshire & Arran	21.033
98.229	Payments for delivery of integrated functions	101.779

2018/19 £m	NHS Ayrshire & Arran - reconciliation	2019/20 £m
156.197	Payments for delegated functions	164.254
(21.205)	Funding transfers to East Ayrshire Council	(21.566)
0.368	Funding transfers from East Ayrshire Council	0.533
(20.837)	Net Transactions with East Ayrshire Council	(21.033)
135.360	Payments for delivery of integrated functions	143.221

Balances with East Ayrshire Council

2018/19 £m		2019/20 £m
1.995	Debtor balances: amounts due from the Council	3.223
0.000	Creditor balances: amounts due to the Council	0.000
1.995	Net Balance with the Council	3.223

Balances with NHS Ayrshire & Arran

2018/19 £m		2019/20 £m
0.927	Debtor balances: amounts due from the NHS Board	1.742
0.000	Creditor balances: amounts due to the NHS Board	0.000
0.927	Net Balance with the NHS Board	1.742

NOTE 11: CONTINGENT LIABILITIES

A review of potential contingent liabilities has been undertaken for the IJB and none have been identified at 31 March 2020.

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.

Report on the audit of the Financial Statements

Opinion on Financial Statements

We certify that we have audited the Financial Statements in the Annual Accounts of East Ayrshire Integration Joint Board for the year ended 31 March 2020 under Part VII of the Local Government (Scotland) Act 1973. The Financial Statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the 2019/20 Code).

In our opinion the accompanying Financial Statements:

- give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of affairs of the body as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

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

Conclusions relating to going concern basis of accounting

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the use of the going concern basis of accounting in the preparation of the Financial Statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the Financial Statements any identified material uncertainties that may cast significant doubt about the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Financial Statements are authorised for issue.

Risks of material misstatement

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

Responsibilities of the Chief Finance Officer and East Ayrshire Integration Joint Board for the Financial Statements

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

In preparing the Financial Statements, the Chief Finance Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The East Ayrshire Integration Joint Board is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the Financial Statements

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting 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. We therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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 our auditor's report.

Other information in the Annual Accounts

The Chief Finance Officer is responsible for the other information in the Annual Accounts. The other information comprises the information other than the Financial Statements, the audited part of the Remuneration Report, and our auditor's report thereon. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

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

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

In our opinion, the audited part of the Remuneration Report has been properly prepared in accordance

with The Local Authority Accounts (Scotland) Regulations 2014.

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

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

Matters on which we are required to report by exception

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

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

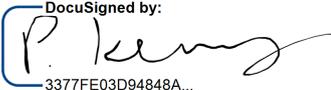
We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

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

DocuSigned by:

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Pat Kenny, CPFA (for and on behalf of Deloitte
LLP) 110 Queen Street
Glasgow
G1 3BX
United Kingdom
26 August 2020

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.

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.

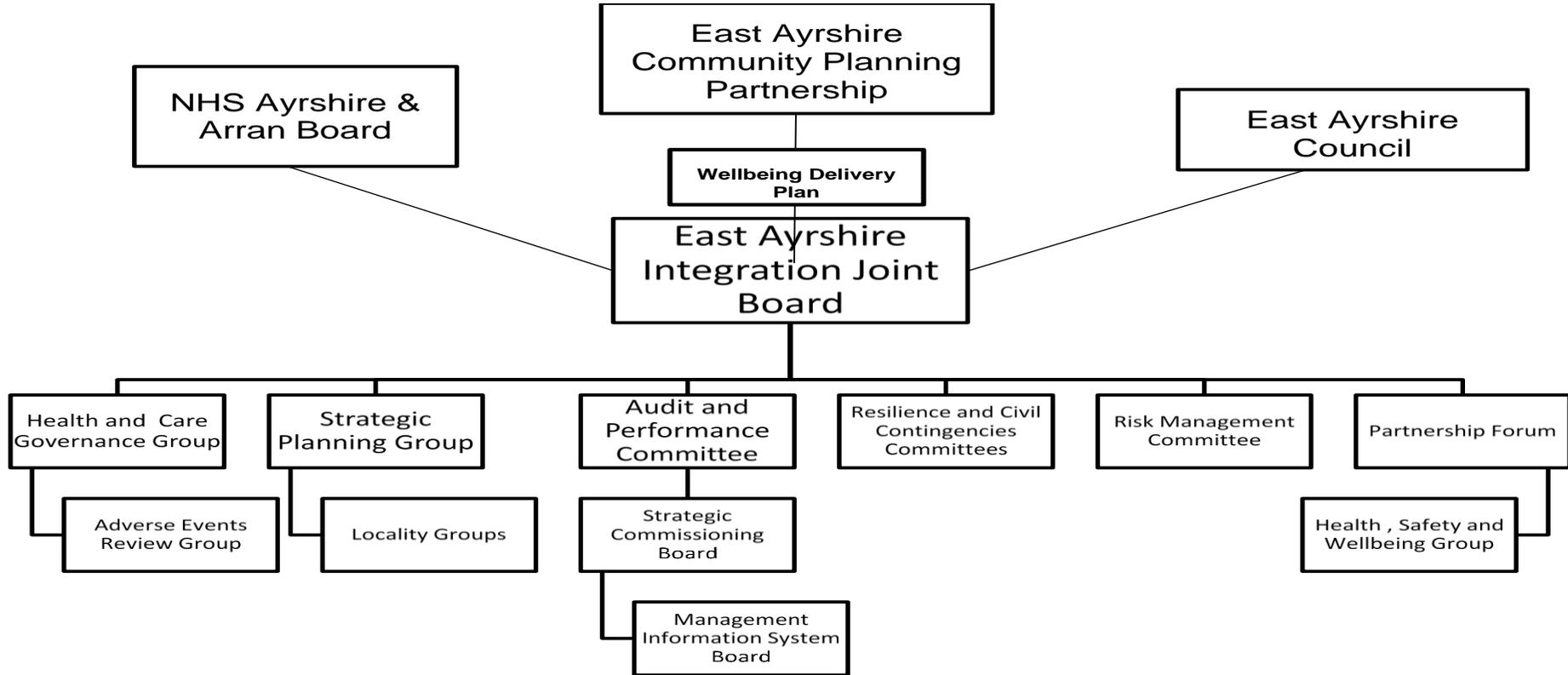
SOLACE

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

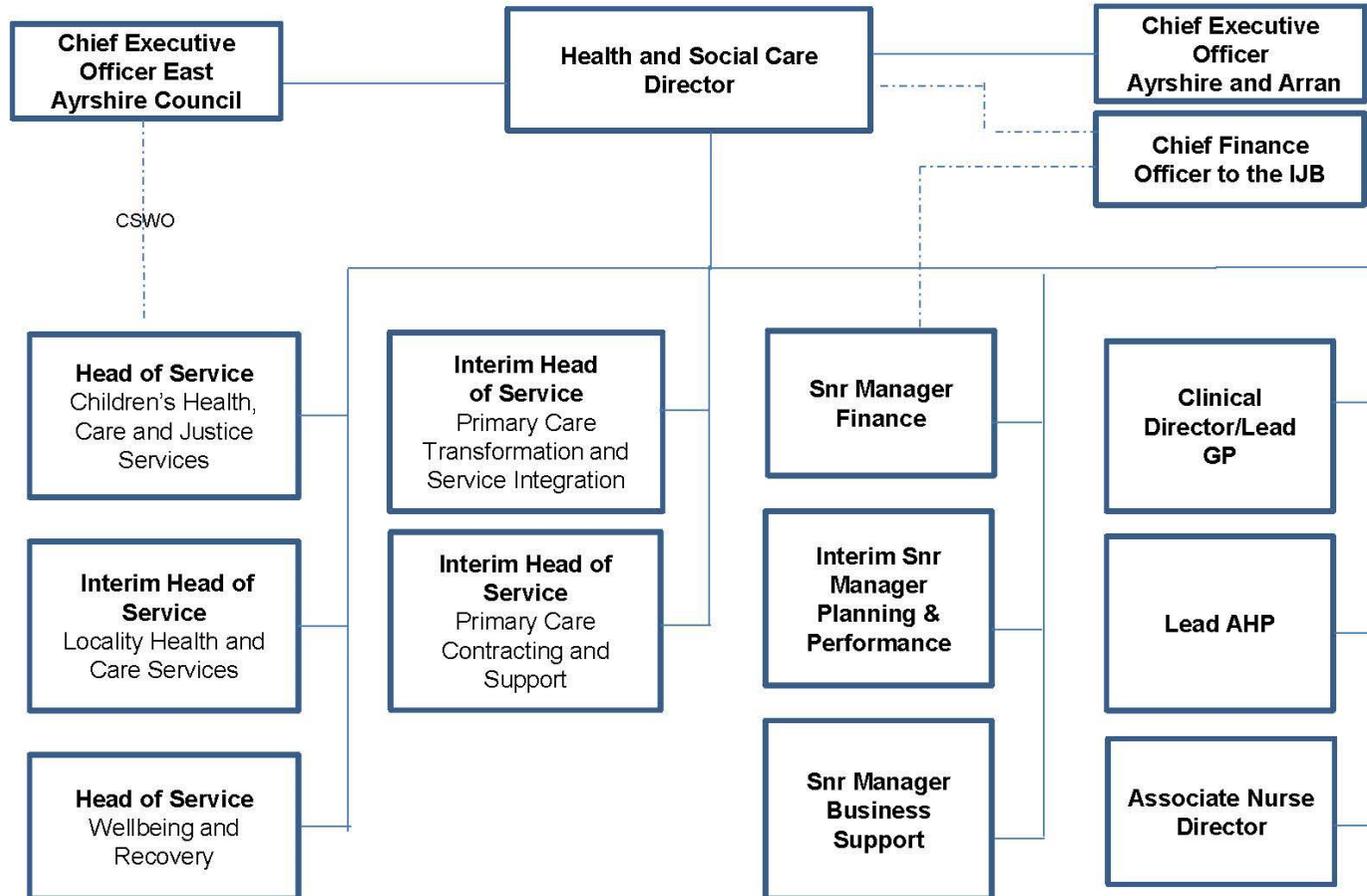


APPENDIX 2: PARTNERSHIP MANAGEMENT STRUCTURE

EAST AYRSHIRE

Health & Social Care
Partnership

East Ayrshire Health and Social Care Partnership



This information can be made available, on request, in braille, large print or audio formats and can be translated into a range of languages. Contact details are provided below.

درخواست کرنے پر یہ معلومات ناپینا افراد کے لئے ابھرے حروف، بڑے حروف یا آڈیو میں مہیا کی جاسکتی ہے اور اسکا مختلف زبانوں میں ترجمہ بھی کیا جاسکتا ہے۔ رابطہ کی تفصیلات نیچے فراہم کی گئی ہیں۔

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Faodar am fiosrachadh seo fhaighinn, le iarrtas, ann am braille, clò mòr no clàr fuaime agus tha e comasach eadar-theangachadh gu grunn chànanan. Tha fiosrachadh gu h-ìosal mu bhith a' cur fios a-steach.



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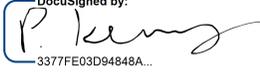
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Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps
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